Before the Odisha Electricity Regulatory Commission
Plot No-4, Chunokoli, Shailashree Vihar, Bhubaneswar-751021

Case No: _______ of 2024

IN THE MATTER OF: An Application for approval of a) Truing up for FY 2023-24 under Section 86 (1) of the Electricity Act,2003 and b) consideration / revision of certain items /claims in True-up of FY 2021-22 and FY 2022-23 in the framework of applicable provisions of the Electricity Act 2003 and in conformity with the provisions of Odisha Electricity Regulatory Commission (Terms and Conditions for determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2022 and OERC (Conduct of Business) Regulation 2004.

And

IN THE MATTER OF: TP Central Odisha Distribution Ltd.(TPCODL), Corporate Office, Power House ,Unit-8, , Bhubaneswar- 751 012 represented by its Chief –Regulatory & Enforcement.

...Petitioner

And

IN THE MATTER OF: GRIDCO, OPTCL, SLDC, DoE-Govt. of Odisha and all other Concerned Stakeholders ***...Respondents***

Affidavit

I, Bharat Kumar Bhadawat, aged about 53 years, son of late Shri Shankar Lal Bhadawat residing at Bhubaneswar do hereby solemnly affirm and say as follows:

1. I am the Chief-Regulatory & Enforcement of TP Central Odisha Distribution Ltd. the Petitioner in the above matter and I am duly authorized to swear this affidavit on its behalf.

2. The statements made in the submission herein shown to me are based on information provided to me and I believe them to be true.

Bhubaneswar.
Dated: 29.11.2024

(Bharat Kumar Bhadawat)
Chief-Regulatory & Enforcement

IDENTIFIED BY ME
ADVOCATE. BBSR

29/11/24

Jagyneswar Acharya
Notary, Govt. Of India
Odisha, BBSR, Dist-Khurda
Regd. No.-7791/2009

Before the Odisha Electricity Regulatory Commission
Plot No-4, Chunokoli, Shailashree Vihar, Bhubaneswar-751021

Case No: ________ of 2024

IN THE MATTER OF: An Application for approval of a) Truing up for FY 2023-24 under Section 86 (1) of the Electricity Act,2003 and b) consideration / revision of certain items /claims in True-up of FY 2021-22 and FY 2022-23 in the framework of applicable provisions of the Electricity Act 2003 and in conformity with the provisions of Odisha Electricity Regulatory Commission (Terms and Conditions for determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2022 and OERC (Conduct of Business) Regulation 2004.

And

IN THE MATTER OF: TP Central Odisha Distribution Ltd.(TPCODL), Corporate Office, Power House ,Unit-8, , Bhubaneswar- 751 012 represented by its Chief – Regulatory & Enforcement.

...Petitioner

And

IN THE MATTER OF: GRIDCO, OPTCL, SLDC, DoE-Govt. of Odisha and all other Concerned Stakeholders ...***Respondents***

TPCODL, the above named petitioner, most respectfully showeth:

In line with Regulation 2.11 of the Odisha Electricity Regulatory Commission (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2022 (hereafter referred to as "Tariff Regulations,2022") , Section 86 (1) of the Electricity Act 2003 and relevant Regulations of OERC (Conduct of business) Regulations, 2004, TP Central Odisha Distribution Ltd (TPCODL) is filing the application before the Hon'ble Commission for approval of Truing up for the Financial Year 2023-24 and consideration / revision of certain items /claims in True-up of FY 2021-22 and FY 2022-23 .The submissions from TPCODL are enclosed. Based on the enclosed submission the following is prayed before the Hon'ble Commission.

Prayers

TPCODL prays that the Hon'ble Commission may kindly be pleased to;

a. Approve the Truing up for the Financial Year 2023-24 as proposed by TPCODL.

b. Allow the balance employee cost that has been disallowed in True up FY 2021-22 however actually incurred for which detailed submission with relevant information has been made in this petition against the directive of the Hon'ble Commission's. Order dated 05.11.2024 in the matter of Case 25 /2024.

c. Allow the items that have been less allowed / disallowed in True up FY 2022-23 however actually incurred for which detailed submission with relevant information have been made in this petition against the directive of the Hon'ble Commission's order dated 05.11.2024 in the matter of Case 25 /2024.

d. Allow the recovery of the liabilities falling under the category of Additional Serviceable Liability (ASL) paid till 31.03.2024, as explained in Chapter **3.1 Finalization of Additional Serviceable Liability (ASL) and inclusion in ARR** of this petition, in this True up. The interest cost of carrying these payouts is requested to be allowed till the recovery of the ASL payout is recovered through ARR.

e. The Hon'ble Commission may kindly take into consideration the discrepancy in the figures of Interest on Working Capital allowed in Tariff Order FY 2023-24 dated 23.03.2023 (at Table -53 and 54) and also the fact the depreciation on old/inherited assets has to be adjusted according to the priority order stipulated at para 47 (a) (i) of the Vesting Order requiring a correction of Table-53 of the Tariff Order FY 2023-24 in which such adjustment has been done against the last priority item i.e. working capital even though the petitioner's claim of recovery of ASL payment are not yet fully recovered /approved (details provided at **Chapter** 3 of this submission). The Hon'ble Commission may take these facts into consideration while approving interest on Working capital and recovery of ASL payment as claimed in this submission.

f. Allow making additional submission required in this matter.

g. Grant any other relief as deemed fit and proper in the facts and circumstances of the case.

TP CENTRAL ODISHA DISTRIBUTION LIMITED TPCODL BHUBANESWAR

TPCODL

Index

TPCODL

List of Extracts

List of Tables

List of Figures

Chapter 1. Background and overall approach to filing

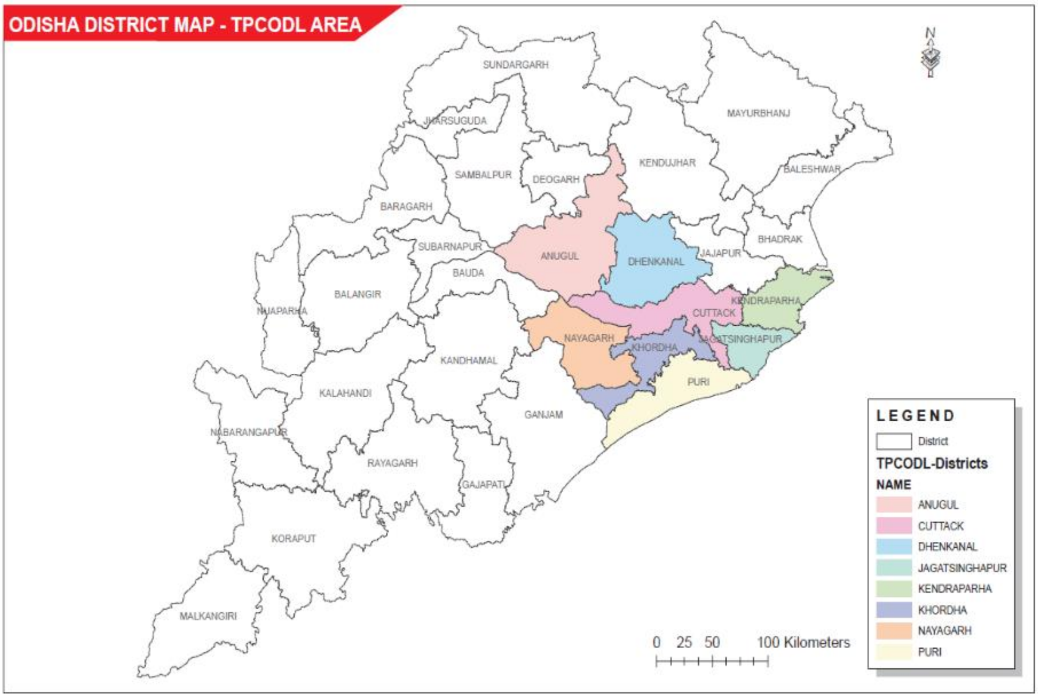
1.1 Introduction of TPCODL

1. TP Central Odisha Distribution Limited (TPCODL) is a joint venture of Tata Power (51%) and Odisha Government (49%) on the Public-Private Partnership (PPP) model. On 1st June 2020, TPCODL took over the license to distribute electricity in the central part of Odisha, which was earlier served by erstwhile CESU, after being selected through a competitive bidding process. TPCODL's utility business is being governed by the provisions of license issued by Hon'ble OERC for Distribution and Retail Supply of Electricity in Central Odisha. The Hon'ble OERC regulates the working of the entire power sector of Odisha state, including determination of tariff chargeable to end consumers and establishing performance norms (mainly related to Loss reduction, Safety, Reliability of power supply and Consumer service delivery).

2. TPCODL's license area is spread over a geography of 29354 Sq.Km and it serves the registered consumer base of about 3.2 million. TPCODL procures power from GRIDCO which is a state owned company, engaged in the business of purchase of electricity in bulk from various generators for supply to all power distribution utilities, including TPCODL.

3. Further, TPCODL receives electrical power at a sub transmission voltage of 33KV from Odisha Power Transmission Company Limited's (OPTCL) 220/132/33 kV Grid Substations and then distributes the power at 33KV / 11KV / 440V / 230V depending on the load of the consumer. For effective operations; license area is divided in 5 circles (covering 8 districts) which is further sub divided in 20 Divisions and 65 Sub-division who manage the commercial and O&M activities in order to serve its consumer. The area belonging to TPCODL is as shown in Figure below

Figure 1-1: District Presence of TPCODL



1.2 History of formation of TPCODL

4. In exercise of powers U/s 19 of the Electricity Act, 2003 (the “Act”) the Hon'ble Commission revoked the license of Central Electricity Supply Company of Orissa Ltd. (the “CESCO”) with effect from 01.04.2005. An Administrator was appointed u/s 20(1)(d) of the Act vide Hon'ble Commission’s Order dated 02.04.2005 which was subsequently revised vide their Order dated 18.04.2005.

5. The Hon'ble Commission thereafter formulated a Scheme called the Central Electricity Supply Utility of Orissa (Operation and Management) Scheme, 2006 (the “Scheme”) u/s 22 (1) of the Act for operation and management of the Utility wherein ‘Utility’ means the utility of CESCO, operated by the Chief Executive Officer & Administrator appointed vide Hon’ble Commission’s order dated 18.04.2005. The utility of CESCO was renamed as the Central Electricity Supply Utility of Orissa (the “CESU”) under this Scheme and this came into force from 08.09.2006. After the formulation of Scheme, the Hon'ble Commission vide Order dated 27.10.2006, laid down the license conditions for CESU which became applicable with effect from 01.11.2006.

6. On 24.11.2017 bids were invited as per the terms of a Request for Proposal dated 24.11.2017 (the “RFP”) issued by the Hon'ble Commission. In response to the RFP, The Tata Power Company Limited (the “TPC”) submitted its bid on 14.09.2018 and the same was accepted by the Hon'ble Commission. The GoO vide its letter dated

13th December 2019 conveyed its decision to hold 49% equity shares in the SPV. Further, the GoO vide its letter dated 17th February 2020, conveyed that GRIDCO Limited (the "GRIDCO") shall be the entity of the GoO which will hold the 49% equity shares in the SPV on behalf of the GoO.

7. The Hon'ble Commission then directed GRIDCO to incorporate the SPV to which the utility of CESU would be vested and license of CESU would be transferred. On 06.04.2020, TP Central Odisha Distribution Limited (the "TPCODL") was incorporated as wholly owned subsidiary of GRIDCO with an authorized share capital of Rs. 1000 crores (Indian Rupee One Thousand crores only) and paid-up capital of Rs. 5 lakhs (Indian Rupee Five lakh only). TPC and GRIDCO would hold 51% and 49% equity shares respectively after the completion of sale.

8. A "Vesting order" dated 26th May 2020 in matter of Suo Moto proceedings in Case No 11 of 2020 was passed by the Hon'ble Commission vesting the utility to TPCODL and transferring the Fixed Assets and also other elements of the Balance Sheet at a particular costs to TPCODL along with the accumulated Depreciation in the Fixed Assets. In addition, many of employees of CESU, their terminal liabilities ("Employee Liabilities") towards pension, gratuity, leave encashment and provident funds were transferred. Further, security deposits from consumers, deposits from suppliers/contractors and deposits for electrification /service connection was transferred to TPCODCL.

9. It is further submitted Section 21 (a) of the Act states that *"the utility shall vest in the purchaser or the intending purchaser, as the case may be, free from any debt, mortgage or similar obligation of the* licensee *or attaching to the utility"*. The Hon'ble Commission recognizing that certain current assets & liabilities pertaining to employees, consumers, suppliers and statutory payments, etc. which were not indicated in the opening balance sheet provided in RFP, were also passed on TPCODL since CESU did not have any revenue to fund the liabilities.

10. The audit of Accounts as on 31st May 2021 (i.e. just before the takeover on 1st June 2020 by TPCODL) of erstwhile CESU was completed on 11th June 2021. The audited accounts were subsequently submitted to the Hon'ble Commission for carving out the Opening Balance for TPCODL (i.e as on 1st June 2020) out of the accounts closed as on 31st May 2020. The Hon'ble Commission passed an order on 30th September 2021 on the same and approved the Opening Balance Sheet that is carved out for TPCODL.

1.3 Approach to filing of the present petition

11. The broad approach to the present filing would be on the following:

a) The opening Balance Sheet as on 01.06.2020 as approved by Hon'ble Commission in its Order dated 30.09.2021 has been taken as opening balance (e.g. GFA for deprecation calculation etc.)

b) Treatment provided by the Hon'ble Commission in the Vesting Order for various elements.

c) The Order dated 8th September 2020 in Case No 32 of 2020 passed by the Hon'ble Commission in the matter of approval of Capital Investment proposal of TPCODL for FY 2020-21 ("Capex Order for FY 2020-21).

d) The Order dated 18th September 2021 in Case No 05 of 2021 passed by the Hon'ble Commission in the matter of approval of Capital Investment proposal of TPCODL for FY 2021-22 ("Capex Order for FY 2021-22").

e) The Order dated 19th July 2022 in Case No-14/2022 in the matter of approval of Capital Investment plan of TPCODL for FY 2022-23 (" Capex Order for FY 2022-23").

f) The Order dated 16th Dec 2022 in Case No-51/2022 in the matter of approval of Supplementary Capital Investment plan of TPCODL (" Supplementary Capex Order ").

g) The Order dated 21st June 2023 in Case No-98/2022 in the matter of approval of Capital Investment plan of TPCODL for FY 2023-24 (" Capex Order for FY 2023-24 ").

h) The Order dated 14th November 2020 in Case No 41 of 2020 passed by the Hon'ble Commission in the matter of approval of Operation and Maintenance (O&M) for FY 2020-21.

i) The Hon'ble Commission 's letter dated 19th Feb 2022 approving Medical Allowance on revised pay scale for all the executives employees of the erstwhile CESU.

j) The Hon'ble Commission 's letter dated 20th April 2022 approving HRA at 18% /20% on revised pay scale for all the executives employees of the erstwhile CESU.

k) Total 1048 numbers of additional manpower recruitment till 31.03.2025 as approved by the Hon'ble Commission at Table -31 of the Tariff Order dated 13.02.2024.

l) TPCODL vide its letters TPCODL/Regulatory/2023/76/2536 dated 17th April 2023 and TPCODL/Regulatory/2023/126/3646 dated 3rd June 2023 have submitted certain issues related to ARR FY 2023-24 approved in Tariff Order for FY 2023-24 dated 23.03.2023 for consideration of the Hon'ble Commission. One of the issue that was raised in the above letter was inadequate employee cost approved for FY 2023-24 especially the cost of CTC employees approved being inadequate and even the cost approved for FY 2023-24 (Rs. 95.8 Cr) being lower than the amount approved for FY 2022-23 (Rs.98.1 Cr). Further, TPCODL also requested for detailed computation of Depreciation, Interest on Long term loan and Return on Equity as approved in the Tariff Order FY 2023-24 to enable us to make regulatory records appropriately as the details computation were not provided in the Tariff Order FY 2023-24.

m) Against the submissions of the Discoms for reconsideration of certain expenses less approved in ARR FY 2023-24 in Tariff Order dated 23rd March 2023 , the Hon'ble Commission vide letter No-Secy/11-Corr-TPSODL/2023/963 dated 12th July 2023 has directed the Discoms to make submission in ARR FY 2024-25 for reconsideration of the Hon'ble Commission.

n) The Conveyance allowance for the erstwhile employees (executive cadre) has been revised vide the Hon'ble Commission's letter no- Secy/11-Corr-/TPSODL/2023/1202 dated 17th August 2023.

o) Against TPCODL's submission for reconsideration of certain expenses less approved/disallowed in True up FY 2021-22, the Hon'ble Commission vide order dated 05.11.2024 in the matter of Case 25/2024 has directed to submit such claims in ARR and RST application for FY 2025-26 for consideration of the Hon'ble Commission.

p) Against TPCODL's submission for reconsideration of certain expenses less approved/disallowed in True up FY 2022-23, the Hon'ble Commission vide order dated 05.11.2024 in the matter of Case 25/2024 has directed to submit such claims in ARR and RST application for FY 2025-26 for consideration of the Hon'ble Commission.

q) The incorporation of payment done under the category of Additional Serviceable Liability (ASL) for determination of (Gap) / Surplus for FY 2023-24 as presented in the subsequent chapters.

Chapter 2. Issues related to True up FY 2021-22 and FY 2022-23

2.1 True up of FY 2021-22

12. The True up petition for FY-2021-22 was filed vide submission dated 29th Nov 2022 (registered as Case 90 /2022). The Hon'ble Commission in the Tariff Order dated 23.03.2023 has stipulated following with regards to True up of FY-2020-21 and FY-2021-22.

> *189. The Commission hereby finalises the truing up of expenses of the new DISCOMs (TPCODL, TPSODL, TPWODL & TPNODL) for the FY 2020-21 and FY 2021-22.The Commission finds that the actual expenses booked in the audited accounts are higher than the approved costs for most of components, particularly for O&M. However, DISCOMs have booked higher Revenues also against the approved Revenues in the ARR. The DISCOMs have proposed to allow the higher costs owing to the operational requirement during these initial two years of the operations i.e FY 2020-21 and 2021-22. The Commission observes these proposed higher costs can only be verified through relevant information/data, field visits and third party audit.*

13. TPCODL vide its letter TPCODL/Regulatory/2023/76/2536 dated 17th April 2023 has taken up the issue viz a) Actual incurred employee cost not fully trued up for FY-2020-21 and FY-2021-22 and b) computation of gains & losses due to over/under achievement of AT&C loss.

14. In a combined response to all DISCOM's submission on the True up issues , the Hon'ble Commission vide letter Dir (T)-330/2023/691 dated 16.05.2023 ,referring to the para 189 of the Tariff Order dated 23.03.2023, has stipulated that the Hon'ble Commission would reconsider higher/lower cost, if any, including any variation in calculation methodology as per existing regulations only after undertaking verification of data/information through filed visits and third party audit.

15. TPCODL submitted its True up petition for FY 2022-23 vide submission dated 30.11.2023. In this submission we have presented the True up tables for FY 2020-21 (10 months) and FY 2021-22 for approval of the Hon'ble Commission. The prayer was to approve the actually incurred employee cost for FY 2020-21 and FY 2021-22.

16. In the Tariff Order dated 13.02.2024, while the Hon'ble Commission has approved the entire employee cost for FY 2020-21, however has approved gross employee cost of Rs. 767.76 Cr against actual expenditure of 776.62 Cr thereby not approving Rs. 8.86 Cr for FY 2021-22.

17. TPCODL vide its petition in Case No-25/2024 and letter TPCODL/Regulatory/2024/52/2898 dated 15th April 2024 has made a detailed submission in this regard and requested the Hon'ble Commission for approval of the disallowed amount.

18. Against the above submission of TPCODL , the Hon'ble Commission vide order dated 05.11.2024 in the matter of Case 25/2024 has directed to submit such claims in ARR and RST application for FY 2025-26 for consideration of the Hon'ble Commission.

19. In compliance to the directive of the Hon'ble Commission in above referred order, we are making our submission for approval of the entire employee cost incurred in FY 2021-22 in following paragraphs.

20. The main issue of our re-submission relates to the Employee Cost where in cost of Rs. 8.86 Crores has not been allowed in the True-up for FY 2021-22 mainly due to the adjustments in the actuarial valuation of retirement benefit of employees and also Outsourced Employees Cost. The Employee cost claimed in True up FY 2021-22 has been actually incurred by TPCODL.

21. In line with the provisions of the Tariff Regulations, 2022, TPCODL has claimed Gross Employee Cost of Rs. 776.62 Cr after adjusting for the Non Cash Expenditure towards Terminal Benefit and including the Cost of Outsourced Employees. The relevant extract of the Tariff Regulations, 2022 is provided below.

*"**Employee Expenses***

Employees of erstwhile DISCOMs

3.9.4. The Employee Expenses such as Salary, Terminal benefit and Liabilities of erstwhile DISCOMs, shall be serviced as per terms and conditions of the Vesting Orders.

3.9.5. *As all the employees of erstwhile DISCOMs have been transferred to new Distribution Licensees from the effective date as per the Vesting Orders, the corresponding liabilities towards pension, gratuity, leave encashment and provident fund of such employees (the "Employees' Liabilities") have also been transferred to new Distribution Licensees.*

3.9.6. *The Employees' Pension Trust, Employees' Gratuity Trust, Employees' Provident Fund Trust and Rehabilitation Trust (the "Trusts") are managing funds against pension, gratuity, provident fund and rehabilitation liabilities respectively.*

3.9.7. *By the end of each month, respective Trusts except Employees Provident Fund Trust raise a requisition to Distribution Licensees to disburse the balance amount required towards Employees' Liabilities for such month after deducting the interest earned by the Trust on its investments. The contribution towards provident fund shall be remitted by the Distribution Licensees without the requirement of any requisition from the Employees Provident Fund Trust. Such amount is remitted to the respective Trusts for disbursal to the beneficiaries covered under the Trusts. The same mechanism shall continue from the Effective Date and new DISCOMs shall be responsible to remit such amounts to the Trusts towards Employees' Liabilities.*

3.9.8. *The Trusts, their investments as well as Employees' Liabilities shall be dealt with in the manner specified below as per terms of Vesting Orders:*

i. *All the Trusts shall continue to exist, and investments made by the Trusts shall not be liquidated without prior approval of the Commission.*
ii. *New DISCOMs shall disburse the Employees' Liabilities to Trusts as per the Vesting Order.*
iii. *Of the total Employees' Liabilities disbursed by new DISCOMs, the Commission shall allow as part of the Aggregate Revenue Requirement the actual cash out go for new DISCOMs for every year on account of pension, gratuity, leave encashment and rehabilitation liabilities.*
iv. *For provident fund liabilities, the Commission shall allow as part of the Aggregate Revenue Requirement, only the Employer's contribution towards provident fund made to Provident Fund Trust.*
v. *Except as provided in (iii) and (iv) above, no amount shall be allowed in Aggregate Revenue Requirement of new DISCOMs*

for contribution to the Trusts for increasing their corpus fund or investments.

vi. Investments made by the Trust shall be appropriately disclosed in the accounts of new DISCOMs as per the applicable accounting standards.

…………………..

3.9.14. ***The Commission shall take into consideration various lawful recourses taken by distribution licensees e.g. distribution franchisees, outsourcing and engaging contractual employees to undertake customer care, billing, collection and network maintenance activities, while finalizing the employee cost during the approval of ARR in the control period****.*

3.9.15. The Commission may from time to time direct the distribution licensees to submit any incentive and disincentive scheme for improving the productivity of employees."

(Emphasis supplied).

22. Relevant extract from the Vesting Order is also produced below in this regard.

"50. Treatment of employee liabilities
(e) The Trusts, their investments as well as Employees' Liabilities shall be dealt with in the manner specified below:
…………………..

ii. TPCODL shall disburse the Employees' Liabilities to Trusts as per the mechanism specified in point (c) above.

iii. Of the total Employees' Liabilities disbursed by TPCODL as per point ii above, the Commission shall allow as part of the Aggregate Revenue Requirement the actual cash out go for TPCODL for every year on account of pension, gratuity, leave encashment and rehabilitation liabilities.

…………………."

(Emphasis Supplied)

23. The Hon'ble Commission at Para 203 of the Tariff Order FY 2024-25 dated 13.03.2024 while setting the Principles for True up has also stipulated following with regards to allowance of Employee Cost.

203. The truing up exercise has been carried based on following principle along with principle of OERC's Wheeling & RST Regulation, 2022.

a) The employee expenses have been termed as controllable factor in the regulation. However, the employee expenses approved in the ARR for the first year of operation was based on the filing of the erstwhile utilities. The Commission has therefore taken into account following facts while approving employee expenses:

…

(iii) the expenditure booked in the audited accounts.

(iv) ***the projection towards actuarial valuation for contribution to the trusts have been deducted and only actual cash out go for the terminal benefits as per the vesting orders has been considered.***

(v) ***the cost of outsourced expenses has been included in the employee expenses in the ARR.***

(Emphasis Supplied)

24. While TPCODL has claimed the employee cost for FY 2021-22 strictly in line with the above mentioned regulatory frameworks and principles, the Hon'ble Commission in the Tariff Order dated 13th Feb 2024 has approved Rs.767.76 Cr against TPCODL's claim of Rs. 776.62 Cr thus approving short-allowance of Rs. 8.86 Cr. The table below depicts the claimed vs approved amount.

Table 2-1 : Employee Cost for True up FY 2021-22

in Rs. Crores

Sr No	Particular	Claimed in True up FY 2021-22	Approved in True up FY 2021-22	Additional Approval Requested
1	Gross Employee Cost as per Audited Accounts	767.76		
2	***Less :*** Non Cash Expenditures (Terminal Benefits on account of Acturial Valuation)	42.97		
3=1-2	Total Gross Employee Cost on Cashout go basis	724.79		
4	**Add:** Outsourced Employee Cost	51.82		
5 =3+4	**Total Gross Employee Cost**	**776.62**	**767.76**	**8.86**

25. The detailed reconciliation of the above actually incurred employee cost of Rs. 776.62 Cr with the Audited Financial Statement for FY 2021-22 is provided in table below.

Table 2-2 : Reconciliation of Employee Cost claimed in True up FY 2021-22 with Audited Financial Statement of FY 2021-22

Sr No	Particular	Amount (Rs.Cr)	Reference / Linkage to Audited Financial Statements for FY 2021-22
A	Net Employee Benefit Expenses Booked in P&L	745.42	Appearing in P&L under 'Expenses'
B	Add: Employee Cost Capitalization	22.34	Note 25: Appearing under 'Employee Benefit Expenses (Net)'
C=A+B	Gross Employee Expenses as booked in Accounts	767.76	Note 25: Appearing under 'Employee Benefit Expenses (Net)'
D	Add: Outsourced Employee Cost	51.82	Note 27 : Appearing as 'Cost of Service Expenses' under 'Other Expenses'
E = C +D	Total Gross Employee Cost booked in Accounts	819.58	
F	Add: Remeasurment of Defined Benefit plan	109.29	Note 29 : Appearing as under 'Other Comprehensive Income /(expenses)'
G	Less: Total Provision towards 'Terminal Liability' as per Actual Valuation for erstwhile CESU employees	152.25	
H=E+F-G	**Total Gross Employee Cost on Cash out go Basis**	**776.62**	

26. It appears that the Hon'ble Commission has only considered the gross employee cost booked in the Audited Financial Statement FY 2021-22 (Note-25) and has not considered the 'outsourced employee cost ' (Note-27 : booked as 'Cost of Service Expenses') and also has not taken into account the adjustment of non-cash expenditure (actuarial valuation) towards terminal benefit expenditures.

27. It is submitted that, Audited Accounts shows an amount of Rs. 51.82 Crores towards the "Outsourced Employees Cost" which is appearing as 'Cost of Service Expenses' under the head 'Other Expenses' (Note-27). An addition of the said amount of Rs. 51.82 with the amount of Rs. 767.76 Crores as per the Audited Accounts comes to a sum of Rs. 819.58 Crores. However, the Petitioner has claimed only an amount of Rs. 776.62 Crores towards Employee Expenditure for FY 2021-22 from this Hon'ble Commission as per the above-stated computation.

28. It is further submitted that since this Hon'ble Commission in past has approved the Outsourced Employee Costs under the head of "Employee Cost" in the various Tariff Orders, the Petitioner has claimed the Outsourced Employee Cost of Rs. 51.82 Crores in line with the past practices. It is pertinent that this Hon'ble Commission did not consider the adjustment under the head "Outsourced Employee Cost" of Rs. 51.82 Crores while allowing the amount of Rs. 767.76 Crores. Moreover, it is submitted that in past, this Hon'ble Commission has allowed the "Outsourced Employees Cost" under the head "Employee Cost" in ARR Petitions. The same was also allowed vide Tariff Order dated 26.03.2021 for ARR for FY 2021-22 passed by this Hon'ble Commission.

29. It is again reiterated that TPCODL has claimed the employee cost for FY 2021-22 strictly as per the provision of Tariff Regulations,2022 and Vesting Order as explained at **para 21 to 25** of this submission. Further, the Hon'ble Commission has also stipulated the same at para 203 of the Tariff Order FY 2024-25 dated 13.02.2024 while setting the principle for

True up (relevant extract from the Tariff Order FY 2024-25 is provided at **para 23** of this submission). Based on this laid down principle the Hon'ble Commission has approved the employee cost for FY 2020-21 (10 months) in True up of FY 2020-21 vide Tariff Order dated 13.02.2024.

30. It is pertinent to mention here that ,the cost of Rs.51.82 Cr was incurred for headcounts which we inherited from erstwhile CESU.

31. In view of the above, we request the Hon'ble Commission to kindly approve the actually incurred employee cost of Rs. 776.62 Cr for FY 2021-22.

2.2 True up of FY 2022-23

32. The Hon'ble Commission has carried out the True up for FY 2022-23 in Tariff Order dated 13.02.2024 and has also stipulated following.

> *202. Basing on the application for all the four DISCOMs, the truing up exercise has been carried out by the Commission for FY 2022-23 as per the OERC's Wheeling & Retail Supply Tariff Regulations, 2022, which has taken into account the provisions of vesting orders and other related developments* ***. The Commission observed that the actual expenses booked in the Audited accounts are higher than the approved cost for most of components, particularly for O&M expenses****. Although the OERC Wheeling and RST Regulations, 2022 came into force in December, 2022, the relevant expenses have been allowed on the basis of pragmatic approach. In absence of adequate information / data the Commission could not verify higher audited expenses in respect of O&M."* ***(Emphasis Supplied)***

33. There are certain issues in Truing up of FY 2022-23 as certain expenditures of the petitioner were not allowed / less approved. TPCODL vide its petition in Case No-25/2024 and letter TPCODL/Regulatory/2024/43/2803 dated 08.04.2024 has made a detailed submission in this regard and requested the Hon'ble Commission for approval of the disallowed amount.

34. Against the above submission of TPCODL , the Hon'ble Commission vide order dated 05.11.2024 in the matter of Case 25/2024 has directed to submit such claims in ARR and RST application for FY 2025-26 for consideration of the Hon'ble Commission.

35. In view of the above directive of the Hon'ble Commission, our submission with regards to True up FY 2022-23 issues is provided in following paragraphs for consideration of the Hon'ble Commission.

36. While the petitioner has filed its True up petition for FY 2022-23 in accordance with the provision of the Tariff Regulations, 2022 and the Vesting Order, the Hon'ble Commission has disallowed / less-allowed certain expenditure in Tariff Order Dated 13.02.2024. The summary of issues pertaining to True up FY 2022-23 and our present submission is provided in table below for ease of reference of the Hon'ble Commission.

Table 2-3 : Summary of True up FY 2022-23 issues

in Rs. Crores

Sr No	Particulars / Issues	As per Actual Audited Accounts FY 2022-23	Claimed in True up FY 2022-23	Allowed in Tariff Order Dt.13.02.2024	Present Submission	Additional Approval over approved requested in present submission	Remark
		A	B	C	D	E=D-C	
1	Depreciation	181.55	67.65	41.74	67.65	25.91	
2	Interest on Consumer Security	61.67	61.67	37.25	61.67	24.42	
3	Loss on Retirement of Assets	5.75	5.75	0	5.75	5.75	
4	A&G Expenditure	150.55	132.65	132.65	150.55	17.9	Rs. 17.9 Cr (Rs. 150.55- Rs. 132.65) is expenditure falling under the category of 'ASL' booked under A&G in Audited Accounts FY-23 , however earlier claimed under 'Recovery of ASL paid till FY-23' in True up FY-23 petition now being claimed under A&G Cost
5	**Sub Total**	**399.52**	**267.72**	**211.64**	**285.62**	**73.98**	
6	Recovery of ASL paid till 31.03.2023		246.9	0	229	229	As Rs. 17.9 Cr booked in Audited Accounts of FY-23 is now claimed under A&G , hence claim under this head is reduced by the same extent i.e. Rs.17.9 Cr (Rs.246.9-Rs. 229 Cr)

37. The Hon'ble Commission is requested to allow additional approval of Rs.73.98 Cr and Rs. 229 Cr towards recovery of ASL payments as summarized in table above. The issue wise submission is provided in following paragraphs.

2.2.1 Depreciation

38. This Hon'ble Commission vide Tariff Order dated 13.02.2024 has allowed the Depreciation of Rs. 41.74 Crores for FY 2022-23, against the Petitioner's claim of Rs. 67.65 Crores.

39. It is humbly submitted that the said amount of Rs 67.65 Crores has been claimed by the Petitioner as per the rate of Depreciation provided under Tariff Regulations, 2022. In this regard, the Petitioner has set out hereunder the manner of computation which is in accordance with the Tariff Regulations, 2022 more specifically as per Regulation 3.8.2(a),

Regulation 3.8.2(c), Regulation 3.8.3, Regulation 3.8.4, Regulation 3.8.5 and Regulation 3.8.6 issued by this Hon'ble Commission as follows:

a. Depreciation on the inherited assets and assets created out of opening Capital Work in Progress ("CWIP") have to be claimed at "Pre-1992" rates.

b. Depreciation on assets which have already been depreciated by 90% has not been considered (other than IT and software).

c. The Petitioner has computed the Depreciation on Assets created after effective date (i.e. 01.06.2020) as per rates specified in Regulation 3.8.5(b) of Tariff Regulations, 2022.

d. The Petitioner while claiming the Depreciation for True Up has not considered the Assets created out of Consumer Contribution and Government Grants.

e. Depreciation has not been considered on the Assets Created out of Metering Capex.

f. As per the priority order mentioned in Vesting Order dated 26.05.2020, the Petitioner has claimed the utilization of Depreciation on inherited assets.

40. Without prejudice to the above, it is submitted that this Hon'ble Commission did not provide any methodology or calculations while computing the amount of Rs.41.74 Cr as per the principles stated by it in the Tariff Order dated 13.02.2024. The relevant extract of the Tariff Order is reproduced herein below for the ready reference of this Hon'ble Commission:

> *"a) The employee expenses have been termed as controllable factor in the regulation. However, the employee expenses approved in the ARR for the first year of operation was based on the filing of the erstwhile utilities. The Commission has therefore taken into account following facts while approving employee expenses:*
>
> > *(i) subsequent approvals accorded in the respective Annual Business Plan Orders*
> > *(ii) new recruitment allowed after taking over.*
> > *(iii) the expenditure booked in the audited accounts.*

(iv) the projection towards actuarial valuation for contribution to the trusts have been deducted and only actual cash out go for the terminal benefits as per the vesting orders has been considered.

(v) the cost of outsourced expenses has been included in the employee expenses in the ARR.

b) The R&M and A&G expenses have been allowed as per the approved expense of Commission or audited figure whichever is lower.

c) Bad and Doubtful Debt have been allowed @1% of the actual revenue.

d) Interest on Security deposit, CAPEX loan and working capital loan has been allowed as per the audited account on actual basis.

e) Income Tax has been allowed as has been actually paid and reflected in the audited accounts.

f) Return on Equity (RoE) has been allowed @16% per annum on the actual equity reflected in the audited accounts.

g) Non-Tariff Income (NTI) has been allowed excluding meter rent, incentive and arrear collection and amortisation of consumer contribution and grant.

h) Revenue has been allowed as per the actuals reflected in the audited accounts.

i) Power purchase cost has been considered as per the audited accounts and further adjusted as per Regulation 3.14 wherein the calculation of gains and loss arising from over achievement or under achievement of AT&C loss reduction vis-à-vis the regulated AT&C loss has been considered."

41. It is submitted that the Petitioner in its claim for Depreciation amount of Rs. 67.65 Crores has strictly followed and adhered to the relevant regulations issued by this Hon'ble Commission i.e. Tariff Regulations, 2022, and the manner of computation is elaborated hereinabove corroborating this submission. In this regard, the relevant extract of Tariff Regulations, 2022 are reproduced herein below for the ready reference of this Hon'ble Commission :-

"3.8. Depreciation

3.8.1. Depreciation shall be computed separately for assets capitalized prior to the Effective Date and the assets put to use after the Effective Date.

3.8.2. The assets achieving date of commercial operation prior to the Effective Date would continue to earn depreciation as per depreciation rates approved by the Commission prevailing at the time of effective date. Since no loan has been availed by the new Distribution Licensees for these assets, the depreciation allowed

to be recovered from tariff must be utilised in the manner as provided below as per terms of the Vesting Order:

a. For the purpose of determination of Aggregate Revenue Requirement, the depreciation on the opening Gross Fixed Assets as of Effective Date, as determined by the Commission subject to prudence check, shall be utilized as per the following priority order:

i. Funding of Additional Serviceable Liabilities as per the Vesting Order
ii. Capital Investment
iii. Working Capital requirement computed as per Tariff Regulations*.*

b. The manner of utilization of such depreciation shall be as per the directions of the Commission. The Distribution Licensee shall maintain a separate account for such depreciation.

c. No depreciation shall be allowed to be recovered on assets created out of Government grants irrespective of whether the corresponding grant is transferred to the Distribution Licensee or not.

3.8.3. In case of the assets of the erstwhile DISCOMs, the balance depreciable value as on April 1, 2023, shall be worked out by deducting the cumulative depreciation as admitted by the Commission up to March 31, 2023, from the gross value of the assets.

3.8.4. ***For the assets of erstwhile DISCOMs transferred to the new Distribution Licensees through the Vesting Orders, the depreciation shall be calculated on the pre-up valued cost of assets at pre-1992 rate on the asset base approved by the Commission.***

3.8.5. ***For assets achieving date of commercial operation (COD) in this control period, depreciation shall be computed in the following manner:***

a. The approved original cost of the project/fixed assets shall be the base value for calculation of depreciation;

b. Depreciation shall be computed annually based on the straight-line method at the rates specified in the Annexure II to these Regulations:

Provided that the remaining depreciable value as on 31stMarch of the year closing after a period of 15 years from date of commercial operation shall be spread over the balance useful life of the assets:

Provided that the rate provided in Annexure II, are the upper ceiling of the rate of depreciation to be provided up to 15th year from the date of commercial operation and the Distribution Licensee shall have the option of indicating, while seeking approval for tariff, lower rate of depreciation, subject to the aforesaid ceiling and the same will be considered for computation of normative loan as per Regulations*.*

Provided also that the Distribution Licensee, shall submit all such details or documentary evidence, as may be required under these Regulations and as stipulated by the Commission, from time to time, to substantiate the above claims:

3.8.6. ***The salvage value of the asset shall be considered as 10% of the allowable capital cost and depreciation shall be allowed up to a maximum of 90% of the allowable capital cost of the asset:***

Provided that the Distribution Licensee shall submit certification from the Statutory Auditor for the capping of depreciation at 90% of the allowable capital cost of the asset;

…………….”

(Emphasis Supplied)

42. It is submitted that the Depreciation amount of Rs. 67.65 Crores as claimed by the Petitioner in the True-Up Petition for FY 2022-23 is computed from the total Depreciation amount of Rs. 181.55 Crores booked in the books of Accounts i.e. the Audited Accounts after making the required adjustments as mandated in the Tariff Regulation, 2022 (i.e. by subtracting the deprecation on assets that are not allowed in Tariff Regulations, 2022).

43. It is further submitted that the total Depreciation booked in the Audited Accounts has been worked out as per the SAP System based on the date of capitalization of the particular assets.

44. Earlier this Hon’ble Commission has been allowing the claim of Depreciation that has been computed from the Audited Accounts after deducting the Depreciation on Assets

not allowed in the Tariff Regulations, 2022 and therefore to ensure the regulatory consistency, the Petitioner has followed the same method.

45. Accordingly , the Petitioner claimed the total Depreciation in the True Up Petition for FY 2022-23 as follows:

Table 2-4 : Total Depreciation Claimed in True up FY 2022-23

in Rs. Crore

Particular		FY -23	Reference to Audited Financial Statement of FY 2022-23
Total Depreciation Booked in Accounts for FY 2022-23		181.55	Note 4.05
Less:	Depreciation on Meters	25.43	Part of above total Depreciation Amount. Table 3-11 (Page- 30) of our True up Petition for FY 2022-23 dated 30.11.2023 may also be referred to for category wise break up of total depreciation booked in FY-23
Less:	Amortization on Assets Created against Consumer Contribution and Grants	88.47	Note 22.04
A	**Total Depreciation for True up**	**67.65**	

46. As can be observed from table above, the Petitioner has strictly adhered to the extant regulatory framework and arrived at the claimed amount of Rs. 67.65 Crores after deducting the requisite entries from the total depreciation booked as per Audited Accounts.

47. Moreover, it is crucial to note that this Hon'ble Commission vide Tariff Order dated 13.02.2024, approved the Depreciation amount of Rs. 41.25 Crores for Truing up FY 2021-22 and also a Deprecation of Rs. 99 Crores for FY 2024-25. It is submitted that there has been an addition of assets worth Rs. 973 Crores (i.e. of Rs. 948 Crores after adjusting for the decapitalization of Rs. 25.49 Crores) in FY 2022-23. Accordingly, the Petitioner in FY 2022-23 has added the new Assets and then claimed the Depreciation amount of Rs. 67.65 Crores.

48. Therefore, it is submitted that this Hon'ble Commission may appreciate the principles as provided under the Tariff Regulations, 2022 which forms the basis for the computation of Depreciation amount for FY 2022-23 and accordingly provide the consequent relief by approving the amount of Rs. 67.65 Cr instead of the present allowance of Rs. 41.74 Cr towards deprecation in True up FY 2022-23.

2.2.2 Interest on Consumer Security Deposit

49. The Hon'ble Commission vide the Tariff Order dated 13.02.2024 has allowed the Interest on Security Deposit of Rs. 37.25 Crores for FY 2022-23, against TPCODL's claim of Rs. 61.67 Crores. However, this Hon'ble Commission did not provide any reasoning while disallowing the said amount of Rs. 24.42 Crores towards Interest on Security Deposit.

50. As submitted hereinabove, there is an apparent gap in allowance of the claimed amount which requires due consideration of this Hon'ble Commission as hereinbelow.

51. This Hon'ble Commission while carrying out the truing up exercise for FY 2022-23 has followed the principles (as claimed by the Petitioner) and the same is evident vide Paragraph 203(d) of the Tariff Order. The relevant extract of the same is reproduced herein below for the ready reference of this Hon'ble Commission:

> *"203. The truing up exercise has been carried based on following principle along with principle of OERC's Wheeling & RST Regulation, 2022.*
> *…..*
>
> ***d) Interest on Security deposit, CAPEX loan and working capital loan has been allowed as per the audited account on actual basis."***
>
> *[**Emphasis Supplied**]*

52. As per the aforementioned posits, this Hon'ble Commission had approved the Interest on Security Deposit as accrued by the Licensee in its Audited Accounts for FY 2020-21 & FY 2021-22 while finalizing the truing up exercise. However, while approving the Interest on Security Deposit for FY 2022-23, this Hon'ble Commission has allowed an amount of Rs. 37.25 Crores instead of the Actual accrued Interest of Rs. 61.67 Crores as appearing in the Audited Accounts (Note-26).

53. In this regard, it is submitted that the credit to the consumers towards Interest on Security Deposit is regulated as per Odisha Electricity Regulatory Commission (Conditions of Supply) Code, 2019 ("Supply Code, 2019"). The relevant extract of the Supply Code, 2019 is reproduced herein below for the ready reference of this Hon'ble Commission:

> *"**Interest on Security Deposit payable by the Licensee/supplier***
>
> *57. …*

> *(iii)* ***The interest accruing to the credit of the consumer shall be adjusted annually in the amounts outstanding from the consumer to the licensee/supplier as on 1st May of every year*** *and the amounts becoming due from the consumer to the licensee/supplier immediately thereafter."*

*(**Emphasis Supplied**)*

54. In view of the above, the Interest on Security Deposit accrued on 31st March of a Financial Year is being paid to the consumers in the month of May of the subsequent Financial Year. Accordingly, the Interest on Security Deposit appearing in the Audited Accounts needs to be recognized in the Truing Up exercise by this Hon'ble Commission.

55. In this regard, it is humbly submitted that this Hon'ble Commission vide Tariff Order dated 23.03.2023 had approved a rate of 6.75% p.a. on payment to be made towards Interest on Security Deposit in the year May 2023 to the consumers. Accordingly, the Interest on Security Deposit amounting to Rs. 61.67 Crores was booked in the Accounts for FY 2022-23. The aforementioned approach is consistent with the approach adopted in earlier years where the Interest on Security Deposits were booked in accounts in terms of the extant approved rate.

56. It is submitted that Tariff Regulations, 2022 also provides for the recovery of the Interest on Security Deposit in ARR. The relevant extract of the Tariff Regulations, 2022 is provided hereinbelow:

> ***"3.7.11 The Distribution Licensee(s) shall adjust interest on the amount held as security deposit (held in cash or cash equivalent) from Distribution System Users and Retail consumers at the Bank Rate as on 1stApril of the Financial Year in which the Petition is filed in their monthly bills.***
>
> *Provided that Interest on security deposits, in excess of the above rate specified by the Commission shall be considered as non-Tariff income of the Licensees.*
>
> *Provided further that Interest on security deposits, in deficit of the above rate specified by the Commission shall be considered as Uncontrollable Cost of the Licensees and shall accordingly be allowed in their ARR."*

(Emphasis Supplied)

57. It is humbly submitted that the Petitioner has been calculating its interest on Accrual Basis in line with regulatory framework and past practice. Accordingly, the Interest on Security Deposit calculated by the Petitioner for FY 2022-23 is based on the interest rate

of 6.75% p.a. after considering the Opening Balance of Security Deposit and Addition/ Deletion of consumers. It is pertinent that the calculation of interest is also dependent on the time period for which such deposit has been kept by the consumer.

58. It is submitted that the Interest on Security Deposit may be allowed on the basis of the amount that has been booked in Accounts in line with the past practice and to ensure the regulatory certainty. That the Accounts are presented on the basis of Accrual principle as per the amount booked ensuring consistency with the Accounting Standards. Without prejudice, in any case, no unjust enrichment is accrued to the licensee as interest is paid out on a year-to-year basis to the consumers and the actual payment (whether positive or negative) is adjusted in the next cycle itself.

59. In view of the above, in line with the principles followed for Truing up of FY 2020-21 and truing up of FY 2021-22, the Hon'ble Commission is humbly requested to approve the Interest on Security Deposit of Rs. 61.67 Crores as booked in the Audited Accounts of FY 2022-23.

2.2.3 Loss on Retirement of Assets

60. The Petitioner in its True up FY 2022-23 Petition dated 30.11.2023, in accordance with the regulatory and statutory framework, had sought a claim of Rs. 5.75 Crores towards the Loss on Retirement of Assets. However, the same has not been dealt in the Tariff Order dated 13.02.2024. Therefore, the Petitioner seeks due consideration for providing consequential relief to the Petitioner in the view of the submissions made in the True Up Petition and submissions made in the following paragraphs.

61. It is humbly submitted that Tariff Regulation, 2022 provides for the recovery of loss on Retirement /Decapitalization of Assets through ARR. The relevant extract of the Tariff Regulation, 2022 is reproduced herein below for the ready reference of this Hon'ble Commission:

> *"3.8.6 The salvage value of the asset shall be considered as 10% of the allowable capital cost and depreciation shall be allowed up to a maximum of 90% of the allowable capital cost of the asset:*
>
> *Provided that the Distribution Licensee shall submit certification from the Statutory Auditor for the capping of depreciation at 90% of the allowable capital cost of the asset;*

Provided also that the salvage value for IT equipment and software shall be considered as NIL and 100% value of the assets shall be considered depreciable;

Provided that depreciation shall not be allowed on assets funded by consumer contribution (i.e., any receipts from consumers that are not treated as revenue), capital subsidies/grants:

Provided that depreciation on assets funded by Central/State Govt. except the assets transferred towards contribution against equity participation by GRIDCO as approved by the Commission shall not be allowed to the Distribution Licensee:

Provided further that the Distribution Licensee shall submit year-wise details of assets retired and disposed of, which shall be removed from the Original Cost of Fixed Assets:

Provided further that asset shall normally be not retired before completion of the useful life and the Distribution Licensee shall take prior approval of the Commission in case of retiring any asset before its useful life:

Provided further that any loss on such retirement/ decapitalisation shall be allowed to be recovered through ARR subject to approval of the Commission for such retirement/ decapitalisation*"*

(Emphasis Supplied)

62. It is further submitted that the Petitioner has exercised certain Retirement/ Decapitalization of Fixed Assets in FY 2022-23 after taking the approval of the Board. Furthermore, it is submitted that the Loss on account of Retirement of Fixed Assets (amounting to Rs. 5.75 Crores as claimed by the Petitioner) has been claimed under a separate head in the True-Up Petition FY 2022-23. In support of this claim, the Petitioner is providing the brief details of the Retirement/ Decapitalization of Assets as hereinbelow:

a. It is submitted that for restoration of Power Supply post cyclone 'FANI', the Special Relief Commissioner ("**SRC**") released funds to erstwhile Central Electricity Supply Utility of Odisha ("**CESU**") for the restoration of work in the affected areas. Accordingly, certain temporary restoration works were executed by erstwhile CESU. Thereafter, the Petitioner took charge over the same and resumed the restoration and rectification work of 11 kV feeders affected during the cyclone 'FANI'. It is submitted that around 500 Nos. of 11 kV feeders were attended under the cyclone 'FANI' restoration work which also improved the resilience of the 11 kV network under scope of restoration.

b. The Petitioner booked the expenses incurred against such grant under capital work in progress and created assets based on the nature and type of expenditures following the Accounting Standards. Further, along with the said capitalization, the identified Fixed Assets (which were damaged during the cyclone 'FANI' against which the restoration work was exercised) were decapitalized which were forming part of opening fixed assets. It is submitted that the Gross Value of these above-explained identified assets' net of the accumulated depreciation has been provided as "Loss on Retirement of Fixed Assets" in the books. Furthermore, the Board of the Petitioner has accorded approval for above decapitalization with corresponding written down value.

63. It is pertinent that the Petitioner had provided the reasoning and basis for decapitalization along with all the requisite details of the same, however the Tariff Order dated 13.02.2024 passed by this Hon'ble Commission is silent on the said aspect.

64. Thus, keeping in mind the aforementioned scenario, it is pertinent that the said claim may be considered and appreciated by this Hon'ble Commission in the Tariff Order as these assets no more exists in the Fixed Assets Register (FAR) of the petitioner. However, this Hon'ble Commission vide the Tariff Order dated 13.02.2024 has not given any findings or analysis regarding the said claim of the Petitioner and has simply disallowed the same.

65. In the light of the above-stated submissions, it is therefore humbly requested that this Hon'ble Commission may kindly bridge the gaps by allowing the Petitioner's claim of Rs 5.75 Crores that have arisen due to the "Loss on Retirement of Fixed Assets" in FY 2022-23 for retired assets which are no more available in FAR.

2.2.4 A&G Cost: Expenses falling under the category of Additional Serviceable Liability –ASL to be included in A&G Cost

66. The present issue relates to booking of the expenses made under Additional Services Liabilities ("ASL") as Administrative and General ("A&G") Expenses.

67. It is submitted that certain expenditures as explained hereinbelow were made by the Petitioner for discharging certain liabilities falling under the category of ASL. However, since such expenditure is affecting the cash flow of the Petitioner, the Petitioner by way

of present submission is seeking the accommodation from this Hon'ble Commission to consider such payment as A&G Expenditure and not under the ASL head. It is pertinent that such change in heads does not have a net effect on the total claim made by the petitioner in its True up FY 2022-23 petition dated 30.11.2023.

68. In line with the submissions in the True-up Petition FY 2022-23 dated 30.11.2023, this Hon'ble Commission is well aware of the fact that the Petitioner is discharging certain liabilities as provided in the Opening Balance Sheet as on 01.06.2020, and as provided in the Carve Out Order dated 30.09.2021 ("Carve Out Order") passed by this Hon'ble Commission. Furthermore, some of the said liabilities were existing as on date of Vesting and some of these liabilities that have been discharged are discovered after the date of Vesting, and hence are not a part of Opening Balance Sheet, and therefore may be considered under the accounting head of A&G Expenses. It is submitted that in FY 2022-23, the Petitioner has discharged the said liabilities i.e. (i.e. Payment to Franchisee and Legal Expenses) to the extent of Rs 17.90 Crores thus creating additional requirement of funds. Accordingly, such liabilities were charged to P&L under the head of "Other" Expenditure (A&G Expense for filing) of the Financial Statements.

69. It is submitted that the Petitioner in its True-up Petition FY 2022-23 dated 30.11.2023 had claimed the said liabilities under the head of "ASL". However, the Accounting Standards do not provide for a nomenclature such as "ASL". Thus, in order to align to the Accounting Standards, the Petitioner is seeking to consider the said liabilities under head of A&G Expenses. It is reiterated that while the Petitioner is seeking the inclusion of ASL related expenses under the head of A&G expenses, it is not an additional impact on the consumers and the Petitioner will reduce the claims under ASL head to that extent. Accordingly, there will not be any impact on the consumers or on any other stakeholders, although the same will allow aligning of the Petitioner's liabilities with the Accounting Standards. In this regard, it is submitted that Tariff Regulations, 2022 also provides for the A&G Expenses as follows:

"Administrative and General (A&G) Expenses

3.9.16. The normal A&G Expenses for each subsequent year will be determined by escalating the approved A&G Expenses (excluding additional or special A&G expense) for the previous year, at the escalation factor of 7 % to arrive at permissible A&G expenses for each year of the Control Period.

3.9.17. The Commission, in addition to the normal A&G expenses may allow additional expenses, under this head for special measures to be undertaken by the

distribution licensees which are not covered under Capital Investment plan approved by the Commission.

Provided the Commission will undertake a prudence check before allowing such expenditure.

3.9.18. The A&G expense shall be allowed on normative basis in the ARR for ensuing year and shall be subject to True-Up.

Provided that, in case the actual A&G expense is lower than the approved A&G expense, the actual A&G expense shall be considered for True-Up purpose.

Provided that, in case the actual A&G expense is more than the approved A&G expense, the approved A&G expense shall be considered for True-Up purpose."

(Emphasis Supplied)

70. In the light of the above-stated submissions, it is humbly requested that this Hon'ble Commission may bridge the gaps in cash flow arising due to such additional payments pertaining to pre-vesting period and allow the ASL Expenses of Rs. 17.9 Crore under the head of A&G Expenditure and reduce the same amount of Rs. 17.9 Crores under the ASL head. That computation for break-up of 17.9 Crores and the net impact is provided hereinbelow:

Table 2-5 : Liabilities (ASL) discharged by TPCODL in FY 2022-23

in Rs. Cr

Sr No	Particulars	Amount
1	Payment to Franchisee	9.61
2	Legal Expenses incurred -Dispute of erstwhile CESU with Disputed Franchisee & Others , Compensation & Other Expenes	8.28
3	**Total**	**17.90**

Table 2-6 : Revised A&G Expenditure Approval and reduction in ASL claim to the same extent

in Rs. Cr

Sr No	Particulars	Amount	Remark
1	A&G Expenses for FY 2022-23 as per Audited Accounts	150.55	Refer Extract 3-14 (Page -57) of the True up Petition FY 2022-23 dated 30.11.2023 for linkage with Audited Accounts of FY 2022-23
2	Expenditure falling under 'ASL' out of the total A&G cost booked for FY 2022-23	17.90	Part of the above expenditure of Rs. 150.55 Cr
3 = 1-2	A& G Cost claimed in True up FY 2022-23 Petition dated 30.11.2023	132.65	Rs. 17.9 Cr was claimed under 'ASL' . Please refer Table 2-3 (Page -18) of the True up Petition FY 2022-23 dated 30.11.2023 for total amount claimed under ASL discharged till 31.03.2023
4	A&G Cost approved for True up FY 2022-23 in Tariff Order dated 13.02.2024	132.65	
5 =3+2	Revised A&G Cost proposed for approval (including the ASL amount)	150.55	Same as the amount booked in Audited Accounts as provided at Sr. No.1
6 =2	Reduction in Claim under ASL	-17.90	

Table 2-7 : Comparison of proposed in True up FY -23 petition and Revised Submission

in Rs. Crores

Sr No	Particular	Proposed in True up FY 2022-23 Petition dated 30.11.2023	Revised Present Submission	Additional Approval Requested	Remark
1	A&G Expenditure	132.65	150.55	17.9	Rs. 17.9 Cr towards ASL payment booked under A&G in Audited Accounts FY-23 but excluded in True up FY-23 petition is now included under 'A&G' in present submission
2	Recovery of ASL paid till 31.03.2023	246.9	229	-17.9	Rs.17.9 Cr claimed under this in True up FY-23 petition now being claimed under A&G
3=1+2	**Total**	**379.55**	**379.55**	**0**	

71. As can be observed from table above, the total claim made in our True up FY 2022-23 petition dated 30.11.2023 remain unchanged.

72. In view of the above, we request the Hon'ble Commission to kindly allow the above Rs. 17.9 Cr of ASL expenditure which has been booked and paid as A&G expenditure in Audited Accounts of FY 2022-23 under 'A&G Expenditure' head (i.e. total approval of Rs. 150.55 Cr is requested against existing approval of Rs. 132.65 Cr under A&G in True up FY 2022-23) and reduce our claim toward 'Recovery of ASL payment till FY-23' by the same extent i.e. Rs. 17.9 Cr (i.e. revised submission against 'Recovery of ASL payment till FY-23' is Rs. 229 Cr against original submission of Rs. 246.9 Cr).

Chapter 3. Issues related to Additional Serviceable Liability

3.1 Finalization of Additional Serviceable Liability (ASL) and inclusion in ARR

73. TPCODL has filed a petition for determination of Additional Serviceable Liability (ASL) under Paragraph 54 of the Vesting Order based on the balance sheet carved out for TPCODL under the Order of the Hon'ble Commission dated 30th Sep 2021.Further an independent audit was carried out on various aspects of the above petition. Based on the report submitted by the Auditor M/s SRB & Associates, a reworked ASL (amounting to Rs. 386.64 Cr) was submitted for the approval of the Hon'ble Commission vide letter dated 17th Feb 2022. The Vesting Order in clause 54 (e) provides the methodology for recovery of such liabilities

74. In accordance with the provisions of the Vesting Order for recovery of payments against such Liabilities, amount recovered from Current Assets or surplus cash available, if any, was supposed to be utilized to make such payments. It may be noted from the ASL worked out by the Hon'ble Commission as well as ASL petition and audited computation submitted by the petitioner as above, there was hardly any current assets which realized cash. Further, Cash and Bank balance appearing as a part of ASL computation was either specific to Govt Grant for which capital work was to be executed or against liability such as Deposit work/ Consumer Security Deposit. Therefore, cash was not available to discharge such pre take over liablities. Hence these liabilities were funded through internal accruals/ Loans. In accordance with the provision of the Vesting Order, the repayment of such loan/ internal accrual has been done from the Depreciation available on Opening Assets. The residual amount left, in accordance with Clause 54 (e) of the Vesting Order, needs to be allowed to be recovered through ARR in the year in which the same is paid by the Discoms. It is worthwhile to point out that the Depreciation amount available for repayment of ASL liabilities is limited due to non-allowance in ARR of Depreciation on Assets funded out of Consumer Contribution/ Grant, and consequently, the residual Additional Serviceable Liability requiring recovery through ARR is higher.

75. Against TPCODL's submission in previous ARR and True up Petition on recovery of ASL payments, the Hon'ble Commission has remarked that the matter shall be dealt separately. The relevant extract from the Tariff Orders of FY 2022-23, FY 2023-24 and FY 2024-25 are produced below in this regard.

<u>Extract from FY-23 Tariff Order:</u>

146. The Commission in this regard observes that a separate request filed by the TPCODL in this regard for revision of the ASL is under consideration of the Commission *and this will dealt separately. The Commission is therefore not inclined to consider any amount in the present ARR for FY2022-23 for TPCODL. The same will also be applicable to other three DISCOMs, TPWODL, TPSODL and TPNODL basing on their separate request, regarding revision of ASL*

Extract from FY-24 Tariff Order:

151. The Commission in this regard observes that a separate request filed by the DISCOMs in this regard for revision of the ASL is under consideration of the Commission and the same will be dealt separately after the audit of all such liabilities are submitted to the Commission. The Commission is therefore not inclined to consider any amount in the present ARR for FY 2023-24 for TPCODL.

Extract from FY-25 Tariff Order:

Additional Serviceable Liabilities (ASL)
170. TPCODL in the ARR petition has submitted that the funding of ASL is to be considered which may be allowed in the ARR. TPCODL stated that it has filed a Petition for determination of ASL and subsequently an independent audit was carried out and a reworked ASL was submitted for the Commission 's approval. TPCODL has estimated ASL payment of Rs.54.57 crore for FY 2023-24 and Rs.8 crore for FY 2024-25.

171. The Commission observes that a separate request filed by the DISCOMs in this regard for revision of the ASL is under consideration of the Commission and the same will be dealt separately after the audit of all such liabilities are submitted to the Commission.
The Commission is therefore not inclined to consider provision for ASL in the present ARR for FY 2024-25 for TPCODL.

76. With regards to above direction of the Hon'ble Commission, it is submitted that the Audit Report for ASL determination and payments and receipts from 1.06.2020 to 30.09.2021 has been submitted vide letter dated 17.02.2022 ,the Audit Report on payments and receipts with respect to ASL till 31.03.2023 has been submitted vide letter dated 28th July 2023 and the Audit Report till 31.03.2024 has been submitted vide letter dated 15th July 2024.

77. It is therefore submitted that for the purpose of an actual indication of Gap/Surplus of the Company, the cash payments made by the petitioner against ASL expenditure needs to be considered as it is effecting the cash flow or company is carrying the loans in its

balance sheet. In this petition, TPCODL has shown ASL expenditure settled till closing of the FY i.e. 31.03.2024. To the extent the recovery of this principal ASL amount is not approved in True up of FY-2023-24 (as and when the matter of ASL is dealt with), the Hon'ble Commission may kindly allow the carrying cost on it till the time its repayment is allowed in the ARR.

78. The Net ASL as on 31.03.2024 is provided in table below in the following table :

Table 3-1 : ASL Computations till 31st March 2024

Sr No	Particulars	Amount (Rs. Cr)
	A. ASL Receipt till 31.03.2024	
1	Mar'20 Collection	428.14
2	Apr'20 & May'20 Collection	131.41
3	Jun'20 Collection	185.38
4	Other Receipts	3.05
A	**Total Receipt**	**747.98**
	B. ASL Payment till 31.03.2024	**Till Mar'24**
5	Trade Payable	225.16
6	BSP,SLDC Payment for May'20	211.84
7	Salary Payment	42.24
8	Franchise Payment	46.39
9	Consumer Security Deposit Interest	32.82
10	Deposit for Service Connection	31.85
11	Deposit from Supplier/Contractor	6.39
12	ED Payment	10.19
13	Creditor/Short Term Provision	16.89
14	Other Liability	3.52
15	Negative Arrear	28.24
16	Incentive with GST	50.70
17	PFC Interest	25.11
18	Payment to GRIDCO	316.87
19	FEDCO & Other Payment	17.68
20	Not in Opening Liability	0.29
B	**Total Payment**	**1066.18**
C=A-B	**ASL as on 31.03.2024**	**-318.20**
D	**Less: ASL Claimed in A&G**	**17.90**
E= C+D	**Net ASL as on 31.03.2024**	**-300.30**

79. The year wise movement of ASL is provided in table below. :

Table 3-2 : Year wise movement of ASL

Sr No.	Particulars	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
1	Opening	0.00	-205.97	-315.12	-310.00
2	Receipts during the Financial Year	503.46	84.94	88.78	70.80
3	Payment during the Financial Year	709.43	194.09	83.66	61.10
4=1+2-3	ASL at the closing of the Financial Year	-205.97	-315.12	-310.00	-300.30

80. The total Net ASL payment amount that is required to be recovered in True up FY 2023-24 after accounting for the opening cash available, utilization of depreciation on inherited assets and assets created against opening CWIP and interest for financing the ASL payment is provided in table below. The Vesting Order at para 54(e) allows recovery of interest on ASL payment in ARR. The interest rate that has been used for computation of interest are as per para 2.11.5 of the Tariff Regulations, 2022.

Table 3-3 : Total ASL to be recovered in True up FY 2023-24

in Rs. Cr

Sr No.	Particulars	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
1	Opening ASL (incl. interest)	0.00	-178.75	-275.32	-257.24
2	Receipts during the Financial Year	503.46	84.94	88.78	70.80
3	Payment during the Financial Year	709.43	194.09	83.66	61.10
4	Utilization of Opening Cash Available	20.69			
5	Utilization of Depreciation on Opening Assets & Asset from Opening CWIP for the Financial Year	12.59	27.94	33.09	36.13
6=1+2-3+4+5	Net ASL at the closing of the Financial Year	-172.69	-259.96	-237.11	-211.42
7	Applicable Interest Rate	7.02%	7.00%	7.86%	8.57%
8= Average (1,6)x7	Interest during the Financial Year	-6.06	-15.36	-20.13	-20.07
9=6+8	Net ASL at the closing of the Financial Year (incl. interest)	-178.75	-275.32	-257.24	**-231.49**

81. In view of the above, the Hon'ble Commission may kindly allow recovery of Rs. 231.49 Cr towards ASL payment in True up of FY 2023-24.

82. Further in our above ASL claim, the ongoing loan liability of Rs. 157.54 Cr. transferred to TPCODL in the opening balance sheet (Annexure A-1 of TPCODL's letter dated 17th Feb 2022 may be referred to) has not been claimed since it is yet to be repaid. The Hon'ble Commission may also allow its recovery through ARR or any other suitable mechanism such as allowance of full Depreciation on Opening Assets, which could then be utilised to liquidate this opening loan expeditiously. Till such time this loan is liquidate, its actual interest cost /carrying cost needs to be allowed to be recovered through ARR.

Chapter 4. Performance Highlights for FY 2023-24 and Item wise Truing up

4.1 Total Sales for FY 2023-24 Actual Vs Approved

83. An overall growth of 16% observed in total sales of FY 2023-24 over FY 2022-23. The growth is primarily attributed to improved reliability, effective load booking, and increase in urbanization, industrialization and modernization.

Table 4-1 : Total Sales (MU) for FY 2023-24

Category	Actual FY-2021-22 (Mus)	Actual FY-2022-23 (Mus)	Approved for FY 2023-24 (Mus)	Actual FY-2023-24 (Mus)	Increase of FY 24 over FY 23 (%)
a	b	c	d	e	f =(e/c)-1 %
LT	4117	4269	5064	4722	10.61%
HT	1462	1813	1946	2111	16.42%
EHT	1149	1556	1858	2020	29.79%
Total	**6728**	**7639**	**8868**	**8853**	**15.90%**

4.2 Revenues at the prevailing Tariff

84. The Gross Revenue Billed for the FY 2023-24 as per the Audited Financial Statement is Rs 5379.78 Crores

4.3 Revenue as per Annual Audited Accounts

85. Relevant extract from the Audited Financial Statement FY 2023-24 is as provided below.

Extract 4-1: Extracts of Revenue from Audited Accounts

23.03 Revenue from Operations	Year Ended March 31, 2024	Year Ended March 31, 2023
	₹ crore	₹ crore
Revenue from Operations		
Gross revenue as per tariff	5,379.78	4,687.33
Less: Cash discount	89.84	65.19
Revenue from Contract with Customers	5,289.94	4,622.14

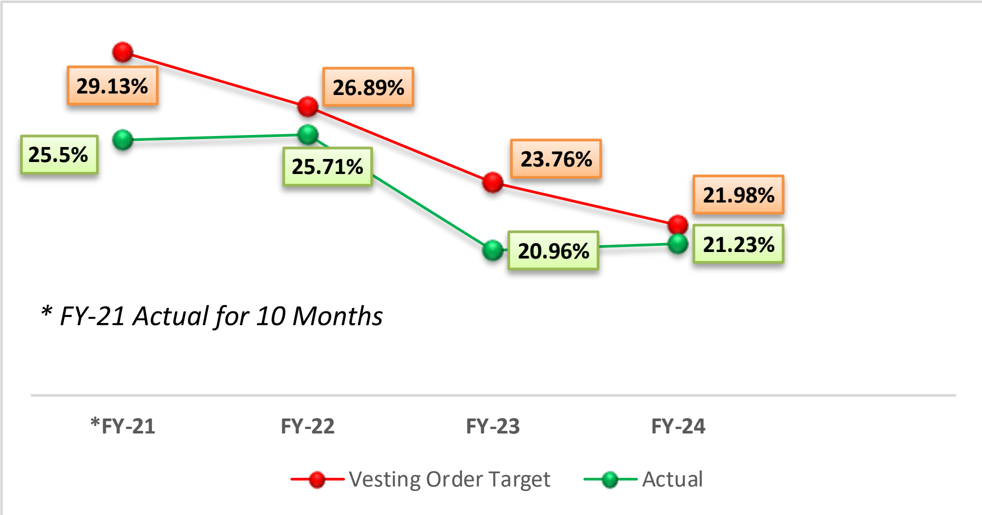
4.4 Aggregate Technical and Commercial (AT&C) Losses

86. TPCODL's achievement against the AT&C commitment Trajectory given in the Vesting order and Tariff Regulations, 2022 and the AT&C loss approved for FY-24 in the Tariff order is as follows.

Table 4-2 : AT&C Loss achievement for FY 2023-24

Sr No	Particulars	UoM	Approved in Tariff Order FY 2023-24	Actuals for FY 2023-24
a	Total Sales	MU	8868	8853
b	Total Power Purchase / Input	MU	11256	11299
c	Billing Efficiency	%	78.79%	78.35%
d	Collection Efficiency	%	99.00%	100.53%
e	**AT&C Loss**	**%**	**22.00%**	**21.23%**

Figure 4-1: AT& C Loss Reduction Performance against Vesting Order Trajectory



87. As can be seen from the above chart , TPCODL has been able to meet the AT&C Loss Trajectory Commitment approved in the Vesting Order and also the Tariff Order for the FY 2023-24

4.5 Operational and Overall Performance:

88. Post its commencement of operation on 1st June 2020, TPCODL has taken various initiatives to achieve operational excellence. The Various initiatives undertaken by TPCODL for achieving operational excellence, superior customer services, and initiatives taken in the area of IT & Technology, Employee Connect and Engagement, Contribution to Society and glimpses of recognitions received by TPCODL are presented in **Chapter 8 Annexure 1- Operational & Overall Performance Highlights**

4.6 Total Power Purchase Cost

89. The Power Purchase cost comprises a) Cost of Power purchased from GRIDCO at Bulk Supply Price (BSP) b) Transmission Charges paid to OPTCL and d) SLDC charges. The Total expenditure towards power purchase cost including Transmission and SLDC charges incurred by TPCODL for the FY 2023-24 is as provided in table below.

Table 4-3: Total Power Purchase Cost (including Transmission and SLDC Charges) incurred by TPCODL for FY 2023-24

in Rs. Cr.

Sr No	Particulars	Rebate Availed	Amount in Rs. Cr	Remark / Reference to Audited Financial Statement FY 2023-24
A	Power Purchase Cost		3446.3	Including inter-Discom Sale & Purchase of -Rs. 0.89 Cr *Note 25 of the Audited Financial Statement FY-24*
B	OPTCL Transmission Charges		271.00	Note -25 : OPTCL & SLDC Charges are combined under the head 'Transmission Charge'
C	SLDC Charges		1.74	
D= A+B+C	**Total Gross Power Purchase Cost including Transmission & SLDC Charges**		**3719.05**	
E	Less: Rebate		39.10	Note -25 :
E1	Rebate on GRIDCO Power Purchase Bills	33.67		
E2	Rebate on OPTCL Transmission Charges Bills	5.41		
E3	Rebate on SLDC Bills	0.02		
F= D-E	**Total Net Power Purchase Cost including Transmission & SLDC Charges (after Rebate)**		**3679.94**	Refer to 'Cost of Power purchased & Transmission Charges' under (IV) Expenses of P&L Statement and Note 25

90. The month wise bills details are provided in **Chapter 9 ANNEXURE 2: Details of Monthly Power Purchase for the FY 2023-24.**

4.6.1 Total Power Purchase Cost – Extracts from Audited Financial Statement FY 2023-24

91. Note -25 of the Audited Financial Statement for FY 2023-24 may be referred to for total Power purchase cost incurred by TPCODL for FY 2023-24. The relevant extract from the Audited Financial Statement FY 2023-24 is as provided below.

Extract 4-2 Power Purchase Cost –Linkage with Audited Financial Statement FY 2023-24

25	Cost of Power purchased and Transmission charges	Year Ended March 31, 2024	Year Ended March 31, 2023
		₹ crore	₹ crore
	Power purchased	3,446.30	2,970.40
	Transmission charges	272.74	278.89
	Less: Rebate	(39.10)	(34.71)
		3,679.94	3,214.58

4.7 Gains / (Loss) on account of achievement of AT&C Loss

92. With regards to Loss/ Gain on account of achievement of AT&C loss against the Vesting Order Target, the Hon'ble Commission has stipulated following in the Tariff Regulations.2022.

3.14.1. The Commission shall consider the AT&C loss reduction trajectory for tariff determination as provided in Annexure III of these Regulations as per the terms of the Vesting Orders. ***The Distribution Licensees would be entitled to retain any additional gains resulting from its meeting and surpassing the AT&C loss targets. This would be over and above the return on equity allowed by the Commission as part of these Regulations and shall not be adjusted as other income or in any way appropriated through any truing up process or future Aggregate Revenue Requirement process.***

….

3.14.4. The Distribution Licensees shall adhere to the committed AT&C loss reduction trajectory for future years (Annexure III) as per the Vesting Orders. Any gains or loss arising from over-achievement or under achievement of AT&C loss reduction vis-a-vis the regulated AT&C loss provided for Tariff determination in Annexure-III shall be retained by Distribution Licensee.

93. Further, the Hon'ble Commission has provided the methodology of computation of gain / (loss) due to AT&C loss by way of an illustrative example at para 3.14.4 of the Tariff Regulations,2022.

94. Accordingly, the gain / loss on account of achievement of AT&C loss for FY 2023-24 is provided in table below.

Table 4-4: Gain / (Loss) due to achievement of AT&C Loss for FY 2023-24

Sr No	Particular	UoM	Value
A	Approved AT&C Loss for FY 2023-24 (AT&C Loss as per Trajectory for Tariff Determination)	%	22.00%
B	Normative Collection Efficiency	%	99%
C= 1- (1-A)/B	Normative Calculated Distribution Loss for FY 2023-24	%	21.21%
D	Actual AT&C Loss Achieved for FY 2023-24	%	21.23%
E	Actual Collection Efficiency for FY 2023-24	%	100.53%
F	Actual Distribution Loss for FY 2023-24	%	21.65%
G	Actual Sales for FY 2023-24	MU	8853
H	Actual Power Purchase for FY 2023-24	MU	11299
I=G/(1-C)	Normative Power Purchase for FY 2023-24	MU	11237
J= I-H	Gain / (Loss) in Power Purchase due to AT&C Achievement for FY 2023-24	MU	-62
K	Approved BSP for FY 2023-24	Rs/kwh	3.05
L=J X K /10	Gain / Loss in Power Purchase Cost incurred towards deviation from Normative Calculated Distribution Loss) for FY 2023-24	Rs. Cr	-18.96
M	Amount eligible for Gain/(Loss) to be borne by the Distribution Licensee for FY 2023-24	Rs. Cr	-18.96

95. The above amount of Rs. -18.96. Cr has been adjusted to the actual gross power purchase cost of Rs. 3719.05 Cr while claiming the total gross power purchase cost for True up FY 2023-24.

4.8 Treatment of Rebate availed for payment of Power Purchase bills

96. The Hon'ble Commission in Tariff Regulations, 2022 has stipulated that the rebate earned on power purchase bills (GRIDCO, OPTCL and SLDC) shall be considered as Non-Tariff Income, the relevant extract from the Tariff Regulations,2022 is as provided below. Accordingly the rebate on power purchase cost has been considered under Non-Tariff income as explained at para 4.23.

3.12. Rebate
3.12.1. Any rebate earned by the Distribution Licensee on the last date of payment of bill for which it is eligible for getting rebate from GRIDCO, generation & transmission utilities, SLDC, RLDC etc. shall be considered as Non-Tariff Income for the Distribution Licensee(s);

97. As shown in the **Table 4-3: Total Power Purchase Cost (including Transmission and SLDC Charges) incurred by TPCODL for FY 2023-24,** and para **91** the rebate on Power Purchase Bills is **Rs 39.1** Crores.

4.9 Progress of Capital Expenditure approved by the Hon'ble Commission

98. TPCODCL had filed its proposal for approval of the Capital Expenditure for FY 2020-21 in July 2020 (registered as Case No-32/2020). The Hon'ble Commission in its order

dated 8th September 2020 in the said matter approved Capex of Rs. 280.63 Cr for FY 2020-21. Thereafter, TPCODL submitted its Capex Investment plan for FY 2021-22 in January 2021 before the Hon'ble Commission for approval. The Hon'ble Commission has in its order dated 18.09.2021 in the matter of Case 05 /2021 approved Capex of Rs.298.73 Cr for FY 2021-22.

99. The Hon'ble Commission vide order dated 19.07.2022 in the matter of Case 14/2022 has approved Capex of Rs. 243.31 Cr for FY 2022-23. Further, a Supplementary Capex of Rs. 137.25 Cr was approved by the Hon'ble Commission vide Order dated 16.12.2022 in the matter of Case 51/2022.

100. The Hon'ble Commission vide order dated 21.06.2023 in the matter of Case - 98 / 2022 has approved Capex of Rs. 283.72 Cr for FY 2023-24.

101. The Status of Capital Expenditure and Capitalization against the Capex approved for FY 2020-21, FY 2021-22, FY 2022-23 and FY 2023-24 as on 31.03.2024 is provided below.

Table 4-5: Status of Capex and Capitalization as on 31.03.2024

Sr No	Major Category	Capex Approved by the Hon'ble Commission					Actual as on 31.03.2024	
		For FY 2020-21	For FY 2021-22	For FY 2022-23	For FY 2023-24	Total Approved (Cumulative)	Cumulative Capex as on 31.03.2024	Cumulative Capitalization as on 31.03.2024
		A	B	C	D	E= SUM(A:D)	F	G
1	Statutory & Safety	74	20	18	16	128	120	116
2	Loss Reduction	33	60	47	35	175	146	117
3	Reliability	68	117	134	115	433	371	312
4	Load Growth	13	30	122	50	215	195	158
5	Infrastructure & Technology	93	72	60	68	292	262	259
6	**Total**	**281**	**299**	**381**	**284**	**1244**	**1093**	**961**

Note: The above is Hard Cost only ,excluding IDC, Employee Cost Capitalization and Common Stock procured for Capex Jobs

4.10 Total Capitalization for the period FY 2023-24

102. TPCODL has executed Capital Expenditure and capitalized under four following heads

- Capital Expenditure approved by the Hon'ble Commission
- Capital Expenditure out of Opening CWIP existing at the time of Vesting i.e. on 1st June 2020
- Capital Expenditure under Government Funded Schemes
- Capital Expenditure against Consumer Contribution

- Investment in Meters which has not been considered for the purpose of working out RoE, Depreciation and Interest on Loan in the ARR/True up

103. In addition, to the above, Gridco as a part of its subscription towards equity , makes contribution in kind (instead of Cash). The same is explained in the section below

4.10.1 Additional Capitalization on account of GRIDCO's Equity Contribution in kind

104. The capital expenditure incurred by TPCODL capex Schemes would be required to be financed in the ratio of 70 % (Debt) and 30% (Equity) . Since TPCODL has the shareholding of Tata Power (51%) and GRIDCO (49%), in order to maintain 49% stake in the company, GRIDCO would be required to contribute 49% of such equity. In this matter, relevant extract of the approved Share Holder's Agreement (SHA) is mentioned below.

> *2.1 The amount of issued and paid up capital of OPERATING COMPANY may be varied from time to time as may be determined by the Board of Directors or the Shareholders of OPERATING COMPANY, provided that any issue of new shares shall be offered to GRIDCO and TPCL in a manner so as to ensure that GRIDCO and TPCL shall, at all times, hold 49% and 51% respectively of the issued, subscribed and paid up equity share capital of OPERATING COMPANY. The consideration paid by GRIDCO for subscription of equity shall be in cash, kind or any other form, as decided by GRIDCO and should be in compliance with the provisions of the Companies Act, 2013. In case consideration paid by GRIDCO is in any form other than cash, it should be of such nature that it is allowed by the Commission to be included in the fixed asset base for consideration in ARR. Such consideration may include the assets held in the books of the GoO which are being used by CESU utility and which shall continue to be used by the OPERATING COMPANY*

105. However instead of contributing such equity, GRIDCO has preferred to contribute such equity in kind. The Extracts from letter of Gridco dated 15th April 2021 is as follows:

Sub:- Issuance of Shares by TPCODL.

Ref:- Your Letter No TPCODL/CS/01/2021 dtd.18/02/2021.

Sir,

With reference to issuance of equity shares for an amount aggregating to Rs.100 Crore having face value of Rs.10 each for the purpose of financing the capital expenditure by TPCODL, we would like to intimate our In-Principle consent to subscribe to the equity in the form of distribution assets created by way of Govt. funding.

106. No contribution in kind in lieu of equity has been received by TPCODL in FY 2020-21. Govt. Distribution Assets worth Rs. 99.94 Cr in FY 2021-22, Rs.42.03 Cr in FY 2022-23 and Rs.56.35 Cr in FY 2023-24 in lieu of equity has been transferred to TPCODL. These assets have been capitalized in books of accounts of TPCODL in the year of transfer.

4.10.2 Total Capitalization for FY 2023-24

107. Total Capitalization for FY 2023-24 as booked in the accounts is as given below. However, for the purpose of true up we have considered Capitalization that has been funded by TPCODL only for the purpose of claiming Depreciation, RoE and Interest on Loan.

Table 4-6: Total Capitalization for FY 2023-24 as booked in Accounts

Sr No	Asset Description	Additional OB Asset(As per Physical Verification of OB Assets 01.06.2020)	Out of Opening CWIP	Asset created from Govt Scheme	Asset created from Consumer Contribution	Asset created from TPCODL Own Capex	Assets Created from Capex in Kind (Assets Transferred by Govt in lieu of GRIDCO's equity)	Assets Created from Meter Capex.	Total Capitalization FY-23-24
		a	b	c	d	e	f	g	h= sum(a:g)
1	Office Buildings	-	-	-	-	56.41	10.80	-	67.21
2	Energy Meters	-	-	-	-	14.15	-	100.46	114.62
3	Transformers	37.84	3.11	-	38.87	68.59	26.86	-	175.28
4	EHV Switch Gears	-	-	-	0.58	11.57	-	-	12.15
5	11KV Switch Gears	-	-	-	0.03	17.66	-	-	17.69
6	LT Switch Gears	-	-	-	-	6.99	-	-	6.99
7	SCADA/ Control & Insrumentation	-	-	-	-	14.27	-	-	14.27
8	Lightening Arrestors	-	-	-	-	0.05	-	-	0.05
9	Other Plant & Machinery	-	-	-	1.89	33.14	-	-	35.03
10	Computers	-	-	-	-	59.43	-	-	59.43
11	Bateries & Batery Chargers	-	-	-	-	0.17	-	-	0.17
12	Software	-	-	-	-	33.16	-	-	33.16
13	Overhead Lines	-	1.22	3.40	46.38	132.89	18.69	-	202.58
14	Underground Cables	-	-	3.79	6.03	11.67	-	-	21.49
15	Office Equipment	-	-	-	-	2.40	-	-	2.40
16	Furniture & Fittings	-	-	-	-	4.48	-	-	4.48
17	Vehicle LMV	-	-	-	-	7.67	-	-	7.67
18	Vehicle HMV	-	-	-	-	0.32	-	-	0.32
	Total	**37.84**	**4.33**	**7.19**	**93.79**	**475.02**	**56.35**	**100.46**	**774.98**

4.10.3 Capitalization as per Audited Financial Statement of FY 2023-24

108. Note 4.02 and 4.03 of the Audited Financial Statements for FY 2023-24 may be referred to for the total Capitalization done by TPCODL in FY 2023-24. The linkage to the audited accounts and relevant extract is as provided below.

Table 4-7 Summary of Capitalization for FY 2023-24 with linkage to Audited Financial Statements of FY 2023-24

Sr No	Particular	Amount (Rs. Cr)	Reference / Linkage to Audited Financial Statement FY 2023-24
1	GFA Addition -Property ,Plant & Equipment	735.05	Note 4.02 'Property ,Plant & Equipment'
2	GFA Addition -Intangible Assets	39.93	Note 4.03 'Intangible Asset'
3=1+2	**Total GFA Addition/ Capitalization for FY 2023-24**	**774.98**	

Extract 4-3 : Capitalization in Audited Financial Statements FY 2023-24

4.02 Property, plant and equipment (PPE):

Particulars	Gross Bl	
	As at April 01, 2023	Additions (Refer note 4.08)
Buildings	53.43	67.21
Plant and equipment including transmission lines & cable network	3,847.98	652.92
Motor Vehicles	3.42	8.04
Furniture & Fixtures	17.27	4.48
Office Equipments	7.48	2.40
Total	**3,929.58**	**735.05**

4.03 Intangible Assets

Particulars	Gross Bl	
	As at April 01, 2023	Additions
Software	48.96	39.93
Total	**48.96**	**39.93**

4.10.4 Total Capitalization as Claimed for True up purpose

109. The Total Capitalization considered for the purpose of True up FY 2023-24 is **Rs 531.37 Crores** and the details are as provided below.

Table 4-8 Total Capitalization for True up FY 2023-24

All Amount in INR Crores

Sr No	Particular	Total Capitalization as booked in Accounts for FY 2023-24	Total Capitalization Claimed in True Up FY 2023-24 for RoE & Int. on Loan etc.purpose
1	Additional Opening Assets	37.84	0
1	Out of Opening CWIP	4.33	0
2	Asset created from Govt Scheme	7.19	0
3	Against Consumer Contribution	93.79	0
4	Against TPCODL's Own Capex Schemes (Excluding Meters)	475.02	475.02
5	Against TPCODL's Capex Schemes (Meters)	100.46	0.00
6	Against GRIDCO Contribution in Kind	56.35	56.35
	Total	**774.98**	**531.37**

4.11 Decapitalization from Opening Assets

110. TPCODL has a well-defined decapitalization process. In FY 2023-24, Rs.23.5 Cr has been decapitalized against opening assets

4.12 Depreciation

The depreciation for FY 2023-24 is as given in the following paragraphs.

4.12.1 Depreciation on Existing Assets i.e. at the time of Effective Date

111. The audited financial statements as on 31st May 2020 was submitted to Hon'ble Commission based on which the Hon'ble Commission in its Order dated 30th September 2021 has approved the opening Balance Sheet for TPCODL as on 1st June 2020. The Opening Gross block as provided in the approved opening Balance sheet as on 1st June 2020 has been used for depreciation calculation (on the Depreciable amount of the inherited assets). Further, the depreciation rates applicable would be as existing "pre- 92" rates. The relevant extract from the Tariff Regulations, 2022 is provided below.

> *3.8.4. For the assets of erstwhile DISCOMs transferred to the new Distribution Licensees through the Vesting Orders, the depreciation shall be calculated on the pre-up valued cost of assets at pre-1992 rate on the asset base approved by the Commission.*

4.12.2 Depreciation on Assets created out of opening CWIP

112. The depreciation on these assets has been calculated at same rate that has been used for calculating depreciation on opening assets.

4.12.3 Depreciation on Assets created out of Capex incurred after the Effective date (i.e. 1st June 2020)

113. The Tariff Regulations, 2022 stipulates depreciation on assets created out of the Capex incurred after the Effective Date to be computed at rates mentioned at Annexure-II of the Tariff Regulations, 2022.The relevant extracts of the Tariff Regulations,2022 is provided below.

> *3.8.5. For assets achieving date of commercial operation (COD)in this control period, depreciation shall be computed in the following manner:*
> *a. The approved original cost of the project/fixed assets shall be the base value for calculation of depreciation;*
> *b. Depreciation shall be computed annually based on the straight-line method at the rates specified in the* ***Annexure II*** *to these Regulations:*
> *Provided that the remaining depreciable value as on 31stMarch of the year closing after a period of 15 years from date of commercial operation shall be spread over the balance useful life of the assets:*
> *Provided that the rate provided in Annexure II, are the upper ceiling of the rate of depreciation to be provided up to 15th year from the date of commercial operation and the Distribution Licensee shall have the option of indicating, while seeking approval for tariff, lower rate of depreciation, subject to the aforesaid ceiling and the same will be considered for computation of normative loan as per Regulations.*
> *Provided also that the Distribution Licensee, shall submit all such details or documentary evidence, as may be required under these Regulations and as stipulated by the Commission, from time to time, to substantiate the above claims:*
>
> ***(Emphasis Supplied)***

114. Accordingly, for all assets created after effective date i.e. 1st June 2020 depreciation has been calculated at rates as specified in **Annexure-II of Tariff Regulations, 2022.**

4.12.4 Total Depreciations booked in the Accounts for FY 2023-24

115. The basis of Depreciation Calculation has been explained in above sections, the total deprecation as booked in the accounts for FY 2023-24 is as provided in table below.

TPCODL

Table 4-9: Total Depreciation booked in the Accounts for FY 2023-24

Depreciation booked in the Accounts for FY 2023-24 (*in Rs. Cr*)

Sl No	Asset Description	Opening Assets/ Inherited Assets	Assets Created out of Opening CWIP	Assets Created from Govt. Funded Scheme	Assets Created from R-APDRP (Govt Loan)	Assets Created from Consumer Contribution	Assets Created from Own Capex (as approvd by Hon'ble OERC)	Assets Created from Capex in Kind (GRIDCO's Contribution in lieu of equity)	Assets Created from Own Capex -Meters (To be recovered as Meter Rent)	Total Booked in Accounts of FY.2023-24
1	Office Buildings	0.39	-	-	-	-	1.53	0.27	-	**2.20**
2	Energy Meters	-	0.27	-	0.04	-	2.35	-	43.99	**46.65**
3	Transformers	51.93	3.45	0.52	0.02	6.98	2.34	5.04	-	**70.28**
4	EHV Switch Gears	-	0.07	-	-	0.01	1.09	-	-	**1.17**
5	11KV Switch Gears	-	0.06	-	-	0.03	2.37	-	-	**2.45**
6	LT Switch Gears	-	-	-	-	0.00	1.92	-	-	**1.92**
7	SCADA/ Control & Insrumentation	-	4.26	-	1.24	-	2.14	-	-	**7.65**
8	Lightening Arrestors	-	0.00	-	-	-	0.01	-	-	**0.01**
9	Other Plant & Machinery	-	0.03	-	-	0.04	4.09	-	-	**4.17**
10	Computers	-	-	-	-	-	34.28	-	-	**34.28**
11	Bateries & Batery Charger	-	-	-	-	-	0.22	-	-	**0.22**
12	Software	-	-	-	-	-	1.39	-	-	**1.39**
13	Overhead Lines	35.96	7.40	12.88	0.06	5.97	6.77	1.43	-	**70.47**
14	Underground Cables	-	0.13	0.79	-	0.72	1.15	-	-	**2.79**
15	Office Equipment	0.02	-	-	-	-	0.49	-	-	**0.51**
16	Furniture & Fittings	0.00	0.50	-	-	-	0.52	-	-	**1.02**
17	Vehicle LMV	-	-	-	-	-	0.79	-	-	**0.79**
18	Vehicle HMV	-	-	-	-	-	0.03	-	-	**0.03**
TOTAL		**88.30**	**16.16**	**14.19**	**1.36**	**13.77**	**63.49**	**6.74**	**43.99**	**248.0**

4.12.5 Depreciation as per Audited Financial Accounts FY 2023-24

116. Relevant extract from the Audited Financial Accounts FY 2023-24 is as provided below.

Extract 4-4 : Depreciation in Audited Financial Statements FY 2023-24

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2024

	Particulars	Notes	Year Ended March 31, 2024	Year Ended March 31, 2023
			₹ crore	₹ crore
(I)	Revenue from operations	23	5,507.65	4,820.67
(II)	Other income	24	121.83	82.84
(III)	**Total income (I+II)**		**5,629.48**	**4,903.51**
(IV)	**Expenses**			
	Cost of power purchased & transmission charges	25	3,679.94	3,214.58
	Employee benefits expense (net)	26	799.21	760.59
	Finance costs	27	90.83	106.83
	Depreciation and amortisation expenses	4	248.00	181.55
	Other expenses	28	663.39	583.56
	Total expenses (IV)		**5,481.37**	**4,847.11**

4.12.6 Total Depreciation claimed in True up FY 2023-24

117. The Vesting Order does not permit recovery of Depreciation on assets created out Government Grants . The extracts from Vesting Order are as follows:

iii. No depreciation shall be allowed to be recovered on assets created out of Government grants irrespective of whether the corresponding grant is transferred to TPCODL or not.

The Tariff Regulations,2022 also stipulates the same. The relevant extract is provided below.

3.8.2

….

a. No depreciation shall be allowed to be recovered on assets created out of Government grants irrespective of whether the corresponding grant is transferred to the Distribution Licensee or not.

118. Further, the Tariff Regulations 2022 exclude the depreciation to be considered from assets created out of Consumer Contribution and also Government Grants. The relevant extracts are as under

3.8.6

…

Provided that depreciation shall not be allowed on assets funded by consumer contribution (i.e., any receipts from consumers that are not treated as revenue), capital subsidies/grants:

Provided that depreciation on assets funded by Central/State Govt. except the assets transferred towards contribution against equity participation by GRIDCO as approved by the Commission shall not be allowed to the Distribution Licensee:

119. We have therefore not considered the depreciation on Government Funded Assets, Asset created out of Consumer Contribution (booked in accounts under 'Amortization of Consumer Contribution & Capital Grant'). Further, since the Metering Capex is to be recovered through monthly meter rents, hence depreciation on meters has not been claimed for True up.

120. Summary of total Depreciation for truing up is as provided below.

Table 4-10: Total Depreciation for Truing Up FY 2023-24

in Rs. Crore

Particular		FY -2023-24	Reference to Audited Financial Statement
Total Depreciation Booked in Accounts for FY 2023-24		248	Note 4.05
Less:	Depreciation on Meters	43.99	Part of above total Depreciation Amount
Less:	Amortization on Assets Created against Consumer Contribution and Grants	97.65	Note 23.03
A	**Total Depreciation for True up**	**106.36**	

121. Out of the above, the Depreciation on Assets created out of TPCODL's own capex (including assets created against GRIDCO's contribution in kind) has been used towards repayment of capital loan and the balance amount has been used towards funding of ASL. The use of net depreciation claimed in True is as provided below.

Table 4-11 : Use of Depreciation claimed for True up FY-2023-24

Sr No	Particular	Amount (Rs. Cr)	Remark/Usage
A	Total Depreciation Claimed in True up FY 2023-24	106.36	
B	Depreciation on Asset Created out of Own Capex (including Assets transfered in kind and exluding Meters)	70.23	For Repayment of Capital Loan
C= A-B	Total Depreciation Available for Funding ASL	36.13	For Funding ASL

4.13 Loss on Retirement of Fixed Assets

122. The Tariff Regulation, 2022 allows recovery of loss on retirement /decapitalization of assets through ARR, the relevant extract of the Tariff Regulation, 2022 is provided below.

3.8.6

…

Provided further that asset shall normally be not retired before completion of the useful life and the Distribution Licensee shall take prior approval of the Commission in case of retiring any asset before its useful life:

Provided further that any loss on such retirement/decapitalisation shall be allowed to be recovered through ARR subject to approval of the Commission for such retirement/ decapitalisation.

123. TPCODL has done certain retirement/decapitalization of fixed assets in FY 2023-24, after taking approval of the Board. The loss on account of such retirement (amounting to **Rs. 0.37 Cr**) has been booked under the head 'Other Expenses ' . Note -28 of the Audited Financial Statement FY-2023-24 may be referred to in this regard.

Interest Cost and Financing Cost

4.14 Interest on Capital Loans

124. As per the Tariff Regulations, 2022, for the purpose of truing up, the normative average loan of the year shall be considered on the basis of the actual asset capitalization and the interest rate applicable would be the weighted average rate of interest calculated on the basis of actual loan portfolio at the beginning of the year. The relevant extracts from the Tariff Regulations is as under

Extract 4-5: Interest on Loan Capital as per Tariff Regulations

3.7. Interest and finance charges on Loan Capital

*3.7.1. The loans arrived at in the manner indicated in these Regulations on the **assets put to use**, shall be considered as **gross normative loan for calculation of interest on loan**:*

Provided that interest and finance charges on capital works in progress shall be excluded:

3.7.2. The normative loan outstanding as on 1st April shall be worked out by deducting the cumulative normative repayment as admitted by the Commission up to 31st March of the previous year.

Provided that the assets of erstwhile DISCOMs as on effective date in terms of the provisions of Vesting Orders shall not be eligible for calculation of interest on loan.

*3.7.3. **The normative repayment for the year during the Control Period shall be deemed to be equal to the depreciation allowed for that year.***

3.7.4. Notwithstanding any moratorium period availed by the Distribution Licensee the repayment of loan shall be considered from the first year of commercial operation of the project and shall be equal to the annual depreciation allowed.

3.7.5. ***The rate of interest shall be the weighted average rate of interest calculated on the basis of the actual loan portfolio at the beginning of each year applicable to the Distribution Licensee:***

Provided that at the time of truing up, the weighted average rate of interest calculated on the basis of the actual loan portfolio during the year applicable to the Distribution Licensee shall be considered as the rate of interest:

…..

…..

3.7.6. The interest on loan shall be calculated on the normative average loan of the year by applying the weighted average rate of interest:

Provided that at the time of truing up, the normative average loan of the year shall be considered on the basis of the actual asset capitalisation approved by the Commission for the year.

Provided further that neither penal interest nor overdue interest shall be allowed for computation of Tariff. ***(Emphasis Supplied)***

125. In the Tariff order for FY 2023-24, the Hon'ble Commission has approved Rs. 38.55 Cr towards interest on Capital loan (at Table-50 of the Tariff order FY 2023-24) while observing that any variance with actual amount would be addressed at the time of True up. The relevant extract from the Tariff Order FY 2023-24 is as produced below.

134. The Commission had asked for additional information on latest position of the yearwise actual CAPEX loan availed by the each DISCOM. From the replies of the DISCOMs it is observed that all the DISCOMs have availed CAPEX loan till the date of submission. The OERC Wheeling & Retail Supply Tariff Regulation, 2022 provides that ***the loan taken for the assets put to use shall be considered as gross normative loan for calculation of interest****. The interest and finance charges on CWIP shall be excluded. The normative loan outstanding as on 1st April shall be worked out by deducting the cumulative normative repayment as admitted by the Commission upto 31st March of the previous year. The rate of interest shall be weighted average rate of interest calculated on the basis of actual loan portfolio at the beginning of each year as applicable to the respective distribution licensee.* ***The interest on loan shall be calculated based on the weighted average rate of interest at the time of***

truing up on the normative average loan of the year and the actual asset capitalisation approved by the Commission for the year.

135. The Commission after a prudent verification allows following amounts to the respective DISCOMs towards interest on loan. ***Any variances with the actual amount shall be addressed at the appropriate stage of truing up****.*

Table – 50
Interest on Loan approved for FY 2023-24

Source	TPWODL	TPNODL	TPSODL	TPCODL
Interest on Capex loan / long term debt	45.57	31.47	28.34	38.55

(Emphasis Supplied)

126. For the purpose of financing the Capital Expenditure, TPCODL has secured term loan from State Bank of India (SBI),UBI and Canara Bank. The weighted average rate of interest on the actual loan portfolio for FY 2023-24 works out to 8.48%**.** The relevant extract from the Sanction letter is provided below.

Extract 4-6: Extract from SBI Capital Loan Sanction Letter

Particulars	Proposed Terms
Borrower	TP Central Odisha Distribution Limited
Promoter	The Tata Power Co Ltd (TPCL)
Capex Cost	Rs.353 crores
Term Debt Facility (Amount)	Rs.247 crores
Purpose	For funding of approved capital expenditure.
Promoters contribution	For capex: the promoters' contribution will be 30% of the Capex requirement.
Upfront Fee	1.10% of the Term Loan Facility Amount plus applicable taxes payable upfront at the time of sanction.
Tenor of loan	Door to Door tenor of 15 years with Average Maturity of 7.87 years. Repayment Schedule starting from June 2021 till September 2036 is given below this table Repayments will be made as 4 equal quarterly payments at the end of each quarter.
External Credit Rating	External Credit Rating from any rating agencies approved by RBI to be obtained. Company will be permitted timeline upto 3 months for obtention of External Credit Rating from the date of first disbursement of credit facilities advised letter no. CAG/AMT-4/2020-21/690 dated 07.10.2020 and accepted by the company.
Rate of Interest	Applicable Rate of Interest shall be equivalent to SBI 6 month MCLR (Applicable Benchmark) prevailing at the time of first disbursement under the RTL + Spread. The proposed spreads for different levels of initial credit rating of the Facility are given below: if AA bucket MCLR + 0.75% i.e., 7.70% pa. if A bucket MCLR + 0.90% i.e., 7.85% pa. Applicable Benchmark rate as on date is 6.95% Applicable Benchmark will be reset at end of 6 months from first disbursement under the Facility and thereafter on 6 months intervals. Applicable Spread for SBI shall remain constant throughout the tenor of the Facility. Till the time, ECR is obtained by the company, interest rate as applicable for A+/A/A- would be applicable for the facility. All disbursements till next reset of Applicable Benchmark shall be linked to same Applicable

Extract 4-7: Extract from UBI Capital Loan Sanction Letter

Subject: Sanction of Term Loan in favour of M/s TP Central Odisha Distribution Ltd (TPCODL)

We are pleased to inform that the following Term Loan has been sanctioned in favour of TPCODL by the competent authority with terms & conditions and other details as under:

1	DATE OF SANCTION	:	28.09.2022
2	VALIDITY OF SANCTIONS	:	27.03.2023
3	PURPOSE OF LOAN	:	Funding of Capex to carry out various improvements and safety activities in its area of operation.
4	DUE DATE FOR REVIEW/RENEWAL	:	27.09.2023

DETAILS OF LIMITS WITH MARGIN/INTEREST/SECURITY:

(Rs. in Crore)

Nature of Limit	Amount		Interest / Commission	Margin	Security
	Existing	Proposed			
Fund Based					
Term Loan	0.00	245.14	3 Months MCLR i.e. 7.35% p.a. at present	30%	**Prime Security:** First pari passu charge on the entire movable fixed assets of the company, both present and future, including on the assets created /to be created out of our bank finance under the capex project excluding assets transferred to the company from CESU vide vesting orders of OERC and any other assets as specified by OERC from time to time along with other Banks under MBA. **Collateral Security:** Second pari passu charge on the entire current assets of the company, both present and future, excluding regulatory deposits and any other assets as specified by OERC from time to time. "Regulatory Deposits" includes customer security deposits and Govt. deposits

Extract 4-8: **Extract from Canara Bank Capital Loan Sanction Letter**

Particulars	Terms
Borrower	TP Central Odisha Distribution Limited (TPCODL)
Promoter	The Tata Power Company Limited (TPCL)
Capex Cost	Rs 357.14 Crore
Term Loan Amount	Rs.250.00 Crore (Rupees Two hundred fifty Crore only)
Project/ Purpose	For funding of approved capital expenditure up to FY 2022-23
Means of Finance/ Promoter Contribution	The Capex shall be funded 70% from debt and 30% from promoter contribution i.e. DER of 2.33:1 to be maintained.
Tenor of Facility	Door to Door tenor of 14 Years
Repayment	In 12 years ie. 48 Quarterly equal Installments post moratorium period of 2 years payable on 15th of first month of each quarter, from the date of first disbursement. Interest to be paid as and when due.(Due on last day of the month)
Availability Period	Up to 31.03.2023.
Upfront Fees	Nil
Documentation charges	Not applicable
Rate of Interest	One year MCLR i.e. Presently 7.35% p.a.
Reset of ROI	The rate of interest is subject to annual reset from date of first disbursement. Interest to be paid as and when due. Further bank shall reserve the right to review the rate of interest in case of the following: - In case of any adverse deviation in the External rating or internal rating of the Borrower. - Changes in interest rate policy, etc. made by the Reserve Bank of India /

LCB Bhubaneswar, Plot no 2282, Laxmisagar, Puri Cuttack Road, Bhubaneswar-751006, E-Mail ID:cb7026@canarabank.com, Page | 7

127. Based on the Debt Equity Ratio for the capitalization in FY 2023-24 , the Interest on Debt for FY 2023-24 computation is as provided in the table below:

Table 4-12: Debt Component considered for Interest on Loan Computation

in Rs. Crore

Sr No	Capitalization & Debt	FY-21 (June'20 - Mar'21)	FY-22	FY-23	FY-24
a	Capitalization excluding meters from TPCODL's own capex(including IDC & Emp Cost)	66.13	236.85	252.89	472.22
b	GRIDCO's Contribution in kind in lieu of Equity	0.00	99.94	42.03	56.35
c=a+b	**Total Capitalization**	**66.13**	**336.79**	**294.92**	**528.57**
d	**Total Debt = 70% of C**	**46.29**	**235.75**	**206.45**	**370.00**
e	**Total Equity = 30% of C**	**19.84**	**101.04**	**88.48**	**158.57**
f=d+e	**Total Debt + Equity**	**66.13**	**336.79**	**294.92**	**528.57**

Table 4-13: Interest on Capital Loan for True up FY 2023-24

in Rs. Crore

Sr No	Particular	UoM	Approved in Tariff Order FY 2023-24	For True up			
				FY-21	FY-22	FY-23	For True up FY-24
1	Opening Balance	Rs Cr		0	43.56	266.00	437.89
2	Addition	Rs Cr		46.29	235.75	206.45	370.00
3	Repayment = Depreciation on Assets Created out of Own Capex (excluding meters)	Rs Cr		2.73	13.31	34.56	70.23
4=1+2-3	Closing Balance	Rs Cr		43.56	266.00	437.89	737.66
5= Average(1,4)	Average Balance	Rs Cr					587.77
6	Period	Years					1.00
7	Weighted Average Interest Rate (estimated)	%					8.48%
8= 5 X 6 X7	**Interest Amount**	**Rs Cr**	**38.55**				**50**

128. In view of the above, the Hon'ble Commission is requested to approve **Rs. 50 Cr** towards interests on Capital Loan for FY 2023-24 as per provisions of Tariff Regulations, 2022.

4.15 Interest on Working Capital and associated Financing Costs

129. As per the Tariff Regulation 2022, the Working Capital and the Interest on Working Capital would be worked out as follows

3.10. Interest on Working Capital

3.10.1. The Distribution Licensee shall be allowed interest on the estimated level of working capital for the Wheeling and Retail supply business for the Financial Year. The working capital for the purpose of ARR calculation shall be computed as follows:
a. Operation and maintenance expenses for one month; plus
b. Maintenance spares @ twenty (20) % of average R&M expense for one month; plus
c. Power Purchase Cost for one (1) month

Working Capital requirement of the Distribution Licensees may be met through depreciation allowed by the Commission on the assets of erstwhile DISCOMs in a manner mentioned in the Vesting Orders and as approved by the Commission.
Shortfall in meeting the working capital requirement as mentioned above shall be allowed. The interest on the working capital shall be at a rate equal to the SBI Base Rate or any replacement thereof by SBI from time to time (being in effect applicable

*for 1 year period) as **applicable as on 1stApril of the Financial Year (for which Truing Up shall be done) plus 300 basis points or actual weighted average rate of interest towards loan for meeting working capital requirement availed by the Distribution Licensee(s), whichever is lower**:*

Provided that at the time of truing up for any year, the working capital requirement shall be re-calculated on the basis of the components of working capital approved by the Commission.

Provided that, the variation between the normative interest on working capital recomputed at the time of Truing-up and the actual interest on working capital incurred by the Distribution Licensee, substantiated by documentary evidence, shall be considered as an efficiency gain or efficiency loss, as the case may be, on account of controllable factors.

(Emphasis Supplied)

130. The Hon'ble Commission has approved Rs. 36.28 Cr towards interest on working capital against TPCODL's submission of Rs. 46.87 Cr in Table – 53 of the Tariff Order FY 2023-24 (extract from the Tariff Order FY 2023-24 is provided below).

Table - 53

Approved Interest on Working Capital FY 2023-24				
Source	**TPWODL**	**TPNODL**	**TPSODL**	**TPCODL**
O&M for 1 month	81.45	69.78	63.08	98.95
Spares 20% of R&M (1month)	4.70	3.57	2.54	4.66
Power Purchase Cost (1 month)	433.96	209.60	86.1	286.09
Total	520.11	282.95	151.73	389.70
Less: Depreciation allowed on old assets				
FY 2022-23	32.15	30.94	16.11	15.66
FY 2023-24	27.52	21.08	14.71	52.96
Net Working Capital	460.44	230.93	120.91	321.07
Interest on Working Capital	11.70%	11.70%	11%	11.30%
Total Interest on Working Capital	**53.87**	**27.02**	**13.66**	**36.28**

131. Further while computing the interest on working capital for FY 2023-24 , the Hon'ble Commission has adjusted the depreciation on old / inherited assets for FY 2022-23 and FY 2023-24 at Table -53 of the Tariff Order FY 2023-24 (as shown above).

132. It is submitted that the Vesting Order clearly stipulates the priority order for utilization of deprecation on the inherited assets. The relevant extract from the Vesting Order is provided below

47. Depreciation on assets transferred to TPCODL

(a)

.....

i. For the purpose of determination of Aggregate Revenue Requirement, the ***depreciation on the opening Gross Fixed Assets of TPCODL****, as determined by the Commission subject to prudence check, shall be utilized as per the following* ***priority order:***

*a****. Funding of Additional Serviceable Liabilitiesas per para 54 of this order***

b. Capital Investment

c. Working Capital requirement computed as per Tariff Regulations

(Emphasis Supplied)

133. As is evident from above provision of the Vesting Order, working capital comes as the last priority item for adjustment of Depreciation on inherited assets. In compliance to above provision of the Vesting order, TPCODL has been adjusting the deprecation on inherited assets against ASL claims (**Table 3-1** of this petition may be referred to). The Hon'ble Commission may take note of this and may make appropriate adjustment while approving Truing up for FY 2022-23 , FY 2023-24 and APR FY 2024-25 and ARR FY 2025-26.

134. It is submitted that the computation of interest on working capital in this submission is in line with all our earlier submission in previous ARR and True up petitions which is strictly as per provision stipulated at para 47 (a) (i) of the Vesting Order. In other words, we have continued to adjust depreciation on old / inherited assets against ASL payments as our claims on recovery of ASL payments are not 100% approved/ recovered yet and hence deprecation on old/inherited assets have not been utilized for adjustment against working capital. The Hon'ble Commission may kindly take note of this fact and make necessary correction of Table -53 of the Tariff Order FY 2023-24 while approving the interest on working capital for True up FY 2023-24.

135. Further , while the Hon'ble Commission has computed and approved interest on working capital of Rs. 36.28 Cr at Table-53, Rs. 26.28 Cr has been mentioned at Table -54 and the same is also part of the approved ARR FY 2023-24 at Annexure-A of the Tariff Order FY 2023-24. The relevant extract from the Tariff Order FY 2023-24 is provided below for ease of reference.

Table - 53

Approved Interest on Working Capital FY 2023-24				
Source	TPWODL	TPNODL	TPSODL	TPCODL
O&M for 1 month	81.45	69.78	63.08	98.95
Spares 20% of R&M (1month)	4.70	3.57	2.54	4.66
Power Purchase Cost (1 month)	433.96	209.60	86.1	286.09
Total	520.11	282.95	151.73	389.70
Less: Depreciation allowed on old assets				
FY 2022-23	32.15	30.94	16.11	15.66
FY 2023-24	27.52	21.08	14.71	52.96
Net Working Capital	460.44	230.93	120.91	321.07
Interest on Working Capital	11.70%	11.70%	11%	11.30%
Total Interest on Working Capital	**53.87**	**27.02**	**13.66**	**36.28**

140. Accordingly the total interest on loan proposed by DISCOMs under various loan components such as capex loan, interest on security deposits and interest on working capital loan and approved by the Commission for FY 2023-24 is summarized below:

Table - 54
Total Annual Interest approved for the FY 2023-24

(Rs. in Cr.)

Source	TPWODL	TPNODL	TPSODL	TPCODL
Interest on capex loan/long term debt	45.57	31.47	28.34	38.55
Interest on security deposit	72.06	51.83	21.78	60.82
Interest on WC loan	53.87	27.02	13.66	26.28
Total interest before capitalization	171.50	110.32	63.78	125.65

136. It is submitted that the Hon’ble Commission may kindly consider the above discrepancy in Tariff Order FY 2023-24 while approving the True up for FY 2023-24.

137. The quantum of normative working capital has been computed as per clause 3.10.1 of the Tariff Regulations, 2022.Further, the cumulative surplus till 31.03.2024 has been adjusted against this normative working capital to arrive at the net working capital on which interest on working capital (normative) has been computed. The cumulative surplus till 31.03.2024 has been discussed **Chapter 7**.

138. The actual weighted average rate of interest on working capital loan drawn during FY 2023-24 is 7.40 % whereas the normative interest rate is 13.1% (i.e. SBI Base rate as on 1st April 2023 (10.1%) + 300 basis points) . Hence as per Tariff Regulation the rate of interest for the purpose of True up is lower of the two i.e. 7.40 %. Accordingly the Normative interest on Working Capital for True up of FY 2023-24 is as worked out below.

Table 4-14: Interest on Working Capital (Normative)

Rs. Crore

Sr No.	Particulars	UoM	Approved in FY-24 Tariff Order	True Up FY-24	Remark
1	O&M Expenses for One Month	Rs. Cr		105.83	
2	Power Purchase Cost for One Month (incl. Transmission & SLDC Charges)	Rs. Cr		309.92	
3	Maintenance Spares at 20% of R&M expenses for one Month	Rs. Cr		4.64	
4=1+2+3	Total Working Capital	Rs. Cr		420.40	
5	Less: Cumulative Surplus utilized till 31.03.2024	Rs. Cr		252.48	Please refer Table-7-1
6=4-5	Net Working Capital	Rs. Cr		167.92	
7	Applicable Interest Rate	%		7.40%	
8= 6 x 7	Interest on Working Capital (Normative)	Rs. Cr	36.28	12.43	

4.16 Efficiency Gains on Working Capital

139. The Tariff Regulations 2022 consider

2.12.2. For the purpose of these Regulations, the term "controllable factors" shall include, but are not limited to, the following:

….

….

d. Variations in interest on working capital;

140. Further, as per Clause 3.10.1, of the Tariff Regulations 2022 the difference between Normative Interest on Working Capital and Actual Interest on Working Capital shall be considered as Efficiency Gains. The relevant extracts are presented below.

3.10.1

…..

*Provided that, the **variation between the normative interest on working capital recomputed at the time of Truing-up and the actual interest on working capital incurred by the Distribution Licensee,** substantiated by documentary evidence, shall be considered as an **efficiency gain or efficiency loss**, as the case may be, on account of controllable factors**.*** ***(Emphasis Supplied)***

141. The actual interest on working capital incurred by TPCODL in FY 2023-24 is Rs. 5.08 Cr. Based on the above provision of the Tariff Regulations, 2022 the Efficiency Gains to be claimed in the True up for FY 2023-24 is as follows

Table 4-15: Efficiency Gains on Working Capital and Claim in True up FY 2023-24

Sr No	Particulars	Amount (Rs Cr)
1	Normative Interest on Working Capital	12.43
2	Actual Interest on Working Capital	5.08
3	Gain	7.35
4= 3 x (1/3)	Efficiency Gain allowed to TPCODL	2.45
5= 3 x(1/3)	Efficiency Gain offereed to Consumers	2.45
6= 3 x (1/3)	Efficiency Gani to be kept in Tariff Balancing Reserve	2.45

142. In view of the above, the Hon'ble Commission is requested to approve the above actual interest on working capital of **Rs. 5.08 Cr** and the efficiency gains as computed in above table as per above mentioned provisions of the Tariff Order ,2022.

4.17 Interest on Consumer Security Deposits

143. The Tariff Regulations, 2022 permits recovery of interest on Security Deposit in the ARR. The relevant extract from the Tariff Regulation is provided below.

3.7.11 The Distribution Licensee(s) shall adjust interest on the amount held as security deposit (held in cash or cash equivalent) from Distribution System Users and Retail consumers at the Bank Rate as on 1stApril of the Financial Year in which the Petition is filed in their monthly bills.

Provided that Interest on security deposits, in excess of the above rate specified by the Commission shall be considered as non-Tariff income of the Licensees.

Provided further that Interest on security deposits, in deficit of the above rate specified by the Commission shall be considered as Uncontrollable Cost of the Licensees and shall accordingly be allowed in their ARR.

144. The Hon'ble Commission at Table -51 in the Tariff order for FY 2023-24 has approved Rs. 60.82 Cr towards interest on Consumer Security Deposit, against which Rs. 54.28 Cr has been booked in the Audited Accounts for FY 2023-24. The extract from the Audited Financial Statement for FY 2023-24 is provided below.

Extract 4-9: Interest on Security Deposit-Linkage with Audited Financial Statement FY 2023-24

27	Finance costs	Year Ended March 31, 2024 ₹ crore	Year Ended March 31, 2023 ₹ crore
	Interest on loans carried at amortised cost - banks	45.02	47.38
	Interest on consumer security deposits carried at amortised cost	54.28	61.67
	Other borrowing costs (commitment charges, processing fees, etc)	1.02	1.92
	Gross finance costs	**100.32**	**110.97**
	Less: Interest cost capitalized	(9.49)	(4.14)
	Net finance costs	**90.83**	**106.83**

145. The Hon'ble Commission is requested to kindly approve Rs. 54.28 Cr towards interest on Consumer Security Deposit that has been booked in the Audited Financial Statement for FY 2023-24.

4.18 Financing Cost (Other Borrowing Charges):

146. The Hon'ble Commission in Tariff Regulations, 2022 has stipulated that financing charges other than refinancing charges incurred by the DISCOMs shall be allowed at the time of True up subject to prudence check. The relevant extract from the Regulations is as provided below.

3.7.8 The finance charges other than the refinancing charges, incurred for obtaining loans or Payment Security mechanism from financial institutions or guarantee fee payable to Government for any Year shall be allowed by the Commission at the time of Truing up, subject to prudence check.

147. TPCODL has incurred an expenditure of Rs. 1.02 Cr towards upfront payment fees, commitment charges, processing charges levied by Banks for Lending as well as Credit Rating charges and annual Surveillance charges etc. which are over and above the interest rate charged by banks. The break up **Rs. 1.02 Cr** booked towards Finance Cost / Other Borrowing Charges is as provided below.

Table 4-16 : Break up of Finance /Borrowing Cost booked in FY 2023-24

Particulars	**Amount (Rs.Cr)**
Upfront Fees on SBI Term Loan	0.12
Commitment Charges	0.41
Processing Fees	0.40
Surveillance, Inspection & Other Charges	0.09
Grand Total	**1.02**

148. The relevant extract from the audited financial statement for FY 2023-24 is as produced below.

Extract 4-10: Financing Cost / Other Borrowing Charges in Audited Accounts of FY 2023-24

27	Finance costs	Year Ended March 31, 2024	Year Ended March 31, 2023
		₹ crore	₹ crore
	Interest on loans carried at amortised cost - banks	45.02	47.38
	Interest on consumer security deposits carried at amortised cost	54.28	61.67
	Other borrowing costs (commitment charges, processing fees, etc)	1.02	1.92
	Gross finance costs	100.32	110.97
	Less: Interest cost capitalized	(9.49)	(4.14)
	Net finance costs	**90.83**	**106.83**

149. It is clarified that the above financing / borrowing costs have not been factored in the interest costs computation and need to be allowed separately. The Hon'ble Commission may kindly approve this expenditure.

4.19 Return on Equity

150. As per the Vesting Order, the Return on Equity would be available as follows:

56. Return on equity:

As per the terms of RFP, the Commission shall allow return on equity, as per the Tariff Regulations, to TPCODL on the equity capital of Rs. 300 crore (Indian Rupees Three hundred crore only) which was the reserve price of the utility of CESU specified in the RFP.

RELAXATION OF CONDITIONS RELATED TO RETURN ON EQUITY

68. As provided in para 56 of this order, the Commission shall allow to TPCODL return on equity, as per the regulations, on the equity capital of Rs. 300 crore (Indian Rupee Three hundred crore only) which was the reserve price of the utility of CESU specified in the RFP.

69. The above provision of the RFP is not in conformity with clause 7.51 of the Tariff Regulations

70. In the RFP, a return on equity on the reserve price of Rs. 300 crores (Indian Rupee Three hundred crore only) is assured in order to encourage investor participation by providing certainty on returns.

151. The Tariff Regulations, 2022 stipulates the guidelines for allowance of Return on Equity at para 3.6. The Tariff Regulations, 2022 allows return on equity on the approved reserve price of the utility as on effective date at 16% per annum (post tax) as per the Vesting Order. The Tariff Regulations, 2022 also allow return on equity on the asset put to use after effective date up to date of applicability of the new Tariff Regulations as per the provision of the Tariff Regulations, 2014 and its amendment thereof. The relevant extract from the Tariff Regulation, 2022 is as provided below.

3.6.1

….

Return on equity shall be allowed on the approved reserve price of the utility from the effective date of operation at the rate of 16% per annum (post tax), in Indian Rupee terms on pro-rata basis as per Vesting Order.

3.6.2 Return on equity on the assets put to use after Effective Date up to date of applicability of these Regulations:

***Return on equity on assets put to use after Effective Date** up to date of applicability of these Regulations shall be eligible to get return as per Odisha Electricity Regulatory Commission (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2014 and its amendments thereof.(emphasis suppled)*

152. The Tariff Regulations, 2022 also stipulate the guidelines for determination of return on equity on assets put to use, relevant extract of which is as produced below.

3.6.3. Return on equity on the assets put to use under instant Regulations:

Return on equity on assets put to use under these Regulations shall be computed on the paid-up equity capital determined in accordance with these Regulations and shall be allowed at the rate of 16% per annum (post tax), in Indian Rupee terms:

*Provided further that for the purpose of **truing up** for the Distribution Licensee, return on equity shall be allowed from the date of commercial operation **on pro-rata basis based on documentary evidence provided for the assets put to use during the year in absence of which the assets shall be considered to be added in the mid of the year**.*

Provided further that asset funded by consumer contributions, capital subsidies/ Government grants shall not form part of the capital base for the purpose of calculation of Return on Equity.

*a. The premium if any, raised by the Distribution Licensee while issuing share capital and **investment of internal resources created out of free reserve**, if any, shall also be **reckoned as paid-up capital** for the purpose of computing return on equity, provided such premium amount and internal resources are actually utilized for meeting capital expenditure, **and are within the ceiling of 30% of capital cost approved by the Commission.***

b. In case of foreign currency brought as capital, the Commission may consider a separate rate of return if foreign exchange variation is allowed as a pass through.

c. The tax only to the extent of the tax on return is provided as pass through.

*3.6.4. The return on equity shall be calculated on **the normative average equity** of the year.*
*Provided that **at the time of truing up**, the normative average equity of the year shall be considered **on the basis of the actual asset capitalisation approved by the Commission for the year**.*

3.6.5. The assets transferred to Distribution Licensee(s) in lieu of equity investment by GRIDCO shall be allowed in fixed asset base for determination of tariff, after prudence check,

*Provided that the assets transferred are distribution assets. **(emphasis suppled)***

153. The Hon'ble Commission at Table -60 of the Tariff Order for FY 2023-24 has approved RoE of Rs 80.63 Crores against TPCODL's submission of Rs. 131.96 Cr.

154. The Hon'ble Commission while approving the above RoE has not provided any computation of the same in the Tariff Order FY 2023-24. We have vide our letter TPCODL/Regulatory/2023/76/2536 dated 17th April 2023 requested the Hon'ble Commission for sharing the computation, Relevant extract from our letter is provided below.

    ii. Request for details on computation of Depreciation, Interest on Long Term Loans and Return on Equity

It is requested that detailed basis for allowance of Depreciation, Interest on Long Term Loans and Return on Equity may kindly be provided to enable us to prepare our Regulatory records on appropriately. In the absence of details of GFA and its financing as considered by the Hon'ble Commission, we are unable to align our Regulatory records and computation with that of the Hon'ble Commission,

155. With reference to the observation of the Hon'ble Commission on the matter of actual equity infusion in Tariff Order FY 2023-24, the relevant extract from the Audited Financial Statement for FY-2023-24 is produced below showing the actual equity share capital of the company along with other equity (retained earnings) as on 31.03.2024, 31.03.2023 and also the opening balance.

Extract 4-11 : Extract from Audited Financial Statement FY-24 showing actual Equity Share Capital & Other Equity

A. Equity Share Capital

	No. of Shares	Amount (₹ crore)
Balance as at April 1, 2022	**50,39,50,000**	**503.95**
Issued during the year	8,57,84,600	85.78
Balance as at March 31, 2023	**58,97,34,600**	**589.73**
Balance as at April 1, 2023	**58,97,34,600**	**589.73**
Issued during the year	11,50,00,000	115.00
Balance as at March 31, 2024	**70,47,34,600**	**704.73**

B. Other Equity

Description	Retained Earnings	Total
	₹ crore	₹ crore
Balance as at April 1, 2022	**36.19**	**36.19**
Profit for the year	13.28	13.28
Other comprehensive income for the year	-	-
Total Comprehensive Income	**13.28**	**13.28**
Balance as at March 31, 2023	**49.47**	**49.47**
Balance as at April 1, 2023	**49.47**	**49.47**
Profit for the year	62.64	62.64
Other comprehensive income for the year	-	-
Total Comprehensive Income	**62.64**	**62.64**
Balance as at March 31, 2024	**112.11**	**112.11**

Note-14 Share Capital

c. **Details of shareholders holding more than 5% shares in the Company**

	As at March 31, 2024		As at March 31, 2023		% Change in holding during the year
	No. of Shares	% Holding	No. of Shares	% Holding	
Equity shares of ₹ 10 each fully paid					
Name of the Shareholder					
A. The Tata Power Company Ltd (Holding Company)	35,94,14,646	51%	30,07,64,646	51%	0%
B. GRIDCO Ltd (Company having significant influence)	34,53,19,954	49%	28,89,69,954	49%	0%
Total	**70,47,34,600**	**100%**	**58,97,34,600**	**100%**	**0%**

d. **Aggregate number and class of shares allotted as fully paid up pursuant to contract without payment being received in cash**

The Company has allotted 19,83,19,954 equity shares (including 5,63,50,000 equity shares allotted during the year) till March 31, 2024 (March 31, 2023: 14,19,69,954) as fully paid for considerations received in form of Distribution Assets, pursuant to shareholder's agreement and the Government of Odisha notifications. The value of distribution assets have been determined by an independent valuer.

e. **Shareholding of Promoters**

Disclosure of shareholding of promoters as at March 31, 2024 as follows:

Name of Promoter	Nos of share (As at April 01, 2023)	Changes during the year	Nos of share (As at March 31, 2024)	% of total shares	% changes during the year
A. The Tata Power Company Ltd	30,07,64,646	5,86,50,000	35,94,14,646	51%	0%
B. GRIDCO Ltd	28,89,69,954	5,63,50,000	34,53,19,954	49%	0%
Total	**58,97,34,600**	**11,50,00,000**	**70,47,34,600**	**100%**	**0%**

Disclosure of shareholding of promoters as at March 31, 2023 as follows:

Name of Promoter	Nos of share (As at April 01, 2022)	Changes during the year	Nos of share (As at March 31, 2023)	% of total shares	% changes during the year
A. The Tata Power Company Ltd	25,70,14,500	4,37,50,146	30,07,64,646	51%	0%
B. GRIDCO Ltd	24,69,35,500	4,20,34,454	28,89,69,954	49%	0%
Total	**50,39,50,000**	**8,57,84,600**	**58,97,34,600**	**100%**	**0%**

156. As can be observed the actual equity share capital (infused by Tata Power and GRIDCO in the ratio of 51% to 49%) stands at Rs. 704.73 Cr as on 31.03.2024 (Rs. 589.73 Cr as on 31.03.2023). Further, the other equity (retained earnings) stands at Rs. 112.11 Cr as on 31.03.2024 (Rs. 49.47 Cr as on 31.03.2023).

157. The Tariff Regulations, 2022 observes investment of internal resources created out of free reserve be reckoned as paid-up capital for purpose of computing RoE. The relevant extract is again produced below.

3.6.3.

…

a. The premium if any, raised by the Distribution Licensee while issuing share capital and ***investment of internal resources created out of free reserve****, if any, shall also be* ***reckoned as paid-up capital*** *for the purpose of computing return on equity, provided such premium amount and internal resources are actually utilized for meeting capital expenditure,* ***and are within the ceiling of 30% of capital cost approved by the Commission. (emphasis supplied)***

158. Accordingly, the RoE for FY 2023-24, based on the relevant provisions of the Vesting Order and Tariff Regulations 2022, has been computed in table below. The Hon'ble Commission is requested to approve this amount of **Rs.94.15 Cr** towards RoE in True up FY 2023-24.

Table 4-17: Computation of Return on Equity

in Rs. Crore

Sr No	Equity Addition & RoE	Approved in Tariff Order FY 2023-24	For True up			
			FY-21 (June'20 - Mar'21)	FY-22	FY-23	For True up FY-24
a	Capitalization excluding meters from TPCODL's own capex(including IDC & Emp Cost)		66.13	236.85	252.89	472.22
b	GRIDCO's Contribution in kind in lieu of Equity		0	99.94	42.03	56.35
c	Less: Decapitalization (Own Assets)				0.66	0.18
d=a+b-c	Total Capitalization		66.13	336.79	294.26	528.39
e	**Total Equity = 30% of D**		**19.84**	**101.04**	**88.28**	**158.52**
	RoE					
1	Opening Equity		300	320	421	509
2	Addition		19.84	101.04	88.28	158.52
3=1+2	Closing Equity		320	421	509	668
5	Period (Years)		0.83	1	1	1
6	**RoE = Average (1,3) X 5 x 16%**	**80.63**				**94.15**

4.20 O&M Expenditure

159. The O&M Expenditure has been categorized under three major heads viz a) Employee Expenditure b) Repairs and Maintenance (R&M) and c) Administration and General (A & G).

4.20.1 Employee Expenditure

4.20.1.1 Employee Expenses of erstwhile CESU employees

160. It is submitted that the Hon'ble Commission has been approving the Salaries and Wages for existing employees (erstwhile CESU Employees) on the date of takeover on the basis of the revisions made by the Government of Odisha from time to time. Such revisions were incorporated by the Hon'ble Commission in earlier tariff orders on the basis of the estimates then made. The Hon’ble Commission has approved the employee cost for FY 2023-24 in Tariff Order for FY 2023-24, subsequently the Conveyance allowance for the erstwhile employees (executive cadre) was revised vide the Hon’ble Commission’s letter no- Secy/11-Corr-/TPSODL/2023/1202 dated 17th August 2023.

- **Treatment of Employee Liabilities of erstwhile CESU employees**

161. The Vesting Order of 26th May 2020 and the Tariff Regulations 2022 stipulates the treatment of employee cost of erstwhile CESU Employees. The relevant extract from the Tariff Regulation, 2022 are as provided below.

Employee Expenses

Employees of erstwhile DISCOMs

3.9.4. The Employee Expenses such as Salary, Terminal benefit and Liabilities of erstwhile DISCOMs, shall be serviced as per terms and conditions of the Vesting Orders.

3.9.5. As all the employees of erstwhile DISCOMs have been transferred to new Distribution Licensees from the effective date as per the Vesting Orders, the corresponding liabilities towards pension, gratuity, leave encashment and provident fund of such employees (the "Employees' Liabilities") have also been transferred to new Distribution Licensees.

3.9.6. The Employees' Pension Trust, Employees' Gratuity Trust, Employees' Provident Fund Trust and Rehabilitation Trust (the "Trusts") are managing funds against pension, gratuity, provident fund and rehabilitation liabilities respectively.

3.9.7. By the end of each month, respective Trusts except Employees Provident Fund Trust raise a requisition to Distribution Licensees to disburse the balance amount required towards Employees' Liabilities for such month after deducting the interest earned by the Trust on its investments. The contribution towards provident fund shall be remitted by the Distribution Licensees without the requirement of any requisition from the Employees Provident Fund Trust. Such amount is remitted to the respective Trusts for disbursal to the beneficiaries covered under the Trusts. The same mechanism shall continue from the Effective Date and new DISCOMs shall be responsible to remit such amounts to the Trusts towards Employees' Liabilities.

3.9.8. The Trusts, their investments as well as Employees' Liabilities shall be dealt with in the manner specified below as per terms of Vesting Orders:

i. All the Trusts shall continue to exist, and investments made by the Trusts shall not be liquidated without prior approval of the Commission.

ii. New DISCOMs shall disburse the Employees' Liabilities to Trusts as per the Vesting Order.

iii. Of the total Employees' Liabilities disbursed by new DISCOMs, the Commission shall allow as part of the Aggregate Revenue Requirement the actual cash out go for new DISCOMs for every year on account of pension, gratuity, leave encashment and rehabilitation liabilities.

iv. For provident fund liabilities, the Commission shall allow as part of the Aggregate Revenue Requirement, only the Employer's contribution towards provident fund made to Provident Fund Trust.

v. Except as provided in (iii) and (iv) above, no amount shall be allowed in Aggregate Revenue Requirement of new DISCOMs for contribution to the Trusts for increasing their corpus fund or investments.

vi. Investments made by the Trust shall be appropriately disclosed in the accounts of new DISCOMs as per the applicable accounting standards.

162. The Employee Cost of Erstwhile CESU employee for FY 2023-24 is s as follows:

Table 4-18: Breakup of expenditure of Erstwhile CESU Employees

in Rs. Crore

Sr No	Particulars	Approved in Tariff Order FY 2023-24	Actual Incurred for FY 2023-24
A	**Erstwhile CESU Employees**	**Approved**	**Actual**
1	Basic + Garde Pay		200.77
2	Dearness Allowance (DA)		91.56
3	Reimbursement of House Rent Allowance (HRA)		37.34
4	Medical Allowance / Reimbursement of Medical Expenses		9.79
5	Terminal Benefit (On cash outgo basis) [Gratuities,Pension,Contribution to Provident Fund,Others under Contribution to Provident & Other Fund (EDLI , etc.),Compensated Absences / Leave Encashment]		246.92
6	Ex-Gratia		10.05
7	Staff Welfare Expenses + Other Staff Cost		18.16
8	Other Allowance		6.75
A	**Total Erstwhile CESU Employees Cost**	**642.54**	**621.35**

4.20.1.2 Outsourced Employee Costs

163. The cost of Outsourced Employees incurred for FY 2022-23 is **Rs.63.97 Crores**.

4.20.1.3 Employee Expenses of Additional Employees (CTC Structure Employees recruited after Effective date)

164. TPCODL has been recruiting manpower as per the approval accorded by the Hon'ble Commission. The Hon'ble Commission has approved recruitment of 1048 manpower till 31.03.2025. TPCODL has been recruiting manpower as per the approval accorded by the Hon'ble Commission and total manpower addition are well within the approved limit.

165. The Hon'ble Commission in Tariff Order for FY 2023-24 has approved Rs.95.8 Cr towards new Employee cost (CTC employees) against TPCODL's submission of Rs.132.7 Cr.

.

166. TPCODL vide its letters TPCODL/Regulatory/2023/76/2536 dated 17th April 2023 and TPCODL/Regulatory/2023/126/3646 dated 3rd June 2023 have submitted before

the Hon'ble Commission that the approved Cost of New CTC Employees is inadequate as the cost approved for FY 2023-24 (Rs. 95.8 Cr) is even lower than the amount approved for FY 2022-23 (Rs.98.1 Cr).

167. Against the submissions of the Discoms for reconsideration of certain expenses less approved in ARR FY 2023-24 in Tariff Order dated 23rd March 2023 , the Hon'ble Commission vide letter No-Secy/11-Corr-TPSODL/2023/963 dated 12th July 2023 has directed the Discoms to make submission in ARR FY 2024-25 for reconsideration of the Hon'ble Commission. The relevant extract from the above letter of the Hon'ble Commission is provided below.

> *The Commission therefore opines that TPSODL, TPCODL and TPNODL may make their submission with regard to any reconsideration of the approved expenses, allowed in the ARR FY 2023-24, along with the submission for the ARR FY 2024-25.The Commission may accordingly take a suitable view for any reconsideration of the approved amounts, under these heads for FY 2023-24, while pronouncing the order for FY 2024-25.*

168. In compliance to the above directive of the Hon'ble Commission , TPCODL at para 80 of its ARR petition for FY 2024-25 has submitted that estimated cost towards the CTC employees would be Rs. 127.5 Cr for FY 2023-24. The relevant extract from TPCODL's ARR FY 2024-25 petition is provided below.

> *80. It is worthwhile to submit the actual cost booked in FY 2023-24 H-1 for New employees is* ***Rs. 59.55 Cr****, with some major cost like performance pay incentive etc are going to be booked in H-2 of FY 2023-24. Further, the recruitment made in H1 of FY 2023-24 as well as the recruitment made in H2 of FY 2023-24 would result in the H2 of FY 2023-24 being higher than H1. Based on this, the estimated cost would work out to* ***Rs 67.92 Crores*** *i.e a total of* ***Rs 127.5 Crores*** *for FY 2023-24.*

169. It is submitted that the actual cost of CTC employees for FY 2022-23 was Rs. 109.7 Cr (the same has been approved in True up FY 2022-23 in Tariff Order dated 13.02.2024) which included partial impact of new manpower recruited (89 numbers after accounting for separation) in staggered manner in FY 2022-23. Because of the staggered recruitment, the impact was partial in FY 2022-23, however the 100% impact was booked in FY 2023-24. Further, TPCODL has made effective recruitment of 131 (i.e. after accounting for separation) in FY 2023-24. It is submitted that the total manpower addition is well within the approved limit.

170. It is submitted the actual cost of CTC employees incurred in FY 2023-24 is Rs. 127.07 Cr.

171. Considering the actual cost of Rs. 109.7 Cr booked in FY 2022-23, escalation in salary of existing employees, 100% impact of the 89 recruitment done in FY-23 and partial impact of 131 effective recruitment done in FY-24 the actual cost of Rs. 127.07 Cr booked in FY 2023-24 towards new CTC employees is quite reasonable and the Hon'ble Commission is requested to kindly approve the same.

172. Based on the above explanation, we request the Hon'ble Commission to approve the above actual expenditure of Rs. 127.07 Cr towards New (CTC) Employees for FY 2023-24

4.20.1.4 Capitalization of Employee Cost

173. TPCODL has established process for segregating employees working towards projects works and accordingly employee cost of Rs. 26.3 Cr has been capitalized in FY 2023-24.

4.20.1.5 Summary of the Employee Expenditure for True-Up of FY 2023-24

174. The summary of the Employee Expenditure is as follows:

Table 4-19: Summary of Employee Expenditure for FY 2023-24

in Rs. Crore

Sr No	Particulars	Approved in Tariff Order FY 2023-24	Actual Incurred for FY 2023-24	Remark
A	**Erstwhile CESU Employees**	**Approved**	**Actual**	
1	Basic + Garde Pay		200.77	
2	Dearness Allowance (DA)		91.56	
3	Reimbursement of House Rent Allowance (HRA)		37.34	
4	Medical Allowance / Reimbursement of Medical Expenses		9.79	
5	Terminal Benefit (On cash outgo basis) [Gratuities,Pension,Contribution to Provident Fund,Others under Contribution to Provident & Other Fund (EDLI , etc.),Compensated Absences / Leave Encashment]		246.92	
6	Ex-Gratia		10.05	
7	Staff Welfare Expenses + Other Staff Cost		18.16	
8	Other Allowance		6.75	
A	**Total Erstwhile CESU Employees Cost**	**642.54**	**621.35**	
B	New TPCODL Employees (CTC Employees)	95.80	127.07	Actual Cost for FY 2022-23 was Rs. 109.7 Cr. The balance cost of Rs. 17.37 Cr (Rs. 127.07 - Rs. 109.7 Cr) is majorly due to (1) annual escalation in salary of existing employees (2) 100% impact of the 89 manpower recruited in FY-23 in staggered manner (3) Partial impact of 131 effective recruitment done in FY 2023-24 . Total recruitment done is well within the approved limit.
C	Outsourced Employee Cost	64.90	63.97	
D	**Total Gross Employee Cost**	**803.2**	**812.38**	
E	Less: Employee Cost Capitalized	26.3	26.3	
F= D-E	**Net Employee Cost**	**776.93**	**786.08**	

4.20.2 Employee Expenditure as per Annual Accounts

175. The relevant extracts from the Audited Financial Statements for FY 2023-24 is as provided below.

Extract 4-12 : Employee Cost – Linkage with Audited Financial Statements FY 2023-24

26	Employee benefits expense (net)	Year Ended March 31, 2024	Year Ended March 31, 2023
		₹ crore	₹ crore
	Salaries, wages and bonus	462.34	459.76
	Contribution to provident and other funds (Refer Note 22)	253.70	239.10
	Gratuity & exgratia (Refer Note 22)	29.84	32.08
	Compensated absences (Refer Note 22)	50.88	29.54
	Share based payments to employees (Refer Note below)	0.76	-
	Staff welfare expenses	27.99	24.05
	Gross employee benefit expenses	**825.51**	**784.53**
	Less: Employee cost capitalization	(26.30)	(23.94)
	Net employee benefit expenses	**799.21**	**760.59**

Outsourced Employee Cost

28 Other expenses	Year Ended March 31, 2024 ₹ crore	Year Ended March 31, 2023 ₹ crore
Repairs and maintenance to buildings and civil Works	6.37	4.82
Repairs and maintenance to plant and machinery	248.14	209.94
Repairs and maintenance to furniture, vehicles, etc	24.10	20.08
Loss on retirement of property, plant and equipment	0.37	5.75
Rental of land, buildings, plant and equipment, etc	6.43	4.28
Electricity consumption expenses	4.92	4.33
Telephone expenses	1.42	2.12
Foods and conveyance	1.44	1.02
Cost of service expenses	63.97	56.39
Bank and other charges	4.71	6.90
Office expenses	5.63	5.05
Travelling and conveyance	3.89	6.22
Insurance premium	6.30	4.06
Legal and professional charges	11.23	12.85
Allowance for doubtful debts and advances (Net)	139.58	136.07
Advertisement and marketing expenses	3.42	2.25
Tariff balancing reserve	1.88	-
CSR expenditure (refer note no. 28.02)	1.80	1.17
Metering and billing expenses	90.95	82.84
Printing and stationary	2.03	2.09
Other expenses (includes expenses not in opening liability, agency commission charges, etc)	34.81	15.14
Miscellaneous expenses	0.00	0.19
	663.39	583.56

Extract 4-13 : Employee Cost – Remeasurement of Definite Benefit Plan

30 Other Comprehensive Income	Year Ended March 31, 2024 ₹ crore	Year Ended March 31, 2023 ₹ crore
Items that will not be reclassified to profit and loss		
Re-measurement gains / (losses) on defined benefit plans	(21.82)	(20.03)
Net Movement in regulatory deferral balances	21.82	20.03
Total other comprehensive income	-	-

176. Based on the above, the reconciliation between the Audited Accounts and amount claimed in the ARR for True-up for FY 2023-24 is as follows:

Table 4-20: Reconciliation of Employee Expenditure for FY 2023-24

Reconciliation of Employee Cost as per Audited Accounts and True up FY 2023-24				
Sr No	**Particular**		**Amount (Rs. Cr)**	**Remark / Reference to Audited Financial Statement FY 2023-24**
1	Net Employee Benefit Expenses booked in P&L		799.21	P&L, Note -26
2	Remeasurement of Definite Benefit Plan		21.82	Note 30 , Appearing under Other Comprehensive Income/(Expenses)
3 =1+2	Total		821.03	
4=4.a+4.b	Less: Actuarial Valuation of Terminal Benefits (Erstwhile CESU Employees) included above		98.92	
4.a	Actuarial Valuation included in Net Employee Benefits Expenses, (1) above	78.4		
4.b	Re-measurement of the defined benefit plans, (2) above	20.51		
5=3-4	Total		722.12	
6	Outsourced Employee Cost		63.97	Note-28, Booked as 'Cost of Servcie Expenses' under 'Other Expenses'
7=5+6	Total Employee Cost		786.08	
8	Employee Cost Capitalized		26.30	Note-26
9=7+8	**Gross Employee Cost on Cash Out go Basis**		**812.38**	
10=9-8	Net Employee Cost on Cash Out go Basis		786.08	

4.20.3 R&M Expenditure

177. The Hon'ble Commission in the Tariff Order for FY 2023-24 has approved R&M Cost of Rs. 279.38 Cr. The actual R&M expenditure incurred by TPCODL in FY 2023-24 is Rs.279 Cr as provided below. The Hon'ble Commission may kindly approve this amount which is within the approved cost.

Table 4-21: R&M Costs for FY 2023-24

In Rs. Crore

Particular	Approved for FY 2023-24	Actuals for FY 2023-24	Reference /Linkage to Audited Financial Statement for FY 2023-24
R&M Expenditure	279.38	279	Note 28: Appearing under 'Other Expenses' (First Three Items)

4.20.3.1 R&M Expenditure as per Audited Financial Statement

178. The extracts from the Audited Financial Statement for R&M is provided below. As can be seen, the total expenditure for FY 2023-24 works out to Rs 279 Crores

Extract 4-14 R&M Cost- Linkage with Audited Financial Statement FY 2023-24

28	Other expenses	Year Ended March 31, 2024	Year Ended March 31, 2023
		₹ crore	₹ crore
	Repairs and maintenance to buildings and civil Works	6.37	4.82
	Repairs and maintenance to plant and machinery	248.14	209.94
	Repairs and maintenance to furniture, vehicles, etc	24.10	20.08
	Loss on retirement of property, plant and equipment	0.37	5.75
	Rental of land, buildings, plant and equipment, etc	6.43	4.28
	Electricity consumption expenses	4.92	4.33
	Telephone expenses	1.42	2.12
	Foods and conveyance	1.44	1.02
	Cost of service expenses	63.97	56.39
	Bank and other charges	4.71	6.90
	Office expenses	5.63	5.05
	Travelling and conveyance	3.89	6.22
	Insurance premium	6.30	4.06
	Legal and professional charges	11.23	12.85
	Allowance for doubtful debts and advances (Net)	139.58	136.07
	Advertisement and marketing expenses	3.42	2.25
	Tariff balancing reserve	1.88	-
	CSR expenditure (refer note no. 28.02)	1.80	1.17
	Metering and billing expenses	90.95	82.84
	Printing and stationary	2.03	2.09
	Other expenses (includes expenses not in opening liability, agency commission charges, etc)	34.81	15.14
	Miscellaneous expenses	0.00	0.19
		663.39	583.56

4.20.4 A&G expenditure

179. The Hon'ble Commission in the Tariff Order for FY 2023-24 has approved A&G Cost of Rs. 142.01 Cr against TPCODL's submission of Rs. 163.5 Cr. Further, no additional A&G cost was approved to TPCODL for FY 2023-24.

180. The actual expenditure for FY 2023-24 against the approval is provided in table below.

Table 4-22 Actual vs approved A&G Expenditure for FY 2023-24

in Rs. Cr

Sr No	Particular	Approved for FY 2023-24	Actual Booked in Audited Accounts FY 2023-24	Actual claimed in True up FY 2023-24	Remark
1	Normal A&G	142.01		144.47	
2	Additional A&G	0		34.53	ASL expenditures incurred against approval received from the Hon'ble Commission and Vesting Order provision
3	**Total A&G**	**142.01**	**179.00**	**179.00**	

181. The detailed item wise break of actual cost incurred for FY 2023-24 is provided in table below.

Table 4-23 Actual A&G Expenditure for FY 2023-24

in Rs. Crore

Sr No	Particular	Approved for FY 2023-24	Total A&G cost as booked in Financial Statement FY'24(Note 28'Other Expenses')	ASL 'Expenditure that are part of A&G Cost booked in Accounts FY 2023-24	Normal A&G Cost for FY 2023-24	Claimed in True up FY 2023-24	Reference/Linkage to Audited Financial Statement for FY-24
		A	B	C	D =B-C	D=B	
1	Rental of land, buildings, plant and equipment, etc		6.43		6.43	6.43	Note 28: Appearing under 'Other Expenses'
2	Electricity consumption expenses		4.92		4.92	4.92	
3	Communication & Telephone expenses		1.42		1.42	1.42	
4	Foods and conveyance		1.44		1.44	1.44	
5	Bank & other charges		4.71		4.71	4.71	
6	Office expenses		5.63		5.63	5.63	
7	Travelling expenses		3.89		3.89	3.89	
8	Insurance premium		6.30		6.30	6.30	
9	Legal and professional charges		11.23	5.32*	5.92	11.23	
10	Advertisement & marketing expenses		3.42		3.42	3.42	
11	Metering and billing expenses		90.95		90.95	90.95	
12	Printing and stationary		2.03		2.03	2.03	
13	Other expenses		36.63	29.2**	7.4	36.63	
	Total	**142.01**	**179.00**	**34.53*** **	**144.47**	**179.00**	

* Part of total Legal and Professional Charges of Rs. 11.23 Cr
** Part of total Other expenses of Rs. 36.63 Cr
*** Part of total A&G cost of Rs. 179 Cr

182. The additional expenditure of Rs. 2.46 Cr (i.e. Rs. 144.47 – Rs. 142.01 Cr) was incurred mainly on following activities because of which we have exceeded the approved A&G cost. Since these activities were initiated good in numbers during Financial Year 2023-24, so impact of same were not included in past normative allowance.

i. The rental of Bidyut Seva Kendras which were earlier running on temporary sheds or non-designated places in villages causing great amount of inconveniences not only to maintenance staffs posted at there but also consumers. So basis feedback received from consumers we have taken small rooms on rent. Cost towards such initiative was not part of A&G expenses for earlier financial years and hence appearing as excess cost in this financial year.

ii. Further, we have initiated various consumer awareness program for consumer engagement with respect to better service delivery, safety awareness and promoting renewable energy. Such events requires expenditure on print materials, publicity materials and logistic costs. The frequency and numbers of such events have increased, therefore additional cost has incurred which required to be passed through in ARR over and above the norms as in earlier years such events were less in numbers.

iii. In all the TPCODL offices including FCCs and rest of the other offices , we have incurred substantial cost for putting signage boards of various types so that consumers are able to locate our offices conveniently

183. In view of this we request Hon'ble Commission to approve Rs. 2.46 Cr and make it part of normative allowances henceforth.

4.20.4.1 ASL Expenditure booked under A&G expenses for FY 2023-24

184. It is submitted that TPCODL has made certain payments amounting to Rs. 34.53 Cr which fall under the category of Additional Serviceable Liability (ASL). The details of these expenditure are provided in table below. These payments have been done after taking due approval of the Hon'ble Commission and as per provisions of the Vesting Order.

Table 4-24 Expenditure incurred in FY 2023-24 under the category of ASL

Sr No	Particular	Amount (Rs. Cr)
1	Payment to Franchisee (M/s ENZEN)	23.83
2	Purchase of Energy Saving Certificate for under achievement of target T&D Loss by erstwhile CESU under PAT Cycle-II	3.38
3	Legal Expenses for matters pertaining to Pre-Vesting Period	5.02
4	Compensation in matters pertaining to Pre-Vesting Period	1.41
5	Others	0.89
6	**Total**	**34.53**

185. These expenditures were charged to P&L under the head of "Other" Expenditure (A&G Expense for filing) of the Financial Statements FY 2023-24.

186. It is submitted that the Accounting Standards do not provide for a nomenclature such as "ASL". Thus, in order to align to the Accounting Standards, the Petitioner is seeking to consider the said liabilities under head of A&G Expenses.

187. In this regard, it is submitted that the Tariff Regulations, 2022 also provides for additional A&G expenses, relevant extract of which is provided below.

> *"**Administrative and General (A&G) Expenses***
>
> *3.9.16. The normal A&G Expenses for each subsequent year will be determined by escalating the approved A&G Expenses (excluding additional or special A&G expense) for the previous year, at the escalation factor of 7 % to arrive at permissible A&G expenses for each year of the Control Period.*
>
> ***3.9.17. The Commission, in addition to the normal A&G expenses may allow additional expenses, under this head for special measures to be undertaken by the distribution licensees which are not covered under Capital Investment plan approved by the Commission.***
>
> *Provided the Commission will undertake a prudence check before allowing such expenditure.*
>
> *3.9.18. The A&G expense shall be allowed on normative basis in the ARR for ensuing year and shall be subject to True-Up.*

Provided that, in case the actual A&G expense is lower than the approved A&G expense, the actual A&G expense shall be considered for True-Up purpose.

Provided that, in case the actual A&G expense is more than the approved A&G expense, the approved A&G expense shall be considered for True-Up purpose."

(Emphasis Supplied)

188. In this regard, it is submitted that the Hon'ble Commission may kindly approve the total A&G expenditure of Rs. 179 Cr booked in the audited accounts of FY 2023-24.

4.20.4.2 A&G Expenditure as per Audited Financial Statement

189. In the Audited Financial Statements, Note 28 of the Audited Financial Statements for FY 2023-24 may be referred to. The relevant extract from the Audited Financial Statements for FY 2023-24 showing A&G cost items is as provided below

Extract 4-15 : A&G Cost- Linkage with Audited Financial Statement FY 2023-24

28	Other expenses	Year Ended March 31, 2024	Year Ended March 31, 2023
		₹ crore	₹ crore
	Repairs and maintenance to buildings and civil Works	6.37	4.82
	Repairs and maintenance to plant and machinery	248.14	209.94
	Repairs and maintenance to furniture, vehicles, etc	24.10	20.08
	Loss on retirement of property, plant and equipment	0.37	5.75
	Rental of land, buildings, plant and equipment, etc	6.43	4.28
	Electricity consumption expenses	4.92	4.33
	Telephone expenses	1.42	2.12
	Foods and conveyance	1.44	1.02
	Cost of service expenses	63.97	56.39
	Bank and other charges	4.71	6.90
	Office expenses	5.63	5.05
	Travelling and conveyance	3.89	6.22
	Insurance premium	6.30	4.06
	Legal and professional charges	11.23	12.85
	Allowance for doubtful debts and advances (Net)	139.58	136.07
	Advertisement and marketing expenses	3.42	2.25
	Tariff balancing reserve	1.88	-
	CSR expenditure (refer note no. 28.02)	1.80	1.17
	Metering and billing expenses	90.95	82.84
	Printing and stationary	2.03	2.09
	Other expenses (includes expenses not in opening liability, agency commission charges, etc)	34.81	15.14
	Miscellaneous expenses	0.00	0.19
		663.39	583.56

4.21 Provision for Bad and Doubtful Debts

190. The Tariff Regulations, 2022 allow the distribution licensee to claim Provision for Bad and Doubtful Debts as an expense in the ARR. The Tariff Regulations stipulate the following for Provision for Bad and Doubtful Debts.

5.8. Provision for Bad and Doubtful Debt:

5.8.1. The Commission shall allow provisioning for bad debts as a pass through in the Aggregate Revenue Requirement, as a prudent commercial practice in the revenue requirement of the licensee. The Bad and Doubtful debt during this control period shall be allowed on normative basis of 1% of the total annual revenue billed for sale of electricity.

Provided that during True-Up, the DISCOMs shall submit the audited annual accounts depicting provision for bad and doubtful debt for the respective years and provisioning for bad debt shall be allowed subject to ceiling of @ 1% of the total annual revenue billed for sale of electricity and provisioning of bad and doubtful debt mentioned in the audited annual accounts whichever is lower.

Provided further that if subsequent to the write off of a particular bad debt, revenue is realised from such bad debt, the same shall be included as an uncontrollable item under the Non-Tariff Income of the year in which such revenue is realised. (emphasis supplied)

191. Accordingly the Provision for Bad and Doubtful Debt claimed for True up FY 2023-24 is **Rs. 53.80 Cr** which is 1% of the Gross Revenue for FY 2023-24 as depicted in table below.

Table 4-25: Provision for Bad and Doubtful Debt for True up FY 2023-24

Sr No	Particular	Amount (Rs. Cr)	Remark
1	Provision for Bad & Doubtful Debt booked in Accounts of FY 2023-24	139.58	Note 28 of Audited Financial Statement FY 2023-24
2	Total Gross Revenue for FY 2023-24	5379.78	Note 23.03 of Audited Financial Statement FY 2022-23
3= 1% of 2	Provision for Bad & Doubtful Debt @ 1% of Revenue	53.80	
4= min(1,3)	**Provision for Bad and Doubtful Debt for True up FY-24**	**53.80**	
5	Provision for Bad & Doubtful Debt approved in FY-24 Tariff Order	51.71	

4.22 Tax on Income

192. The Tariff Regulations.2022 permit recovery of actual income tax paid in the ARR. The relevant extract from the Tariff Regulations, 2022 is provided below.

3.11.1 The Income Tax for the Distribution licensee for the regulated business shall be allowed through the Tariff charged to the Distribution System users, on submission of *documentary evidence of the actual tax paid subject to the conditions stipulated in these Regulations:*

193. The actual current tax booked in the Audited Accounts of FY 2023-24 is Rs 13.74 Cr. The relevant extract from the Audited Financial Statement for FY 2023-24 is provided below in this regard.

Extract 4-16 : Current Tax as booked in Audited Financial Statement FY 2023-24

	Year Ended March 31, 2024	Year Ended March 31, 2023
	₹ crore	₹ crore
Current income tax		
Current income tax charge	13.74	-
	13.74	**-**
Deferred tax		
Relating to origination and reversal of temporary differences	7.94	4.86
	7.94	**4.86**
Total income tax expense reported in the Statement of Profit and Loss	**21.68**	**4.86**

194. As a documentary evidence for payment of above tax, copy of the Income tax return acknowledgment is enclosed as **Annexurre-3** to this submission.

195. In view of the above, the Hon'ble Commission is requested to approve Rs. 13.74 Cr towards Income Tax in True up FY 2023-24.

4.23 Non-Tariff Income

196. The relevant extract of the Tariff Regulations, 2022 showing the component of Non-Tariff income is provided below.

4.3. Non-Tariff Income

4.3.1. The amount of Non-Tariff Income relating to the Wheeling Business as approved by the Commission shall be deducted from the Aggregate Revenue Requirement in calculating the wheeling charges of Wheeling Business of the Distribution Licensee.

Provided that the Distribution Licensee shall submit full details of its forecast of Non-Tariff Income to the Commission along with his application for determination of wheeling charges.

4.3.2. The indicative list of various heads to be considered for Non-Tariff Income shall be as under:

a. Income from rent of land or buildings or other assets;

b. Income from sale of scrap pertaining to period prior to effective date and Profit / Loss from sale of scrap of assets created after effective date;

c. Income from statutory investments;

d. Income from interest on Fixed Deposits (including contingency reserve investment);

e. Interest on advances to suppliers/contractors;

f. Rental from staff quarters;

g. Rental from contractors;

h. Income from hire charges from contactors and others;

i. Income from advertisements, sale of tender documents etc.;

j. Service charges;

k. Revenue from delayed payment surcharge for wheeling business;

l. Miscellaneous receipts;

m. Interest on advances to suppliers;

n. Excess or deficit found on physical verification, subject to prudence check by the Commission;

o. Prior period income;

p. Supervisory charges for contractual works;

q. Any Other Non-Tariff Income.

Provided that the interest/dividend earned from investments made out of Return on Equity corresponding to the Wheeling Business of the Distribution Licensee shall not be included in Non-Tariff Income.

4.4. Income from Other Business after tax

4.4.1. Where the Distribution Licensee is engaged in any Other Business under Section 51 of the Act for optimum utilisation of its assets, half of the revenues earned from such Other Business after deduction of all direct and indirect costs and tax attributed to such Other Business shall be passed on to the consumer and deducted from the Aggregate Revenue Requirement while calculating the wheeling charges of Wheeling Business of the Distribution Licensee:

Provided that the Distribution Licensee shall carry out a reasonable assessment for allocation of all common costs between the Wheeling Business & the Other Business and shall submit the Allocation Statement, duly audited and certified by the statutory auditors, to the Commission along with his application for determination of wheeling charges:

Provided also that where the sum total of the direct and indirect costs of such Other Business exceeds the revenues from such Other Business, no amount shall be allowed to be added to the Aggregate Revenue Requirement of the Distribution Licensee on account of such Other Business.

.....

*5.9. **Non-Tariff Income***

5.9.1. The amount of Non-Tariff Income relating to the Retail Supply of electricity as approved by the Commission shall be deducted from the Aggregate Revenue Requirement in calculating the tariff for retail supply of electricity by the Distribution Licensee.

Provided that the Distribution Licensee shall submit full details of its forecast of Non-Tariff Income to the Commission along with his application for determination of tariff.

5.9.2. The indicative list of various heads to be considered for Non-Tariff Income shall be as under:
a. Income from rent of land or buildings or other assets;
b. Income from sale of scrap pertaining to period prior to effective date and Profit / Loss from sale of scrap of assets created after effective date;
c. Income from statutory investments;
d. Income from interest on Fixed Deposits (including contingency reserve investment);
e. Interest on Security Deposits not passed on to the consumers
f. Interest on advances to suppliers/contractors;
g. Income from rental from staff quarters;
h. Income from rental from contractors;
i. Income from hire charges from contactors and others;
j. Income from advertisements, sale of tender documents etc.;
k. Service charges;
l. Income from customer Charge
m. Miscellaneous receipts;
n. Deferred Income from grant, subsidy, etc., as per Annual Accounts;
o. Prior period income;
p. Supervisory charges for contractual works;
q. Delayed payment surcharge recovered from the consumers after netting-off rebate allowed to the consumers
*r**. Rebate as per Regulation 3.12 for payment of bills of GRIDCO, generation & transmission utilities, SLDC, RLDC etc.;***
s. Any Other Non-Tariff Income;

Provided that the interest/dividend earned from investments made out of Return on Equity corresponding to the Retail Supply Business of the Distribution Licensee shall not be included in Non-Tariff Income.

Provided further that any income earned by a Distribution Licensee by sale of power to other Distribution Licensees or to consumers as per Section 49 of the Act using the existing power purchase agreements or bulk supply capacity allocated to the Distribution Licensee's area of supply shall be reduced from the Aggregate Revenue Requirement of the Distribution Licensee for the purpose of determination of tariff.

TPCODL

*(**Emphasis Supplied)***

197. Further, the Hon'ble Commission while stipulating the principles for True up in Tariff Order dated 13.02.2024 has mentioned following.

203. The truing up exercise has been carried based on following principle along with principle of OERC's Wheeling & RST Regulation, 2022.

*g) **Non-Tariff Income (NTI) has been allowed excluding meter rent, incentive and arrear collection and amortization of consumer contribution and grant.***
(Emphasis Supplied)

198. Based on the above, the Non- Tariff Income for FY 2023-24 as well as the quantum to be considered for truing up of the same period is as given in the table below.

Table 4-26 : Non-Tariff Income for FY 2023-24

in Rs. Cr

Sr No	Head of Non Tariff Income	Approved in Tariff order FY 2023-24	Amount booked in Accounts for FY 2023-24	Reference / Linkage to Audited Financial Statement FY 2023-24	For True up FY 2023-24	Remark
1	Amortisation of consumer contributions & Grant		97.65	Note 23.03 : Appearing under 'Other Operating Revenue'	0	**Note-A**:Already adjusted while claiming Depreciation. As stipulated as True up Principle at Para 203 (g) of Tariff Order Dt.13.02.2024
2	Recovery of meter Rent		71.95		18.53	**Note B:** Meter Rent on Meters installed by TPCODL has been retained for recovery of Metering Capex,as stipulated under True up Principle at Para 203 (g) of Tariff Order Dt.13.02.2024 . Meter Rent (till 31.03.2024) on Meters intalled under IPDS and SAUBHAGYA has been offered as Non Tariff Income
3	Miscellaneous Revenue		48.11		48.1	Includes income from Open Access Charges
A =sum(1:3)	**Total 'Other Operating Revenue'**		**217.71**		**66.64**	
4	Interest Income on Bank Deposits		78.76	Note 24 : Appearing under 'Other Income'	78.76	
5	Delayed payment charges		10.91		10.91	
6	Incentive on past arrear collection		5.53		0.00	**Note C:** Not Offered as Non Tariff Income as per Relaxation given in Para 64 of the Vesting Order. As stipulated as True up Principle at Para 203 (g) of Tariff Order Dt.13.02.2024
7	Gain on sale/fair value of mutual fund investment measured at FVTPL		1.06		0.00	Not Offered as it is out of surplus funds / retained earning and also not realized but on fare value basis.
8	Other income (includes scrap sale, LD charges, etc)		25.57		25.57	
B=sum(4:8)	**Total 'Other Income'**		**121.83**		**115.24**	
C	**Less:** Rebate Allowed to Consumers		89.84	Note 23.03 : Appearing as 'Cash Discount'	89.84	As stipulated at Para 5.9.2 (q) of Tariff Regulations,2022
D	Rebate on Power Purchase Cost (incl. Transmission & SLDC Charges		39.10	Note 25: Appearing as 'Rebate'	39.10	As stipulated at Para 5.9.2 (r) of Tariff Regulations,2022
E	**Total =A+B-C+D**	**109.55**	**288.80**		**131.14**	

A. Note on Amortization on Consumer Contribution and Capital Grants

199. Amortization on Consumer Contribution and Capital Grants has been already been adjusted while Claiming Depreciation for True up FY 2023-24 and hence has not been considered for claiming Non-Tariff income for FY 2023-24.

200. The above treatment is also according to the principles of True up stipulated by the Hon'ble Commission in Tariff Order dated 13.02.2024 , the relevant extract of which is provided below.

> *203. The truing up exercise has been carried based on following principle along with principle of OERC's Wheeling & RST Regulation, 2022.*
>
> *g) Non-Tariff Income (NTI) has been allowed* ***excluding*** *meter rent, incentive and arrear collection and* ***amortization of consumer contribution and grant****.*
>
> ***(Emphasis Supplied)***

B. Meter Rent

201. The metering capex are not approved in Annual Capital Investment Plan of Discoms, these capex are funded by Discoms and recovered through Meter Rent. Hence Meter Rent on meter installed by TPCODL has not been offered as Non-Tariff Income.

202. The above treatment is also according to the principles of True up stipulated by the Hon'ble Commission in Tariff Order dated 13.02.2024 , the relevant extract of which is provided below.

> *203. The truing up exercise has been carried based on following principle along with principle of OERC's Wheeling & RST Regulation, 2022.*
>
> *g) Non-Tariff Income (NTI) has been allowed* ***excluding meter rent****, incentive and arrear collection and amortization of consumer contribution and grant.*
>
> ***(Emphasis Supplied)***

203. However, the meter rent (cumulative till 31.03.2024) on meters installed under IPDS and SAUBHAGYA scheme have been offered as Non-Tariff Income.

C. Note on Incentives on Past Arrears

204. The Hon'ble Commission in the Vesting Order dated 26th May 2020 for TPCODL has allowed TPCODL to retain the incentive on past arrears. The extracts of the Vesting Order in this regard is as given below:

> ***RELAXATION OF CONDITIONS RELATED TO PROFIT SHARING***
>
> *64. As per the RFP, the gains accruing to TPCODL on account of better performance in reducing AT&C loss and incentive on past arrear recovery shall be allowed to be retained in full upto FY 2030 by TPCODL. This would be over and above the return on its equity allowed by the Commission as part of Tariff Regulations and shall not be adjusted as other income or in any way appropriated through any truing up process or future Aggregate Revenue Requirement process.*

205. The relevant extract from the Tariff Regulations, 2022 is also provided below in this regards.

2.14.1. The gains or losses accruing to the new Distribution Licensees on account of AT&C loss and incentive on past arrear recovery shall be governed by the terms and conditions of Request for Proposal (RfP) documents and Vesting Orders of respective Distribution Licensees.

206. The above treatment is also according to the principles of True up stipulated by the Hon'ble Commission in Tariff Order dated 13.02.2024 , the relevant extract of which is provided below.

> *203. The truing up exercise has been carried based on following principle along with principle of OERC's Wheeling & RST Regulation, 2022.*
>
> *g) Non-Tariff Income (NTI) has been allowed **excluding** meter rent, **incentive and arrear collection** and amortization of consumer contribution and grant.*
>
> ***(Emphasis Supplied)***

207. Accordingly, this amount has not been considered as Non-Tariff Income in the computation of truing up for the period FY 2023-24.

4.24 Additional Serviceable Liability (ASL)

208. The Net Additional Serviceable Liability till 31st March 2024 is Rs 231.49 Crores as shown in Table 3-3 : Total ASL to be recovered in True up FY 2023-24.

Chapter 5. Other Cost (One Time Adjustment in True up FY 2023-24)

209. There are certain items which need to be allowed as onetime adjustment in True up FY 2023-24 as ‘Other Cost’. As the nature of these items are of ‘onetime adjustment’ nature , we are claiming these items as ‘Other Cost’ in this True up FY 2023-24 separately from the regular ARR expenditure items.

210. Total onetime adjustment of **Rs. 74.98 Cr** is being claimed under ‘Other Cost’ in True up FY 2023-24, the summary of which is provided in table below. The item wise details are provided in subsequent paragraphs.

Table 5-1 : Onetime Adjustment claimed in True up FY 2023-24 under ‘Other Cost’

Sr No	Particulars	Amount (Rs. Cr)
A	**Onetime Adjustment due to segregation of 'Service Connection Charges' into 'Cost of Service Cable & its installation and related activities' and 'Meter Installation Charges'**	
1	Excess Amount of 'Service Connection Charges' offered under 'Non Tariff' Income till FY 2023-24	53.78
2	Meter Rent that should have been retained but offered as 'Non Tariff' Income as a part of 'Service Connection Charges' till FY 2023-24	3.61
3	Depreciation on 'Service Cables' that has not been claimed till FY 2023-24	14.18
A=1+2+3	**Sub Total (A)**	**71.57**
B	One time recoupment towards utilization of assets/ fund of CESCO Employees Rehabilitation Trust for disbursal of payment to the family of deceased employees and Trust administrative expenses	3.41
C =A+B	**Total Onetime Adjustment claimed in True up FY 2023-24 as 'Other Cost'**	**74.98**

5.1 Onetime Adjustment due to segregation of 'Service Connection Charges' into 'Cost of Service Cable & its installation and related activities' and 'Meter Installation Charges'

Background

211. Till FY 2023-24, TPCODL has been offering the ‘services connection charges ‘received as Non-Tariff Income (NTI) in the True up petition in the year of receipt. However, the related cost of service cable and service cable installation that has been booked as part of ‘Meter Cost’ by TPCODL has not been claimed in the True up.

Regulatory Framework

212. The Supply Code, 2019 stipulates that consumer shall bear the 'Service Connection' charges for release of new connection and the service connection charges covers the cost of extension of service line from the distribution main to the point of supply. The relevant extract is produced below for the ease of reference.

> *28. In case of **a new connection**, the consumer shall bear **service connection charges**, i.e. **the cost of extension of service line from the distribution main to the point of supply** and shall pay the security deposit as per Regulation 52 below of this code.*
>
> ***(Emphasis Supplied)***

213. Further, for the ease of providing new connection to LT consumers (up to 5 kW), the Hon'ble Commission has standardized the service connection charges and has stipulated following in this regard.

*(vi) For simplicity notwithstanding anything provided under Regulation 27, without adopting any remunerative calculation norm, the following shall be the **standardised new connection charges excluding processing fee, meter and security deposit** in case of LT (single phase) consumers of all categories having CD upto 5 KW with the pole within 30 meter from the consumers premises.*
upto 2 KW : Rs.1,500/-
beyond 2 KW upto 5 KW : Rs.2,500/-

Provided that if the line extension is required beyond 30 meters, the licensee/ supplier shall charge @ Rs. 5000/- for every span of line extension in addition to the above charges.

Provided further that all the above charges shall be subject to amendment by the Commission from time to time by a general order.

(Emphasis Supplied)

214. The relevant extract from the Tariff Order FY 2024-25 dated 13.02.2024 is also provided below in this regard.

> ***New Connection Charges for LT***
> *256. LT single phase Consumers of all categories having CD upto 5 kW, with pole within 30 meters from the Consumer's premises shall **pay new service connection charge, excluding processing fees of Rs.50/-, security deposit and cost of meter (as applicable) as follows.***

Upto 2 kW : Rs. 1500/-

Beyond 2 kW upto 5 kW : Rs. 2500/-

However, if the line extension is required beyond 30 meters, the Licensee /supplier shall charge @ Rs.8,000/- for every span of line extension in addition to above charges.

The service connection charges include the cost of material and supervision charges. In case of Single-phase LT new or load enhancement Consumers upto 5 kW shall not be asked to bear the cost of transformer or any other related additional cost for system improvement.

(Emphasis Supplied)

215. Further the Hon'ble Commission vide its letter no. OERC/Engg-2/2006/663 dated 20th June 2024 has clarified that meter installation charge is also part of service connection charge. The relevant extract from the above letter is produced below for the ease of reference.

> *(c) In case of new connection, there is provision for Service Connection charges as per Regulation 22 (vi) of the OERC Distribution (Conditions of Supply) Code,2019. Hence, meter **installation charges not be charged by DISCOMs while arriving at the meter cost***
>
> ***(Emphasis Supplied)***

216. While the Supply Code, 2019 stipulates the service connection charges covers the cost of extension of service line from the distribution main to the point of supply excluding processing fee, security deposit and cost of meter , the above letter clarifies that meter installation charges are also part of service connection charges.

217. From the above, it is evident that the service connection charges covers following.

    i. Cost of Service Cable and its installation and its associated activities
    ii. Cost of Installation of Meters

Current Developments / Findings

218. Subsequent to the above clarification received on the constituents of the service connection charges, the Auditors of TPCODL has suggested to separate service cable and its installation cost from the meter installation cost due to variation in useful life of meter and service cables. In other words the service connection charges received from a consumer will be bifurcated into following two parts viz.

I. Service cable and installation cost - This will be booked as part of “miscellaneous revenue’ as part of NTI
II. Meter installation charges – This will be part of ‘Meter Rent’

219. Further, the Auditors have suggested that in line with matching concept of accounting, the ‘Service cable and installation cost’ part of the ‘service connection charges received’ should also be amortized over the useful life of the service cables matching with the depreciation charged on these service cables.

TPCODL’s Submission

5.1.1 Onetime adjustment to account for the excess amount offered as ‘Non-Tariff Income’

220. It is already mentioned TPCODL has been offering the ‘Service Connection Charges’ as Non-Tariff Income in its True up petitions and the Hon’ble Commission has been approving the same.

221. However, from the details provided in above sections, the ‘Service cable and installation cost’ part of the ‘service connection charges’ should have been amortized over the useful life of the service cables matching with the depreciation charged on these service cables.

222. Till FY 2023-24, TPCODL has offered Rs. 71.57 Cr of ‘Service Connection Charges’ under ‘Non-Tariff Income’ whereas the actual amount that should have been offered is Rs. 17.79 Cr. TPCODL has worked out this amount of Rs. 17.79 Cr based on the deprecation booked on service cables used for LT new connection from FY -21 to FY-24.

223. The Hon’ble Commission is requested to approve this onetime adjustment i.e. reduction of total Non-Tariff Income till FY 2023-24 by Rs. 53.78 Cr (Rs. 71.57 – Rs. 17.79) which was offered upfront earlier. This amount (Rs. 53.78 Cr) will be amortized over coming years and the corresponding depreciation will also be claimed in future in line with future amortization.

224. The summary table in this regard is provided in table below.

Table 5-2 : Excess amount offered under Non-Tariff Income till FY 2023-24 and requires onetime adjustment

in Rs. Cr

Sr No	Particulars	True up FY 2020-21 (10 Months)	True up FY 2021-22	True up FY 2022-23	* True up FY 2023-24 (Current petition not yet approved)	Total	Remark
1	Non Tariff Income Approved	57.78	87.21	139.98	113.66	398.63	
2	'Service Connection Charges' included above Non Tariff Income	4.33	21.48	21.18	24.58	71.57	
3	'Service Connection Charges' that should have been amortized and offered as Non Tariff Income till FY 2023-24					17.79	This amount has been worked out from the actual depreacition booked (FY-21 to FY-24) on the Service cables for LT new connection
4 =2-3	Excess Amount offered under 'Non Tariff' Income till FY 2023-24					53.78	This one time adjustment is requested in True up FY 2023-24 to account for the excess amount offered as Non Tariff Income till FY 2023-24

5.1.2 Treatment of 'Meter Installation Charges' part of the 'Service Connection Charges'

225. Further, out of the Rs. 17.79 Cr, Rs. 3.61 Cr is related to meter installation charges which is to be retained by TPCODL as part of meter rent. This as per the True up principles laid down by the Hon'ble Commission in Tariff Order FY 2024-25 dated 13.02.2024.Relevant extract of Tariff Order is given below.

> *203. The truing up exercise has been carried based on following principle along with principle of OERC's Wheeling & RST Regulation, 2022.*
>
> *....*
>
> *g) Non-Tariff Income (NTI) has been allowed excluding **meter rent**, incentive and arrear collection and amortisation of consumer contribution and grant.*
>
> ***(Emphasis Supplied)***

226. It is submitted that this meter rent of Rs. 3.61 Cr has earlier been offered as Non Tariff Income (as a part of the service connection charges of Rs. 71.57 Cr) instead of being retained .Hence, we request the Hon'ble Commission to reduce the Non-Tariff Income till FY 2023-24 to the extent of Rs. 3.61 Cr out of Rs.17.79 Cr by way of onetime adjustment, which will be retained by TPCODL towards meter rent.

5.1.3 Treatment of Depreciation on Services cables (not claimed yet in True up till FY 2023-24)

227. The balance amount of Rs. 14.18 Cr (Rs. 17.79 Cr - Rs. 3.61 Cr) is towards the deprecation on service cables . However, TPCODL has not claimed this depreciation on service cables till FY 2023-24 and has absorbed the same along with cost of meters due to non-segregation of cable and its installation till FY 2023-24 as pointed out above.

228. Hence the Hon'ble Commission may kindly allow this onetime adjustment of Rs. 14.18 Cr Cr as a part of Rs. 17.79 Cr (please refer **Table 5-2**) towards depreciation on service cables which has not been claimed by TPCODL in its True up petitions till date.

5.1.4 Total onetime adjustment requested in True up FY 2023-24 due to segregation of 'Service Connection Charges' into 'Cost of Service Cable & its installation and related activities' and 'Meter Installation Charges'

229. In view of the details provided in above sections, the Hon'ble Commission is requested to approve onetime adjustment of Rs.71.57 Cr in True up FY 2023-24. The item wise break up is again summarized below for ease of reference.

Table 5-3 : Total Onetime adjustment due to segregation of 'Service Connection Charges' into 'Cost of Service Cable & its installation and related activities' and 'Meter Installation Charges'

Sr No	Particulars	Amount (Rs. Cr)
1	Excess Amount of 'Service Connection Charges' offered under 'Non Tariff' Income till FY 2023-24	53.78
2	Meter Rent that should have been retained but offered as 'Non Tariff' Income as a part of 'Service Connection Charges' till FY 2023-24	3.61
3	Depreciation on 'Service Cables' that has not been claimed till FY 2023-24	14.18
4=1+2+3	**Total One time Adjustment requested in True up FY 2023-24 as 'Other Cost'**	**71.57**

230. By making the above adjustment, the net impact shall be neutral as illustrated in table below.

Table 5-4 : Neutral Impact of above adjustment

A.	Particulars	Amount in Crore
	Service connection charges offered as NTI upto FY24	71.57
	Less: Service connection charges to be reversed and shall be offered in future as amortization	53.78
	Net remained in ARR for Tariff upto FY24	**17.79**

B.	Particulars	Amount in Crore
	Honourable Commission to allow meter installation charges upto FY24	3.61
	Honourable Commission to allow depreciation on cables & its installation costs upto FY24	14.18
	Total	**17.79**

Net Impact	**Neutral**

5.1.5 Clarifications requested from the Hon'ble Commission

231. From the clarification provided by the Hon'ble Commission vide letter no. OERC/Engg-2/2006/663 dated 20th June 2024, it is now clear that the service connection charges covers following

   i. Cost of Service Cable and its installation and its associated activities
   ii. Cost of Meter Installation

232. Currently, the standards service connection charges that are approved by the Hon'ble Commission in Tariff Order FY 2024-25 dated 13.02.2024 is Rs. 1500 for LT new connection upto 2 kW and Rs. 2500 for LT new connection above 2 kW and upto 5 kW. However, these standard service connection charges don't have the bifurcation between the above two part (i.e. (a) Cost of Service Cable and its installation and its associated activities and (b) Cost of Meter Installation.)

233. The Hon'ble Commission may kindly provide above bifurcation so as to ensure correct accounting i.e. excess income received over and above the costs will be offered as NTI in True Up and any excess cost incurred over and above the income will be claimed in the True Up as part of Capex. The relevant extract from Capex Order FY 2024-25 is provided below in this regard.

Extract 5-1 : Extract from Capex Order FY 2024-25

32. The Commission has deducted certain proposed expenditure under various heads which has already been explained in the previous paras. TPCODL may approach the Commission on a later stage for approval with sufficient justification for such proposals. The activities under Capex proposal of various heads where deduction has been done are as follows:

Table 14: Summary of the proposed activities vis-à-vis deduction by the Commission (Rs. Cr.)

Sl. No	CAPEX Head	Activity	Board approved Budget	Commission's Approval
1	Safety & Statutory	LT Network Refurbishment	2.00	0
2	Reliability	Replacement of old equipment	20.00	0
3	Load Growth	New Connection Release	15.00	10.00
4	Load Growth	Service cable for new connection	8.00	
		Sub-total	**45.00**	**10.00**

234. The above is explained below by way of two scenario (i.e. Cost > Income and Income > Cost)

235. For explaining these two scenarios, we have taken the following assumption.

Table 5-5 : Assumption for Bifurcation of Standard Service Connection Charges for upto 2 kW

Bifurcation of Standard Service Connection Charges for upto 2 kW (Assumed)		
Sr No	Particular	Amount (Rs.)
1	Meter Installation Charges	500
2	Cost of Service Cable its installation and related activities	1000
3=1+2	Total Service Connection Charge (for upto 2kW) as approved by the Hon'ble Commission	1500

236. Both the scenarios are explained in table below.

Table 5-6 : (Scenario A): Service connection charges received is higher than Cost of cable & its installation

Scenario A		
Particulars	Formula	**Amount (Rs.)**
Service connection charges received (Assumed)	a	1,500
Less: Meter installation charges included in above	b	500
Net service connection charges received	c=(a-b)	**1,000**
To be amortized over 35 years i.e. useful life of cables	d	35
Service connection charges to be offered in ARR as NTI	**e=(c/d)**	**29**

Particulars	Formula	**Amount**
Cost of cable and its installation (Assumed)	a	900
Useful life of cables	b	35
Depreciation to be claimed in ARR	**c=(a/b)**	**26**

Particulars	Formula	**Year 1**	**Year 2**	**Year 2**	**Yean --N**	**Year 35**	**Total**
Service connection charges offered as NTI	a	29	29	29	.....	29	**1,000**
Cable & installation cost to be claimed as depreciation	b	26	26	26	......	26	**900**
Net Impact in ARR	b-a	-2.86	-2.86	-2.86	......	-2.86	-100

Table 5-7 : (Scenario B): Service connection charges received is lower than Cost of cable & its installation

Scenario B		
Particulars	Formula	**Amount (Rs.)**
Service connection charges received (Assumed)	a	1,500
Less: Meter installation charges included in above	b	500
Net service connection charges received	c=(a-b)	**1,000**
To be amortized over 35 years i.e. useful life of cables	d	35
Service connection charges to be offered in ARR as NTI	**e=(c/d)**	**29**

Particulars	Formula	**Amount**
Cost of cable and its installation (Assumed)	a	1,200
Useful life of cables	b	35
Depreciation to be claimed in ARR	**c=(a/b)**	**34**

Particulars	Formula	**Year 1**	**Year 2**	**Year 2**	**Yean --N**	**Year 35**	**Total**
Service connection charges offered as NTI	a	29	29	29	.....	29	**1,000**
Cable & installation cost to be claimed as depreciation	b	34	34	34	......	34	**1,200**
Net Impact in ARR	b-a	5.71	5.71	5.71	......	5.71	200

5.2 Onetime recoupment towards utilization of assets / funds of CESCO Employees Rehabilitation Trust

Background

237. The CESCO Employees Rehabilitation Trust is being administered as per the CESCO Rehabilitation Regulation Framed by the Board of Director of CESCO and Trust Deed created for this purpose.

238. The corpus of the trust was created in CESCO with effect from 01.07.2001 by splitting the parent trust of GRIDCO Rehabilitation Trust on the basis of number of employees on roll of DISCOMs and GRIDCO as on 31.03.1999 as intimated by

GRIDCO vide letter no. FW-Fund-Rehb/Split/55(4) dated 21.02.2003 and accepted by the trust in its 5th meeting held on 25.03.2003.

239. The said Trust and its corpus was created to extend support to the families of deceased. The assistance amount was initially started with Rs. 1,00,000/- in the year 2006 which was enhanced from time to time. Presently the assistance amount is Rs. 5,00,000/- as per office order No- TPCODL/HR/7397 Dt 18.6.2021.

240. The assistance amount is deposited in a bank for Six year (With effect from 24.06.2008 for three years) and shown under the “Deposits on behalf of the Beneficiaries Account” in the trust books of accounts. After the expiry of the period, the sanctioned amount is paid to beneficiaries of employees and during the lock-in period the beneficiary is entitled to the interest accruing on the said amount.

241. As per the vesting order clause 50 (e) (i) the Investment value of Rehabilitation Trust should be remain same as on 1st June 2020 .As per clause 50 (e) (iii), any liability disbursed by TPCODL shall be allowed as part of ARR every year. For ready reference both the clauses are appended below :

> ***Clause-50 (e) (i) All the Trust shall continue to exist, and investments made by the Trusts shall not be liquidated without prior approval of the Commission.***
>
> ***Clause-50 (e) (ii) TPCODL shall disburse the Employees liabilities to Trust as per the mechanism in Point (c) above.***
>
> ***Caluse-50 (e) (iii) Of the total Employees’ Liabilities disbursed by TPCODL as per point-ii above, the Commission shall allow as part of the Aggregate Revenue Requirement the actual cash out go for TPCODL for every year on account of Pension, Gratuity, leave encashment and rehabilitation liabilities.***
>
> ***(Emphasis Supplied)***

242. As on 31.5.2020 the Trust has the total asset value of Rs. 5,97,34,340.57 (Rs.2.70 Crs as long term investments and Rs. 3.27crs as Bank balance including accrued interest, TDS etc). which has come down to Rs. 2,56,09,232.70 at ₹ (Rs.2,44,50,000.00 and Rs. 11,59,232.70) as on 31.03.2024 there by utilizing Rs.3,41,25,107.87 for disbursal of payment to the family of deceased employees and Trust administrative expenses during the period since vesting to 31.03.2024.

243. The relevant extracts from the balance sheet (as on 31.05.2020 and 31.03.2024) of CESCO Employees Rehabilitation Trust are provided below in this regard.

Extract 5-2 : Extract from the Balance Sheet of CESCO Employees Rehabilitation Trust as on 31.05.2020

CESCO EMPLOYEES REHABILITATION TRUST

2nd FLOOR,IDCO TOWER, JANPATH, BHUBANESWAR-751 022

BALANCE SHEET AS AT 31ST MAY' 2020

SL NO	PARTICULARS	Schedule No.	As at 31.05.2020 AMOUNT(₹)	AMOUNT(₹)	As at 31.03.2020 AMOUNT(₹)
I	SOURCES OF FUNDS:				
1	REHABILITATION ASSISTANCE FUND				
	Rehabilitation Assistance Fund	1		68,361,660.00	68,361,660.00
	Reserves & Surplus	2		(8,627,319.43)	(9,053,415.43)
2	Liability towards Beneficiary	3		19,500,000.00	19,500,000.00
	TOTAL			79,234,340.57	78,808,244.57
II	APPLICATION OF FUNDS;				
	INVESTMENTS				
1	Investment on behalf of beneficiaries	4		19,500,000.00	19,500,000.00
2	Long Term Investments	5		27,000,000.00	27,000,000.00
3	Short term Deposit	6			
4	CURRENT ASSETS, LOANS & ADVANCES				
	Interest Accrued but not Received	7	935,200.57		506,154.57
	Interest Accrued and due	13	-		-
	TDS Receivable	8	212,994.00		212,994.00
	Income Tax Refundable	14			
	Bank Balance	9	31,612,696.00		31,612,696.00
			32,760,890.57		32,331,844.57
	Less:-				
5	CURRENT LIABILITIES & PROVISIONS				
	Auditor's Remuneration Payable	10	26,550.00		23,600.00
	Net Current Assets			32,734,340.57	32,308,244.57
	TOTAL			79,234,340.57	78,808,244.57
	Significant Notes & Policies Forming Part of Financial Statements	14			

Extract 5-3 : Extract from the Balance Sheet of CESCO Employees Rehabilitation Trust as on 31.03.2024

CESCO EMPLOYEES REHABILITATION TRUST

2nd FLOOR,IDCO TOWER, JANPATH, BHUBANESWAR-751 022

BALANCE SHEET AS AT 31ST MARCH' 2024

SL NO	PARTICULARS	Schedule No.	As at 31.03.2024 Amount in Rs.	Amount in Rs.	As at 31.03.2023 Amount in Rs.
I	SOURCES OF FUNDS:				
1	REHABILITATION ASSISTANCE FUND				
	Rehabilitation Assistance Fund	1		6,83,61,660.00	6,83,61,660.00
	Reserves & Surplus	2		(4,27,52,427.30)	(2,86,59,249.20)
2	Liability towards Beneficiary	3		4,60,00,000.00	3,37,50,000.00
	TOTAL			7,16,09,232.70	7,34,52,410.80
II	APPLICATION OF FUNDS;				
	INVESTMENTS				
1	Investment on behalf of beneficiaries	4		4,60,00,000.00	3,37,50,000.00
2	Long Term Investments	5		2,44,50,000.00	2,53,00,000.00
3	Short term Deposit	6		-	1,06,92,198.00
4	CURRENT ASSETS, LOANS & ADVANCES				
	Interest Accrued but not Received	7	3,63,877.00		9,39,355.50
	Interest Accrued and due	13	-		
	TDS Receivable	8	2,80,490.00		2,80,490.00
	Bank Balance	9	5,26,665.70		25,02,167.30
			11,71,032.70		37,22,012.80
	Less:-				
5	CURRENT LIABILITIES & PROVISIONS				
	Auditor's Remuneration Payable	10	11,800.00		11,800.00
	Net Current Assets			11,59,232.70	37,10,212.80
	TOTAL			7,16,09,232.70	7,34,52,410.80
	Significant Notes & Policies Forming Part of Financial Statements	14			

244. As per Vesting order, the Trust should have raised the annual demand for utilized amount of Rs. 3,41,25,107.87 (Rs. 3.41 Crores) as above but the same was not done.

TPCODL's Submission

245. Now to comply with the vesting order, a onetime recoupment amount of Rs. 3,41,25,107.87 (Rs. 3.41 Crores) towards utilization of assets/ fund of CESCO Employees Rehabilitation Trust for payment to the family of deceased employees as well as Trust Administrative Expenses is required.

246. Therefore, the Hon'ble Commission is requested to allow the above one time adjustment of Rs. 3.41 Crores in True up FY 2023-24.

247. Further, the Hon'ble Commission is requested to allow annual contribution towards payment to the family of deceased employees and administrative expenses on year to year basis from FY 2024-25 onwards under 'Terminal Benefit' expenses over and above the normative Employees Expenses.

Chapter 6. Gap / Surplus in True up FY 2023-24

6.1 Gap / Surplus in Revenue with respect to True up

248. The key Parameters for True up FY 2023-24 (Approved Vs Actual) is summarized in table below.

Table 6-1: Key Parameters for True up FY 2023-24 (Approved vs Actual)

Sr No	Particular	UoM	Approved in ARR FY 2023-24	Actual for True up FY 2023-24
a	Sales	MU	8868	8853
b	Power Purchase /Input	MU	11256	11299
c	AT&C Loss	%	22.00%	21.23%
d	Billing Efficiency	%	78.79%	78.35%
e	Collection Efficiency	%	99.00%	100.53%
f	Distribution Loss	%	21.21%	21.65%

249. The (Gap) / Surplus for True up FY 2023-24 is as computed in the table below.

Table 6-2: (Gap) / Surplus for the period FY 2023-24

in Rs. Cr

Sr No	Particular	Approved	As per Audited Accounts FY 2023-24	Reference to the Audited Financial Statement FY-2023-24	Actual Claimed for True up FY 2023-24	Remark / Reference to True up Petition FY 2023-24
1	Cost of Power Purchase	3433	3446.30		3446.3	
2	Transmission Cost	270.14	272.74	Note -25	271.0	Table 4-3
3	SLDC Cost	1.74			1.74	
A =1+2+3	**Total Gross Power Purchase ,Transmission & SLDC Charges Cost**	**3704.96**	**3719.05**	**Note-25**	**3719.05**	
B	Gain/(Loss) Due to AT&C Loss				-18.96	Table-4-4
C=A+B	**Total Gross Power Purchase Cost (Before Rebate) after adjustment of Gain /(Loss) due to A&C Loss achievement**	**3704.96**	**3719.05**		**3700.09**	
4	Gross Employee Cost	803.22	889.48	Gross Employee Cost : Rs.825.51 Cr (Note -26) + Outsourced Employee Cost : Rs. 63.97 Cr (Note -28 -Appearing as 'Cost of Service expenses' under 'Other Expenses')	812.38	Para 4.20.1 Table 4-19 & Table 4-20
5	Repair &Maintenance (R&M) Expenditure	279.38	279	Note -28 (First Three Items)	279	Table 4-21
6	Administrative & General (A&G) Expenditure	142	179	Note-28 :Excluding Following items 1. R&M Expenses (1st 3 ietms): Rs.279.38 Cr 2. Outsourced Emp Cost of Rs.63.97 Cr (Cost of Service expenses) 3.Allowance for Doubtful Debt:Rs.139.58 Cr 4.Loss on retirement of property, plant and equipment:Rs.0.37 Cr. 5.Tariff balancing reserve : Rs. 1.88 Cr	179	Table 4-22 and 4-23
7	Provision for Bad & Doubtful Debt	51.71	139.58	Note-28 (Appearing as 'Allowance for doubtful debts & advances')	53.80	Table 4-25
8	Depreciation	81.38	248.00	Note-4.05	106.36	Table 4-10
9.a	*Interest on Consumer Security Deposit*	60.82	54.28	Note-27	54.28	Extract 4-9
9.b	*Interest on Long Term Loan*	38.55	45.02	Note-27: (Clubbed in one head of 'Interest on loans carried at amortised cost - banks)	49.84	Table 4-13
9.c	*Interest on Working Capital Loan*	26.28			5.08	Table 4-14 &15
9.d	*Finance Cost/Other Borrowing Cost*		1.02	Note-27: (commitment charges, processing fees, etc)	1.02	Table 4-16
9= Sum(9.a:9.d)	Total Interest on SD, Long Term & Working Capital Loan	**125.65**	**100.32**	Note-27	**110.22**	
10	Loss on Retirement of Fixed Assets		0.37	Note-28	0.37	Para 4.13
	Efficiency Gains :					
11	1/3 rd to be declared as Dividend / Equity				2.45	
12	1/3 rd to be passed on to consumer as rebate				2.45	Table 4-15
13	1/3 rd to be kept as Tariff balancing reserve				2.45	
14	**Sub Total**	**5188.31**	**5554.40**		**5248.16**	
15	Less: Employee Cost Capitalization	26.29	26.30	Note-26	26.30	Table 4-19 & 4-20
16	*Less: Interest Cost Capitalized*	10.94	9.49	Note-27		
D=14-15-16	**Total Expenses**	**5151.08**	**5518.61**		**5221.87**	
17	RoE	80.63			94.15	Table 4-17
18	Current Tax		13.74	Note-29	13.74	Para 4-22
19	Deferred tax		7.94			
E=sum(17:19)	**Sub Total**	80.63	21.68		107.88	
F= D+E	**Total (D+E)**	**5231.71**	**5540.29**		**5329.75**	
20	Less: Non Tariff Income / Misc Receipt	109.55	288.80	Other Operating Revenue: Rs. 217.71 Cr (Note-23.03) + Other Income:Rs. 121.83 Cr (Note-24) + Reabte on power purchase cost (incl. Transmission & SLDC) :Rs. 39.1 Cr (Note-25) **Less:** Cash Discount to Consumers : Rs. 89.84 Cr (Note-23.03)	131.14	Table 4-26
21	Other Cost (Onetime Adjustment)				74.98	Table 5-1
22	Net Movement in Regulatory deferral balance		-71.73			
23	Special Appropriation	83.33				
G=F-20+21+22+23	**Total Revenue Requirement**	**5205.50**	**5179.77**		**5273.60**	
H	**Gross Revenue from Sale of Power**	**5170.68**	**5379.78**	**Note: 23.03**	**5379.78**	Para 4.2 ,Extract 4-1
I=H-G	**(Gap) / Surplus**	**-34.82**			**106.18**	
J	Recovery of ASL paid till FY-2023-24				-231.49	Table 3-3

Chapter 7. Year wise movement of (Gap) / Surplus

250. Based on the orders issued by the Hon'ble Commission till date in the matter of True up FY 2020-21 (10 months), FY 2021-22 and FY 2022-23 , our submission in this petition (as per the directive given in Order dated 05.11.2024 in the matter of Case No.25/2024) on approval of certain item disallowed / less allowed in the True of FY 2021-22 and FY 2022-23 and Truing up of FY 2023-24 as submitted in this petition, the year wise movement of (gap) / surplus and its utilization is provided in table below.

Table 7-1 : Year wise movement of (Gap)/Surplus

in Rs. Crores

Sr No	Particulars	FY 2020-21 (10 Months)	FY 2021-22	FY 2022-23	FY 2023-24	Remark
1	Opening (Gap) / Surplus	0.00	-43.50	49.77	146.30	
2	Addition of (Gap) /Surplus for the FY	-43.50	93.27	96.53	106.18	
3	Closing (Gap) / Surplus	-43.50	49.77	146.30	252.48	
4	Utilization of (Gap)/Surplus				252.48	Cumulative Surplus as on 31.03.2024 has been utilized against working capital , please refer Table-4-14
5=3-4	Net (Gap) Surplus Available as on 31.03.2024				0.00	
6	Recovery of ASL Payment till 31.03.2024				-231.49	Refer Table 3-3

251. As can be observed from table above, there is no (gap)/surplus as on 31.03.2024.

Chapter 8. Annexure 1- Operational & Overall Performance Highlights

8.1 Safety Initiatives:

252. Safety is the core value of TPCODL and all operational initiatives of TPCODL revolves around safety of its employees, general public at large and safety of stray animals. TPCODL is committed to provide a safe and healthy working environment to all of its Employees as well as stakeholders. Safety at TPCODL is driven by Tata Power Safety and Health Management which works on reducing hazards in the workplace, improving Governance framework to monitor the safety related issues, capability development, strengthening of infrastructure and taking measures to ensure continuous improvement to develop and percolate the Safety culture among Stakeholders. Since its inception, TPCODL has taken various initiatives towards Public and Employee Safety to improve safety culture of the Organization.

253. TPCODL has taken various initiatives for Public Safety as well as to ensure safety at workplace for Employees in FY 2023 – 24. Some of the major initiatives taken are as follows.

8.1.1 Initiatives taken for Public Safety

a) Identification and rectification of Unsafe Locations

i. **Drive to Identify Unsafe Locations:** Special drives have been conducted to identify unsafe locations, including distribution transformers without fencing, tilted poles, and electrical lines with compromised ground clearance. Conversion of these identified unsafe locations into safe ones is ongoing, prioritized based on severity. During FY 2023-24, about 22000 unsafe locations in the network has been made safe.

ii. **Leakage Current Checks:** Carried out regular leakage current checks for poles & sub-station fencings at sensitive locations like markets, near schools, and other public places.

b) Notices to Individuals engaged in Unauthorized & Unsafe Construction

Issued notices to individuals involved in unauthorized and unsafe constructional activities in the vicinity of TPCODL electrical network with its copies marked to Concerned District Collector / Administration, Police Station & Concerned Electrical Inspectorate.

c) **Public Awareness and Education**:

i. **Suraksha Sachetan Rath (LED Mobile Van):** Creating safety awareness among public through playing of videos on LED mobile van at various villages.
ii. **Leaflets Distribution:** Distributed leaflets containing safety precautionary messages to the public.
iii. **Special public awareness** during festive seasons through print and electronic media, banner display, social media.
iv. Message through **Public Address System**: Played jingles tunes related to public safety and caution messages through PA systems installed on maintenance vehicles.
v. **Posters Display**: Displayed public safety posters at bill collection centers, vehicles, boundary walls of PSS and other conspicuous locations.
vi. **Night Patrolling**: Conducted regular night patrolling in elephant movement areas along with forest officials to curb illegal hooking for animal poaching.
vii. **School Programs:** Conducted safety awareness sessions, slogans and quiz competitions in schools.
viii. **Safety Messages on Electricity Bills:** Printed safety messages on electricity bills.
ix. **Community Meetings:** Conducted "Chaupadi" meetings in villages creating awareness on consequences on unsafe act/unauthorized interference with electrical network.
x. **Social Media:** Continuous awareness through social media platforms like Twitter and Facebook.
xi. **FM Radio:** Played public safety jingles on FM radio stations
xii. **Hoardings and Flex:** Displayed hoardings and flex banners with public safety messages on transformer fencing, RMUs, and walls of substations/FCC.
xiii. **College Programs:** Sensitized students in colleges about electrical safety.

8.1.2 Initiatives taken for enhancing Safety of Employees:

TPCODL has taken following initiatives for enhancement of Employee Safety.

I. Establishment of **Skill Development Centers** in all Circles and Divisions for enhancing the skill & competency of TPCODL & Business Associates (BA) Employees through certified Trainers.
II. Developed **practice yards** in all distribution divisions for capability building to all TPCODL & BA Employees through hands on training.
III. **Centralized 24x7 monitoring** of shutdown and breakdown work carried out by field workforce through Area Power System Control Centre (**APSCC**) / Power

System Control Centre (**PSCC**) across TPCODL to ensure safety during execution of work.

IV. **Daily morning sunrise meetings** are being conducted in each Section before starting of work for sensitization of workforce on strict adherence of safety precautions at workplace with participation of Section Managers/SDO/Divisional Managers/Safety Officers.

V. **Safety webcast** is being conducted in each month across TPCODL for sharing of learning of incidents occurred in all Discoms among all TPCODL & BA Executives and workforces.

VI. Behavior based safety intervention program **"Jeevan Ki Aur**" is being conducted for TPCODL and BA Employees to improve their safety culture.

VII. **"Hum Suraskhit, Ghar Surakshit**" program started in all circles for TPCODL & BA Linemen and Helpers with their family members to make them aware about the consequences of unsafe work practices and be committed to follow all the safety procedures at workplace.

VIII. **Safety Felt leadership training program** conducted for TPCODL field executives for effective implementation of safety management system.

IX. **Online portal named "BAMS** (Business Associates Management system)" have been launched to issue ID cards to their Employees in compliance to applicable statutory requirements as well as to ensure adequate checks in terms of safety training, skill level, Medical fitness, HT/MV license (As per position), insurance coverage, etc

X. Deployment of Mobile App "**Surakhsha Prahari**" for Employees to report unsafe act, unsafe conditions and incidents.

XI. **"Surakhsha Viram**" is being observed on 1st Monday of each month across all functionaries of TPCODL to emphasize the importance of adherence to safe work practices as well as strict implementation of SOP for all type of field works so as to strengthen safety work culture among the employees.

XII. Provided **100% Safety PPEs** like Safety Shoes, 33KV/11KV/LT Hand Gloves, Safety Helmet, full body safety harness, reflective jackets etc. to all the TPCODL Employees

XIII. **Regular field safety audits** are being carried out to ensure various safety compliances like providing Safety PPEs, equipment etc. by Business Associates engaged in the operation and maintenance of lines and sub-station.

XIV. All the Primary Sub-stations, Stores, Offices have been provided **fire extinguisher system** of different types and capacity to meet any fire hazards. Also, training on use of these equipment are being provided to the Sub-station operators and field staff.

Picture 1: Safety Indicatives

Leakage Current Testing of Poles

Wall painting for Public Safety

Public safety messages on FM channel during festive seasons

Safety Awareness in Schools

Public awareness through playing of jingle tune on AMC vehicle

Safety Training to Employees at Practice Yard

8.2 Operational Initiatives:

The following are some of the initiatives taken to achieve operational excellence is as provided below.

8.2.1 Condition Based Maintenance

- Thermography
- Dissolved Gas Analysis
- Ultrasonic Detection
- Transformer Health Indexing

8.2.2 Opex Optimization

- In house refurbishment of PTR: 42 nos, RMU: 21 nos, CSS: 3 nos, DTR : 58 nos & LT switchgear: 150 nos
- Trolley mounted DSS- 9 nos
- Utilization of dismantled but useable materials
- Unmanning of PSS: 82 nos, 220 nos PSS integrated with SCADA

8.2.3 Network Interventions

- **Distribution Network**
    - DTR Augmentation: 544 nos, 67 MVA
    - New Distribution Substation : 69 nos, 18 MVA
    - DTR Load balancing: 7476 nos
    - AB Switch replaced/ repaired: 364/5913 nos

- **Sub-transmission Network**
    - New DC system installed in PSS : 70 nos
    - Master trip relay installed: 30 nos
    - Replacement of Electro Mechanical Relay with Numeric Relay: 123 nos
    - Hot Spots identified/ rectified: 1529/ 1529 nos
    - Dissolved Gas Analysis: Total PTR Samples taken: 1442, Abnormal Cases: 25, Attended: 25
    - Ultrasonic detection / Partial Discharge: Sample taken : 665 Abnormal Cases: 424, Attended: 424 nos
    - PTR Augmentation: 55 nos
    - PTR Capacity addition : 66 MVA

8.2.4 Preventive Maintenance

- **Sub Transmission System**

Activity	As on Mar'24
PSS Maintenance (%)	100% Against Planned
Feeder Maintenance (%)	100% Against Planned

- **Distribution System:**

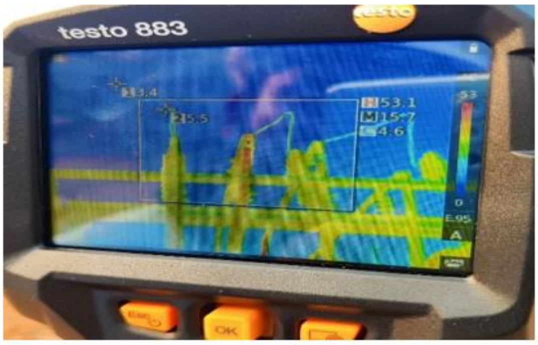
Circle	AB Switch Replaced (Nos.)	AB Switch Repaired/ Maintained (Nos.)	Kit Kat fuse Replaced (Nos.)	Earthing - New (Nos.)	Bird Guard Installation (No.s)	DTR Load Balancing (Nos.)
BBSR-1	192	3,607	1324	869	6348	1867
BBSR-2	46	929	281	321	1234	2259
Cuttack	61	642	1232	201	1799	1709
Paradeep	42	429	264	195	861	952
Dhenkanal	23	306	218	88	743	689
Total	364	5,913	3319	1674	10985	7476

In addition to the above following Special initiatives are also taken –

- DT Suraksha Drive - Oil Top up : 43.47 kL, LA installation : 6046 nos, Shear Bolted Type DTR connectors : 500 nos, Chemical treatment of soil : 12560 kg
- Proper jumpering using wedge connector 12057 nos
- Installation of HT sleeves & HT insulation tape for reduction of transient fault

254. Glimpse of some key initiatives taken by TPCODL for achieving Operational excellence is provided below.

Picture 2: Operational Indicatives



Carrying out Thermal Scanning to identify Hotspots

ACB replacement in CSS

Gas refilling in RMU

Cable spiking through Spiking Tool before cutting cable for jointing work

Cable route tracing before excavation near cable route to avoid external damage

Upgradation of PTR

Refurbishment of PTR

Installation of Wedge Connector

Installation of Bird Guard

Tree trimming using Man lifter

Installation of Shear Bolted type connector

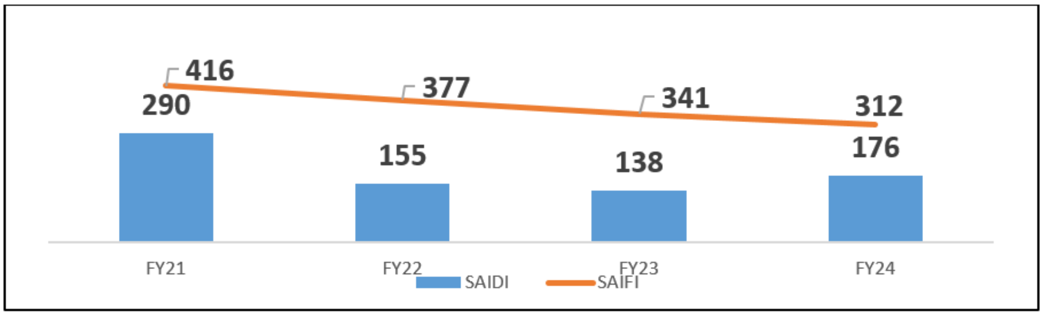
8.3 Operational Performance

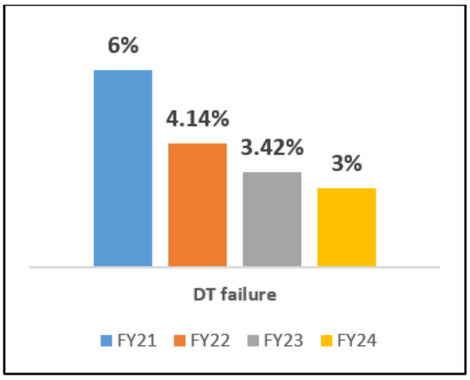
255. As a result of the various initiatives taken (as illustrated in above sections), TPCODL was able to achieve improved operational performance. There is a perceptible reduction in the number of trippings of 33 KV feeders, 11 KV feeders, Power and Distribution Transformer and considerable improvement in reliability indices over previous year. The operational performance of TPCODL is as provided below.

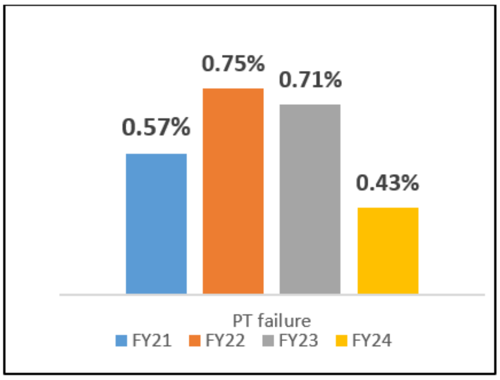
Table 8-1 Operational Performances of TPCODL FY-24 vs FY-23

Parameter	UoM	FY 22-23	FY 23-24	Variance (FY-24 over FY-23)
Interruptions		1,41,173	85,662	-39%
SAIDI *		137	176	28%
SAIFI		341	312	-9%
PT Failure		0.71%	0.43%	-0.28%
DT Failure		3.42%	3%	-0.42%

** SAIDI increased due to capture of data through system, earlier it was captured manually*







8.4 Adoption of Innovative Technologies to achieve Operational Excellence

- Load flow study of 33KV & 11 kV Network completed through CYMEDist Software.
- Remote monitoring of LT feeder pillar done for puri city.
- New Centrix Cable Fault Locator inducted into the system - This FLC Test van is the most advanced & upgraded version of Cable Test Equipment equipped with VLF @0.1Hz & the same is procured from M/s Megger, Germany.
- 100 % SCADA integration of 33 kV RMU in Bhubaneswar
- Installation of HT Sleeves/HT Tapes on DTR
- Application of Insulation Paint to prevent leakage Current – 300 locations (Poles + O/D Panels)
- Installation of lightning Surge Diverter on OH Feeders for reduction in DTR Failure.

8.5 Commercial Performance:

256. TPCODL, since its commencement of operation on 1st June 2020, has taken various initiatives to improve its commercial performance and to provide the consumers an enhanced level of service. Some of the key initiatives taken in FY 2023-24 are as mentioned below.

8.5.1 Customer Care Centers:

257. TPCODL has ~ 32.06 Lakhs consumers spread across 30,000 SQKM with 20 numbers of Customer Care Centers (including 1 Mobile Customer Care Centre) established at all 20 divisions. In FY 2023-24, three new Customer Care Centre at CED-Cuttack, AED-Athagarh and NED-Nimapada have been operationalized.

258. **Customer Care Centre** at Division is fully equipped with following advance services for providing better customer experience:

i. **Queue Management System**: To manage the customer footfall efficiently at the center.

ii. **Self Help Kiosk**: To providing New Connection related information/duplicate bill/Customer Connection Details from the E-kiosk itself.

iii. **Feedback Tab / Suggestion Box**: To capture customer's feedback on the services rendered at the center.

iv. **Television**: Informing customers about Online Payment Options, Safety & other schemes.

v. **IT Infrastructure:** Laptops/Desktops, Internet, Scanner/Printer were made available to the customer care staffs.

vi. **Standee/Banner/Posters;** indicating the various platforms for complaints/query registration, call centre contact number, online payment offers, website details etc.

8.5.2 Call Centers:

259. With the aim to provide Centralized Customer Service to our Customers, TPCODL has established its Call Centre. Customer can call at the 24X7 Call Centre and get the details pertaining to Supply related matter and commercial matter. In order to facilitate the customers with Smart Meter related queries, Smart Meter menu option has been added.

260. Additional Features available in IVRS facility at Call Centre:

i. New Priority Desk created to cater to KCG / Express Consumers at important locations / premises.
ii. Separate Smart Meter desk was created.
iii. The IVRS flow was made simple for No Power Supply complaints.

261. Some of the key highlights of FY 2023 - 24 are:

i. A total of 34.17 Lakh incoming calls were handled in FY 2023-24 with 62% increase in Call Inflow compared to FY 2022-2023.
ii. A total of 20.04 Lakhs outbound calls were done as happy calling, feedback calling, digital promotion and recovery calling etc.

8.5.3 Awareness Camp:

262. In order to create awareness among the customers regarding different initiatives taken up by TPCODL, 350 awareness camps were organized wherein more than 16,000 customers were touched through different awareness programs. During the interaction awareness camps Malls, Market area, Basti area and Model GP were covered.

Picture 1 : Awareness Camps

8.5.4 Gaon Chalo Initiatives:

263. In order to provide proactive services and for creating awareness about various initiatives, TPCODL has been organizing Gaon Chalo Camps in rural areas for providing door step services to rural customers. Some of the key highlights of the 'Gaon Chalo' initiative carried out in FY 2023-24 are.

i. Total 887 Camps Organized across all divisions in FY 2023-24.
ii. Rs. 2.60 Cr collected
iii. 4883 Consumers converted to Digital Platform.
iv. Total 6792 New Service Connection Processed.
v. 11899 queries and complaints attended.

Picture 2 : Gaon Chalo Initiatives

8.5.5 RWA (Resident Welfare Associations) Meet:

264. In order to cater to the customers of Urban Divisions and for creating awareness about various initiatives for customer convenience, TPCODL organized 47 meetings with Resident Welfare associations in the FY 23-24.

Picture 3 : Resident Welfare Associations

8.5.6 Digital Payment Promotion:

265. TPCODL has taken up many initiatives to provide a seamless experience to customer and also for ease of electricity bill payment with different options. The various initiatives taken and collaboration done with different digital platforms are as provided below. The initiatives taken for Digital Payment Promotion in FY 2023-24 are as follows:

i. In the FY 23-24, the Digital Transaction reached to 6.71 lakhs.
ii. 75% improvement registered in Digital Transactions in Mar’24 as compared to Mar’23.
iii. Introduction of New payment Platform HDFC.
iv. Introduction of QR based payment system.
v. Introduction of Instant Digital Rebate.
vi. Time to time Cashback offers launched by our Payment Partners (Mobikwik, Paytm, Tata Neu).
vii. ‘Bill Pay and Win’ Schemes introduced in Sep’23, Dec’23 and March’24.
viii. Communication about benefit of Digital payment through television, print, FM etc.
ix. Video prepared on Benefits of Online Payment and rebate for mass awareness through WhatsApp.
x. More than 5500+ students covered through sessions at schools under digital awareness program.
xi. Sharing benefits of Digital Payment/platform during Interaction with GP, Gaon Chalo Camps and RWAs by Customer Relationship Executives (CREs).

xii. Promotion of Digital Payment in Market Area/ Basti area/Puja Pandals.

8.5.7 TPCODL Mitra Mobile App:

266. TPCODL believes in bringing continuous technological innovations in order to provide better services to its consumers. In view of the same, TPCODL has added additional features to TPCODL Mitra Mobile App for ease of convenience and better experience its consumers. 59% improvement registered in downloading of TPCODL Mitra App in March'24 as compared to Mar'23. The App is faster, simple to use, and has user- friendly features. The total downloads till March 2024 was 4.04 lakhs.

267. Major features of TPCODL Mitra are as follows: -

i. Instant Electricity Bill Payment.
ii. Apply for a new Electricity connection (Android only)
iii. Obtain Live Power Outage Information
iv. Smart Meter
v. Click and register safety incidents/concerns observed anywhere in TPCODL area
vi. Register complaints like Bill correction, Meter Burnt, No Power etc.
vii. Report Power Theft without disclosing personal information
viii. Verify TPCODL Employee to prohibit fraud by an unauthorized person
ix. Obtain TPCODL office location (Android only)
x. View Bill and Payment History.
xi. Download Duplicate copy of latest electricity bill
xii. New Integrated Chat Boat (Ask): e-Buddy: - TPCODL'S digital assistance

8.5.8 Social Media

268. In order to respond all incoming posts/voices on Social Media platforms, enhancing proactive and reactive communication and timely escalation for closure of queries and complaints being escalated on different social media platforms Digital Command Centre", was established in Aug'23.

269. Quick responses enhanced the Twitter (Now 'X') Followers to 49,000 plus in Mar'24 compared to 17,000 in FY 21.

270. List of major benefits of Digital Command Centre are as follows:-

i. Integration of all Social Media platforms (X, Facebook, Instagram, LinkedIn, YouTube)

ii. Social Listening and Analytics Dashboards.
iii. Monitoring of individual productivity of agents involved.
iv. Customer Engagement
v. Crisis Management
vi. Real-Time Monitoring

8.5.9 Service under 'Mo-Bidyut'

271. The total Cumulative application processed as on 31.03.2024 is 227226.

8.5.10 Initiatives to reduce Provisional Billing

272. Approximately, 1.58 Lakhs Meters replaced in FY 2023-24 in which Mechanical meter replaced counts to 0.31 Lacs and defective meter replacement counts to 1.27 Lacs. Additionally ~ 43,000 Smart meters also installed.

8.5.11 Others Initiatives carried out for improvement in Billing & Collection Efficiency

i. Enforcement Activity.
ii. Mass de-hooking followed with New Connection Camp.
iii. Meter Data Analysis followed up with Field Checking (Slow Meter and MF issue).
iv. Implementation of GIS in all 5 circles.
v. Collection Coverage Enhancement.
vi. Checking of Non-paying and disconnected connections.
vii. Cross verification of consumers disconnected due to non-payment of dues.

8.5.12 Demand Side Management Initiatives

273. TP Central Odisha Distribution Ltd. (TPCODL) has conducted load research of its customer base and prepared a DSM action plan with the support of BEE (Bureau of Energy Efficiency). BEE has also agreed to extend its support by capacity building, to promote mass adoption of energy efficient appliances and energy conservation initiatives.

274. Under this program, TPCODL is offering customers an opportunity to purchase energy-efficient appliances such as Air Conditioners, BLDC fans and energy efficient Motors at a discounted rate along with extended warranty and doorstep delivery.

275. Under this initiative, TPCODL has collaborated with Voltas for providing 5 Star ACs at discounted rate up to 49% with a comprehensive warranty of 1 year. Further,

TPCODL has also signed a MoU with a National Level ESCOs (EESL) to distribute Energy Efficient Products (BLDC Fan, Super Energy Efficient AC and IE3 Motors).

276. TPCODL was able to create awareness and demand of Energy efficient Appliances among customers and they have purchased 5 star energy efficient inverter A.Cs (42 Nos.) and BLDC fans (310 Nos.), while good number of queries are being received regarding the purchase of energy efficient appliances.

Awareness programs

277. To make the customer aware about the DSM programs, following initiatives have been taken :

- Banners and Standees are installed at Customer care centers to increase the visibility of the DSM programs.
- DSM programs are advertised on the Website of TPCODL.
- Social media and SMS messages to customers.

278. In addition to above, TPCODL have also organized workshops and training programs by experts for its officials to sensitize them about the importance of DSM initiatives and its long term benefits.

8.6 Initiatives in the Field of IT and Technology

279. Some of the key initiatives for FY 2023-24 are as listed below.

8.6.1 Sub Station Automation System:

i. **16 Nos. of Substation integrated with SCADA system in FY-24. :** A total 220 Nos. 33/11 kV Primary Substations are integrated with SCADA System for remote control and monitoring

ii. **76 Nos. of Communication links established between ODSSP/Conventional/SCRIPS Substation and Control Centre in FY24.** A Total 220 Nos. of 33/11 kV Primary Substations are Communicating with Centralized SCADA System for remote monitoring and Control from Power System Control Centre, Bhubaneswar.

iii. A Total 82 Nos. 33/11 kV Primary Substations are unmanned and are controlled and monitored through with the help of 34 Nos. of MOCs.

iv. **Overload Trimming Scheme implemented in 15 critically loaded feeders through SCADA**

v. **33kV Network RMU Automation:** 40 Nos. Provision of Hot stand by at critical places like city areas for reducing the source changeover time thus improving reliability and efficiency

vi. **Seamless integration of multi-vendor Substation Automation System with existing SCADA system**

vii. **Automation and Remote operation of Isolators: 27Nos.**

viii. **OT-IT Integration for Internal & External Consumer Empowerment:** Critical feeders tagging in SCADA, Critical Feeders Reliability Monitoring, Communication to consumers for Planned and Emergency Outages, Information to the action takers in case of feeder breakdowns for immediate action to reduce the restoration time.

8.6.2 GIS Implementation:

i. All Administrative boundaries delineated. (20 Divisions, 65 Sub Divisions, 247 Sections)

ii. All 33/11 kV - 376 Nos S/S and its connected network surveyed and mapped.

iii. 33/11 kV Application deployed with following features

    i. Feeder Extent Search by Feeder Code and Feeder Name.
    ii. Feeder wise length and its connected pole / tower with network configuration details.
    iii. All 33/11 kV S/S attached with Single Line Diagram with connectivity of incomers and outgoing feeders.
    iv. Division / Sub Division and Section wise network Summary.

iv. All 11 kV Network including connected DTs captured and mapped.

v. Consumers locations captured with its connected pole.

vi. 33/11 kV Power Maps produced for all divisions and subdivisions of TPCODL with its asset base.

vii. Enterprise GIS Application developed and configured with Active Directory of Employee User ID

viii. Consumer Search by CA number / Installation number / Meter number

ix. Locating the consumer and reaching the location through Google map navigation feature.

x. Weather plugin on GIS being used to plan at section and sub division level and assess affected areas in case of pre and post disaster situation.

xi. Entire 33kV network of TPCODL and 11 kV network of BBSR I and CTC has been taken to Cyme for planning and load flow analysis.

xii. All 33/11 kV S/S SLD generated in GIS is now a single input for SCADA/ PSC, STS and synched with Cyme Application for Network Planning.

xiii. Accurate DT Locations mapped in GIS and its administrative hierarchy is now being used in creating functional location in SAP for Asset Management.

xiv. Auto push of GIS consumers with Feeder Code and DT Code to Business table for energy audit through scheduler.

xv. GIS consumer network hierarchy integrated with SMS Communication to consumers during Unplanned Shutdowns.

xvi. System is dynamically integrated with PTW (Suraksha Kavach) and location of such switchgears of S/S are highlighted with graphics under Outage.

xvii. Instantaneous generation of electrical SLD of 11kV Feeder and DT connected Consumers by Feeder name / Feeder code.

xviii. Custom reports like consumers connected to DT, feeder and its admin hierarchy.

xix. Maintained Centralized Feeder Manager Table for data Consistency.

xx. Nearby consumer and network details from any location within TPCODL area for new connection feasibility.

xxi. GIS to ADMS Extractor module development completed and deployed for data exchange

xxii. Data exchange from GIS to ADMS completed for one Division (BCDD 1)

xxiii. GIS Dashboard with Active and Past Cyclone visualization deployed for upcoming Control Center

xxiv. Development of GIS based sketching tool (Redlining client) for sharing changes done at site for further update in GIS completed

8.6.3 Mobile Applications for field verification, data capturing and updation

- **DT Inspection:** Being used to locate DT Code and tag with Meter serial number at site while installing Smart meter.
- **Asset Inspection:** All assets (Power Transformer, DT, RMU, Feeder Pillar and Poles) are available and provision to update the same at site.
- **Asset Numbering:** Capturing of painted number from site immediately after painting of poles.

- **Dues Details:** Current dues of customers are shown in different colours based on different slabs for collecting dues at site.
- **No Meter:** Being useful in locating and bringing consumer to billing fold and the same is being put to surveillance.

8.6.4 Major IT Initiatives:

- BAMS & BA ID card: Business Associate's management portal for onboarding and ID card allocations
- FCC App: The Fuse Call Centre (FCC) mobile application is for end-to-end digitization of the No Power Complaint resolution process by empowering field crew to update the closure of complaints via mobile devices
- SBM-OCR Application: Self-Meter Reading App using OCR(optical character recognition) software for consumer and field agents for accurate reading of meter
- Sangam Portal: Employee Engagement portal to facilitate employees in accessing HR-related information, The portal maintains visual synergy and uniformity with the similar portal used by all Tata Power group companies
- ERMS: Engineering Request Management System, ERMS is designed and developed for tracking the entire lifecycle of Technical Specifications finalization. This applicable is used for finalizing new specifications or for the revision of existing one
- Suraksha Kawach: The application is used for Capturing PTW and tripping complaints
- MoBidyut: The application is integrated with the Odisha Gov. application for new electricity connection, online bill payment, and file complaints online Up to 5KW (single phase) will be provided within 48 hours of submission of the application along with permanent connection payment
- Collection App.: Collection Application integrated with UPI/QR/POS for easy payment of electricity bills by consumers
- Knowledge Management Portal:
- iCAMs: IT's Change Request Automation Management System, iCAMS is designed and developed by the IT team for tracking the entire lifecycle of application development encompassing request generation through development and testing (system & UAT) to implementation
- TPCODL Mitra: Consumer App for Online Payment and Complaint Registration
- PP Note Approval using UI5: PP Note approval digitization through SAP

- Employee App (e-Saathi): e-Saathi mobile app is an employee-centric initiative that ensures accessibility to most of the pertinent business applications across one common platform. It saves users from the tedious task of remembering various URLs and App downloads with a single sign-on feature
- Disconnection Order App: Disconnection Order notifications are downloaded through the mobile app as soon as the RRG Team generates the Disconnection Order in the FG (MBC/CIS) system, The consumer's disconnection amount can be viewed
- Facilitating Ownership Change: Facilitating Ownership Change after e-Registration Integration with H&UD Govt. of Odisha

8.7 Employee Connect and Engagement

280. Some of the key initiatives for FY 2023-24 are as listed below.

8.7.1 Capability Development:

- 124 Technical Training programs for developing specialists
- One Management development center, 5 Skill development center & 13 practice yards
- Increased focus on Safety capability building with 45 programs
- Leadership development through MDP and EDP with 12 programs

8.7.2 Employee Engagement:

- Culture of Oneness and Bonding though mediums like Cultural and Sports meet etc.
- Under the banner of Sustainability, Health and Family various programs and events are being done.

8.7.3 Effective Business Communication:

- Increased Leadership interactions through townhalls, communication meetings, site visits etc.
- Building two way formal/informal channels like Voices (Field visit of Chief/ Head HR), Meet your DMs(20), Jansampark (HR @ Your Workplace) covering all Divisions, Sub-Divisions and up to Section Offices.

8.7.4 Health and Wellness:

- Annual Health Checkup of all eligible employees and Doctor's visit across locations of TPCODL
- Introduction of Group Medical Insurance policy with option of voluntary Top up cover for all OSCR regular employees & Issuance of e-health cards.

- Introduction of Group Personal Accident Policy up to 15 Lacs for Non-Executives & 25 lacs for Executives.
- Health awareness sessions

8.7.5 Diversity and Inclusion:

- Improving gender diversity through structured recruitment (from 4% to 5.24% in 3 yrs.)
- Women in Leadership League (WILL) program for women employees
- Celebration of Women's Day

8.7.6 Rewards and Recognition (R&R):

- Regular Reward & Recognition Programs for the employees through various forums
- Annual R&R – For Awarding the best Circles, Divisions, Sub-Divisions and Sections each year.
- Quarterly R&R – Approx. 450 employees covered in the each of the Quarter.
- On-Spot R&R from time-to-time on achievements of employees beyond the KRAs.

8.8 Contribution to Society: Key Societal Interventions

281. TPCODL has been serving the community through various initiatives. Maintaining the ethos of serving the community, TPCODL has been continuing various initiatives started in previous FYs and introduced new initiatives during ongoing FY as per the approved thematic areas.

Sl. No	Thematic Area	Initiative	Program Brief
1.	**Education**	*Women Literacy Center (VIDYA)*	• Women Literacy Centers are pivotal hubs for providing basic functional literacy to Women through computer based modules designed to enhance their skills and capabilities. • 25 Women Literacy Centers, 1000 Women Beneficiaries educated across urban slums in Bhubaneswar, Cuttack, and Puri.

Sl. No	Thematic Area	Initiative	Program Brief
		Club Enerji	• Club Enerji program is aimed at creating student ambassadors promoting awareness on energy conservation, climate change, and natural resource management • 200 Schools, 30,000 Students covered under the Club Enerji Program, with inclusive participation by specially abled students. • Club Enerji session are improvised with impact based learning activities viz. Best out of Waste Sessions, Seed Ball Making Sessions, Fun Games in Line with UN – SDGs.
2.	**Employability and Employment**	*Vocational Training Center (ROSHNI)*	• 2 no's of Vocational Training Centers are operational in Naraj, Cuttack and Khordha. 400 trainees passed out in (A) Stitching and Tailoring (B) Computer Education courses (C) Basic Computer Education (Courses are certified by National Skill Development Corporation) • Employment opportunities successfully arranged for pass-out trainees of Stitching & Tailoring in partnership with M/S. Sahi Exports Pvt. Ltd. • Promotion of plastic free environment through promotion of jute products made by trainees at the center.

		Skill Development and Entrepreneurship Center (DAKSH)	• Skill Development and Entrepreneurship Center at Angul. • 120 Trainees trained through detailed National Skill Development Corporation Certified modules in (A) Plumbing (B) Facility Management. • Placement Assistance to pass out trainees through UNICEF promoted 'MO WASH' company and Japanese MNC – Lixil. Successful assistance leading to job assignments for all passout trainees.
		EV Technician Training Center (DAKSH)	• EV Technician Training Center at Benapanjuri, Khordha • 60 Trainees trained through detailed National Skill Development Corporation Certified Modules • Placement Assistance resulting in placements of all trainees.
3.	Entrepreneurship	*Local Art Cluster (SAMRIDDHI)*	• Local Art cluster at Balianta Block, Khordha. • 240 Women Artisans (Un-Skilled & Semi-Skilled) trained in local art forms – (A) Tala Pattachitra (B) Tassar Art by National Award Winning Master trainers
		Integrated Farming Cluster (SAMRIDDHI)	• Integrated Farming Cluster in 03 Blocks of Nayagarh promoting sustainable practices for resilience in the

			face of climate change. • 600 Farmers from 10 GPs covered under the program. 362 Farm Ponds adopted, 10 Producer Groups formed. Establishment of Cluster Information Center and Satellite Center for farming information dissemination.
4.	Essential Enablers	*Mobile Health Dispensary (AROGYA)*	• 04 Mobile Health Dispensaries serving the rural population. • 1,12,302 beneficiaries have benefitted across 1174 GPs through these Mobile Health Dispensaries. • Support during public gatherings viz. Puri Rath Yatra, Ekamra Yatra, Pallishree Mela etc. • Informative Awareness Sessions on various topics viz. Malaria Prevention, Immunity Boosting Techniques etc.
		Volunteering Events	• 21,438 Volunteering Hours positively impacting 1,64,731 Beneficiaries. • 04 Blood Donation Camps conducted and 268 units of blood donated to Indian Red Cross Society. Felicitation by Indian Red Cross Society as Responsible Corporate. Support extended during Bahanaga Train Mishap. • Volunteering Events at Old Age Home, Blind Care Center, Leprosic Care Centers,

			Plantation Drives, Cleanliness Drives have been successfully conducted.

Picture 4 : Glimpses of CSR Activities

Women Literacy Center (*VIDYA*)

Club Enerji

EV Technician Training (*DAKSH)*

Local Artisan Cluster (*SAMRIDDHI)*

Integrated Farming Cluster (*SAMRIDDHI)*

Mobile Health Dispensary (*AROGYA)*

Employee Volunteering

8.9 Recognitions:- Awards & Accolades

Some of the major recognitions that TPCODL has got in FY 2023-24 is as provided below.

i. TPCODL Achieves **A+ rating in 12th Annual Integrated Ratings** of Distribution Utilities, approved by the Ministry of Power. Scored an impressive 91.1 out of 100, and ranked 9th amongst all the Distribution Utilities across the country.

ii. **ET Energy Leadership Awards 2023 organised by Times Internet:** TPCODL was among top 5 short listed entries for applied category in Excellence in Customer Services- Distribution Sector and Excellence in Digitization- Power Sector. The event was organized on June 20th & 21st, 2023 at HYATT REGENCY, NEW DELHI.

iii. Confederation of Indian Industry (CII) organised **Inter-Industry Supervisory Skill Competition** from 5-6 September'2023 on 12 themes. TPCODL team 'OPTIMUM' and 'TVARIT SAMADHAN' were declared as WINNER under PSU-PPP Category on the theme - Process Improvement and Customer Satisfaction. While team 'SAKSHAM' came up as First Runner Up under PSU-PPP Category on the theme of QCC Tools implementation at workplace, team 'ROOPANTARAN' came up as Third Runners Up on the theme of 5S Implementation at workplace and team 'TPCODL-KAIZEN' bagged the Second Position under Kaizen Appreciation Awards. This makes TPCODL Wins 5 Awards in "CII Inter-Industry Supervisory Skill Competition 2023".

iv. TPCODL has won **10 Awards at 'Chapter Convention on Quality Concept' 2023** organised by Quality Circle Forum of India, Bhubaneswar. The event was organised on 09th -10th September, 2023 at Silicon Institute of Technology, Bhubaneswar and the theme of the competition was 'Nurture Quality Concepts for better future'.

TPCODL had nominated 10 projects from various concepts such as QCC, KAIZEN & 5S, out of which all the 10 teams won ‘Gold’ Category Award.

v. TPCODL has been declared as Winner in ’T&D Cluster Improvement Challenge FY23 – Laser Projects’ organized by Tata Power for ‘Best Laser Project Competition’ on 04th October 2023 for the QCC project- ‘Reliability Improvement of High Revenue 11KV Unit 1 Feeder’, comprising of 6 members. This prestigious competition witnessed representation of shortlisted & selected 5 teams across T&D cluster. TPCODL had nominated 1 QCC project.

vi. TPCODL wins **3 Gold Awards at International Convention on Quality Control Circles 2023 organised by China Association for Quality**. The event was organized from 30th Oct to 02nd Nov 2023 and the theme of the competition was ‘Innovation and Vitality, Lighting up the Beauty of Quality’. TPCODL had nominated 3 QC projects and won all the projects in the ‘Gold’ Category. TPCODL competed with ~850 project teams across 15 countries which participated through physical mode.

vii. TPCODL wins at **17th India Energy Summit & ICC 11th Innovation with Impact award for Discoms 2023** at India Habitat Centre, Delhi on 3rd November 2023. TPCODL stands at Rank 1 for the category ‘Innovation with Impact-Challenged States’ and Rank 2 for the category ‘Performance Improvement.’

viii. TPCODL wins **3rd Position at CII-Odisha State Level Excellence Awards 2023**, organised by CII. The Confederation of Indian Industry-CII organized ‘Industry Carnival 2023’ during the last week of Nov’23. TPCODL had nominated 4 projects on QC Concept, out of which ‘Team Unnati’ grabbed the 3rd Position for the project theme – “Reduction in DT failure at BBSR”, in Services Category Award under 36th State Level Convention on Quality Circle QC Awards. TPCODL competed with 70 project teams from various prestigious organizations in Odisha.

ix. In the **37th National Convention on Quality Concepts (NCQC 2022**) organised by Quality Circle Forum of India (QCFI), TPCODL bagged **1 Award in the Par Excellence** Category and **8 Awards in the Excellent Category and 1 Award in the Distinguished category** held in Nagpur from 4th to 7th January 2024.

x. TPCODL bagged **CII State Level Award in Quality Control Segment** on 5th March’24 at Bhubaneswar.

xi. TPCODL has been adjudged **1st Runner Up of "CII Eastern Region Competition on Quality Circle - 2024" on 21st – 22nd March'24 in the 'Services Sector'** category organised by Confederation of Indian Industry in its 36th Convention on Quality Circle.

xii. TPCODL has been conferred with **"India CSR Leadership Award for 2023"** by India ESG Summit and India CSR.

xiii. TPCODL is bestowed with prestigious **"Best Corporate – Small and Emerging Category – 2023"** in the 8th edition of the ICSI CSR Excellence Awards organised by The Institute of Company Secretaries of India (ICSI) under the Ministry of Corporate Affairs, GoI.

TPCODL

Chapter 9. ANNEXURE 2: Details of Monthly Power Purchase for the FY 2023-24

282. The tables in this Annexure provides the details of monthly power purchase bills of GRIDCO towards BSP, Transmission Charges bills of OPTCL and SLDC Charges Bills.

Table 9-1 Details of GRIDCO BSP Bills

Energy Bill raised by GRIDCO for the FY 2023-24								
Month	**Bill no**	**Total MU Billed by GRIDCO**	**Bill value @305 Paisa Per kWh (Rs.Cr)**	**Debit Bill (Rs.Cr)**	**Credit bill (Rs.Cr)**	**Total Current Bill raised by GRIDCO (Rs.Cr)**	**LPS**	**Total Bill including LPS (Rs.Cr)**
		1	**2**	**3**	**4**	**5=2+3-4**	**6**	**7=5+6**
Apr-23	CGM-PP-53/2023/451 dt.04.05.202	990.45	302.09	-	-	302.09	-	302.09
May-23	CGM-PP-50/2023/484 dt.05.06.2023	1,105.91	337.30	-	-	337.30	-	337.30
Jun-23	CGM-PP-50/2023/712 dt.05.07.2023	1,106.05	337.35	-	-	337.35	-	337.35
	Debit Bill (FY-21-22)	0.25	0.00	0.07		0.07		0.07
	Debit Bill (FY-22-23)	0.16	0.00	0.05		0.05		0.05
Jul-23	CGM-PP-50/2023/830 dt.04.08.2023	1,069.65	326.24	-	-	326.24	-	326.24
	Credit Bill (Apr-21 to Jan-22)	-5.13	0.00	-	1.45	-1.45		-1.45
Aug-23	CGM-PP-50/2023/1506 dt.06.09.2023	1,029.07	313.87	-	-	313.87	-	313.87
	Debit Bill (Oct-22 to Mar-23)	0.14	0.00	0.04		0.04		0.04
	Credit Bill (Apr-23 to Jun-23)	-1.75	0.00	-	0.53	-0.53		-0.53
Sep-23	CGM-PP-50/2023/1021 dt.05.10.2023	998.65	304.59	-	-	304.59		304.59
Oct-23	CGM-PP-50/2023/1126 dt.04.11.2023	1,014.92	309.55	-	-	309.55		309.55
Nov-23	CGM-PP-50/2023/1285 dt.05.12.2023	825.28	251.71	-	-	251.71		251.71
Dec-23	CGM-PP-50/2023/19 dt.05.01.2024	722.90	220.48	-	-	220.48		220.48
Jan-24	RT&C-Bill-02/2023-24/37 dt.06.02.24	716.15	218.42	-	-	218.42		218.42
Feb-24	CGM-PP-50/2023/250 dt.04.03.2024	754.31	230.07	-		230.07		230.07
	Debit/Credit Bill (Jul-23 to Dec-23)	-0.10	0.00	-	0.03	-0.03		-0.03
Mar-24	CGM-PP-50/2023/358 dt.05.04.2024	975.01	297.38	-	-	297.38		297.38
Total Power Purchase Bills (A)		11,301.90	3,449.04	0.16	2.02	3,447.19		3,447.19
Inter-Discom Sale /Purchase (B)								-0.89
Total (A+B)		**11,301.90**	**3,449.04**	**0.16**	**2.02**	**3,447.19**	**-**	**3,446.30**

Table 9-2: OPTCL Transmission Charges Bills for FY 2023-24

Transmission Bill raised by OPTCL for the FY 2023-24						
Month	**Bill no**	**MU Billed by OPTCL**	**Transmission Charges @ 0.24P Per kWh (Rs.Cr)**	**Debit Bill OPTCL (Rs.Cr)**	**Credit bill OPTCL (Rs.Cr)**	**Total OPTCL Bill (Rs.Cr)**
		1	**2**	**3**	**4**	**5=2+3-4**
Apr-23	RT&C-Bill-02/2022-23/220 dt.04.05.23	989.89	23.76	0.00	0.00	23.76
May-23	RT&C-Bill-02/2023-24/262 dt.05.06.23	1105.91	26.54	0.00	0.00	26.54
Jun-23	RT&C-Bill-02/2023-24/287 dt.05.07.23	1105.15	26.52	0.00	0.00	26.52
Jul-23	RT&C-Bill-02/2023-24/338 dt.05.08.23	1069.41	25.67	0.00	0.00	25.67
Aug-23	RT&C-Bill-02/2023-24/368 dt.07.09.23	1028.84	24.69	0.00	0.00	24.69
Sep-23	RT&C-Bill-02/2023-24/389dt.06.10.23	998.41	23.96	0.00	0.00	23.96
Oct-23	RT&C-Bill-02/2023-24/418 dt.06.11.23	1013.03	24.31	0.00	0.00	24.31
Nov-23	RT&C-Bill-02/2023-24/446 dt.05.12.23	823.14	19.76	0.00	0.00	19.76
Dec-23	RT&C-Bill-02/2023-24/03 dt.05.01.24	720.92	17.30	0.00	0.00	17.30
Jan-24	RT&C-Bill-02/2023-24/37 dt.06.02.24	714.01	17.14	0.00	0.03	17.11
Feb-24	RT&C-Bill-02/2023-24/66 dt.06.03.24	751.91	18.05	0.00	0.00	18.05
Mar-24	RT&C-Bill-02/2023-24/106 dt.05.04.24	972.36	23.34	0.00	0.00	23.34
Total		**11292.99**	**271.03**	**0.00**	**0.03**	**271.00**

Table 9-3: SLDC Charges Bills for FY-2023-24

SLDC Bill raised for the FY 2023-24		
Month	**Bill no**	**SLDC Charges (Rs. Cr)**
Apr-23	SLDC Bill No-2 Dt.30.04.2023	0.1452
May-23	SLDC Bill No-70 Dt.31.05.2023	0.1452
Jun-23	SLDC Bill No-138 Dt.30.06.2023	0.1452
Jul-23	SLDC Bill No-206 Dt.31.07.2023	0.1452
Aug-23	SLDC Bill No-274 Dt.31.08.2023	0.1452
Sep-23	SLDC Bill No-342 Dt.30.09.2023	0.1452
Oct-23	SLDC Bill No-410 Dt.31.10.2023	0.1452
Nov-23	SLDC Bill No-478 Dt.30.11.2023	0.1452
Dec-23	SLDC Bill No-546 Dt.31.12.2023	0.1452
Jan-24	SLDC Bill No-614 Dt.31.01.2024	0.1452
Feb-24	SLDC Bill No-682 Dt.29.02.2024	0.1452
Mar-24	SLDC Bill No-755 Dt.31.03.2024	0.1452
Total		1.74

Annexure-3 : Copy of the Income tax return acknowledgment

Please refer to next page for copy of the Income tax return acknowledgment.

Annexure-3

Acknowledgement Number:668020891301024 **Date of filing : 30-Oct-2024**

INDIAN INCOME TAX RETURN ACKNOWLEDGEMENT

[Where the data of the Return of Income in Form ITR-1(SAHAJ), ITR-2, ITR-3, ITR-4(SUGAM), ITR-5, ITR-6, ITR-7 filed and verified]
(Please see Rule 12 of the Income-tax Rules, 1962)

Assessment Year 2024-25

PAN	AAHCT8404D		
Name	TP CENTRAL ODISHA DISTRIBUTION LIMITED		
Address	Power House Square, Unit-8, Bhubaneswar, Khordha, Nayapalli S.O, Bhubaneswar , KHORDA , 24-Odisha, 91-INDIA, 751012		
Status	6-Public company	Form Number	ITR-6
Filed u/s	139(1)-On or before due date	e-Filing Acknowledgement Number	668020891301024

Taxable Income and Tax Details	Current Year business loss, if any	1	0
	Total Income	2	54,97,94,430
	Book Profit under MAT, where applicable	3	0
	Adjusted Total Income under AMT, where applicable	4	0
	Net tax payable	5	13,83,72,263
	Interest and Fee Payable	6	0
	Total tax, interest and Fee payable	7	13,83,72,263
	Taxes Paid	8	17,69,87,213
	(+) Tax Payable /(-) Refundable (7-8)	9	(-) 3,86,14,950
Accreted Income and Tax Detail	Accreted Income as per section 115TD	10	0
	Additional Tax payable u/s 115TD	11	0
	Interest payable u/s 115TE	12	0
	Additional Tax and interest payable	13	0
	Tax and interest paid	14	0
	(+) Tax Payable /(-) Refundable (13-14)	15	0

This return has been digitally signed by SANJAY BANGA in the capacity of Director having PAN ABGPB9156P from IP address 136.226.233.81 on 30-Oct-2024 13:59:01 at 49.37.114.13 (Place) DSC SI.No & Issuer 6308794 & 196775139921083CN=SignX sub-CA for Class 3 Individual 2022,OU=Sub-CA,O=FuturiQ Systems Private Limited,C=IN

System Generated

Barcode/QR Code

AAHCT8404D066680208913010246fd7f402eb92634f4a2d6bfb696f76a534dfd0fc

DO NOT SEND THIS ACKNOWLEDGEMENT TO CPC, BENGALURU