



**ASSAM ELECTRICITY REGULATORY COMMISSION
(AERC)**

TARIFF ORDER

March 6, 2026

**True-Up for FY 2024-25, APR for FY 2025-26, and
ARR and Tariff for FY 2026-27**

for

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

Petition No. 22/2025

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List of Abbreviations

A&G	Administrative and General
ABITA	Assam Branch of Indian Tea Association
ADB	Asian Development Bank
AEGCL	Assam Electricity Grid Corporation Limited
AERC	Assam Electricity Regulatory Commission
APDCL	Assam Power Distribution Company Limited
APGCL	Assam Power Generation Corporation Limited
APTEL	Appellate Tribunal for Electricity
ARR	Aggregate Revenue Requirement
AS	Accounting Standards
ASEB	Assam State Electricity Board
BST	Bulk Supply Tariff
CAG/C&AG	Comptroller and Auditor General
CEA	Central Electricity Authority
CERC	Central Electricity Regulatory Commission
CPC	Central Pay Commission
CPI	Consumer Price Index
CSGS	Central Sector Generating Stations
CTU	Central Transmission Utility
CWIP	Capital Work-In-Progress
DA	Dearness Allowance
DISCOM	Distribution Company
EAP	Externally Aided Projects
FINER	Federation of Industry & Commerce of North Eastern Region
GFA	Gross Fixed Assets
GoA	Government of Assam
GPF	General Provident Fund
H1	First Half of the year
H2	Second Half of the year
IWC/loWC	Interest on Working Capital
kW	kilo Watt
kWh	kilo Watt hour
MU	Million Units

MW	Mega Watt
MYT	Multi Year Tariff
NERLDC	North Eastern Region Load Despatch Centre
O&M	Operation and Maintenance
PGCIL	Power Grid Corporation of India Limited
PoC	Point of Connection
R&M	Repairs and Maintenance
RLDC	Regional Load Despatch Centre
RoE	Return on Equity
SAC	State Advisory Committee
SBI	State Bank of India
SLDC	State Load Despatch Centre
SLM	Straight Line Method
STOA	Short Term Open Access
STU	State Transmission Utility
TSC	Transmission Service Charges
TVS	Technical Validation Session
WPI	Wholesale Price Index

ASSAM ELECTRICITY REGULATORY COMMISSION

Guwahati

Present

Lt. Gen. Rana Pratap Kalita (Retd.), Chairperson

Shri Upananda Kataki, Member

Petition No. 22/2025

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

ORDER

(Passed on March 6, 2026)

- (1) AEGCL filed the Petition for approval of Truing up for FY 2024-25 as per MYT Regulations, 2021, Annual Performance Review (APR) for FY 2025-26, and revised Aggregate Revenue Requirement (ARR) and Tariff for FY 2026-27 as per MYT Regulations, 2024, on November 29, 2025, which was registered as Petition No. 22/2025.
- (2) The Commission observed that there were few inconsistencies in the Petition. The Commission raised queries in order to clarify the discrepancies, inconsistencies, and data gaps. The Commission sought additional data and clarifications on the Petition vide letter dated December 12, 2025 with submission date of December 26, 2025.
- (3) The Commission held an Admissibility Hearing on December 12, 2025, and admitted the Petition (Petition No. 22/2025) vide Order dated December 15, 2025.
- (4) On admission of the Petition (Petition No. 22/2025), in accordance with Section 64 of the Electricity Act, 2003 (EA 2003), the Commission directed AEGCL to publish a summary of the ARR and Tariff filing in local dailies to facilitate due public participation.
- (5) Accordingly, a Public Notice was issued by the AEGCL inviting objections/suggestions from respondents to be submitted on or before January 12, 2026. The abridged version

of the petition and short notice were published in Six (6) leading newspapers of the State on December 18, 2025 and December 19, 2025 and December 20, 2025, as shown in the table below:

Date	Name of Newspaper	Language
December 18, 2025, December 19, 2025 and December 20, 2025	The Assam Tribune	English
	The Sentinel	English
	The Financial Express	English
	Dainik Janambhumi	Assamese
	Purbanchal Prahari	Hindi
	Bodosa	Bodo

- (6) A copy of the Petition and other relevant documents were also directed to be made available to the consumers and other interested Parties at the office of the Managing Director of AEGCL. A copy of the Petition and other relevant documents were also directed to be made available on the websites of the Commission and AEGCL.
- (7) In response to the Commission's letter dated December 12, 2025, AEGCL submitted its replies on December 26, 2025.
- (8) A Technical Validation Session (TVS) was also held on January 6, 2026 at the conference room of the Commission.
- (9) Following the TVS, additional data and clarifications were sought on January 6, 2026. AEGCL submitted their replies on January 19, 2026.
- (10) The Petitions were also discussed in the 37th Meeting of the State Advisory Committee (SAC) (constituted under Section 87 of the EA 2003) held on January 21, 2026 at Bidyut Niyamak Bhawan, Six Mile, Guwahati.
- (11) The Commission received suggestions/objections from three (3) stakeholders on the Petition filed by AEGCL. The stakeholders were notified about the place, date and time of Hearing, to enable them to take part in the Hearing. A notice was also published in Newspapers inviting participation from the general public as well as the Respondents. The Hearing was held at Bidyut Niyamak Bhawan, Six Mile, Guwahati on February 4, 2026 as scheduled. All stakeholders/respondents who participated in the Hearing were given the opportunity to express their views on the Petitions. The details are discussed in the relevant Chapters attached to this Order.

- (12) The Commission, now in exercise of its powers and functions vested under Sections 61, 62, 86 and 181 of the EA 2003 and all other powers enabling it in this behalf and taking into consideration the submissions made by the Petitioner, objections and suggestions received from stakeholders and all other relevant materials on record, has approved the Truing up for FY 2024-25, APR for FY 2025-26 and revised and Tariff for FY 2026-27 as detailed in relevant Chapters attached to this Order.
- (13) The Commission directs AEGCL to publish a Public Notice intimating the revised Transmission Tariff before the implementation of this Order, in English and Vernacular newspapers and on the website of AEGCL.
- (14) The approved Transmission Tariff shall be effective from April 1, 2026 and shall continue until replaced by any subsequent Order of the Commission.

Accordingly, the Petition No. 22/2025 stand disposed of.

Sd/-
(Shri Upananda Kataki)
Member, AERC

Sd/-
(Lt. Gen. Rana Pratap Kalita (Retd.))
Chairperson, AERC

1 INTRODUCTION

1.1 Constitution of the Commission

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

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

1.2 Tariff related Functions of the Commission

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

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

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

- a) The principles and methodologies specified by the Central Commission for determination of the tariff applicable to generating companies and transmission licensees;
- b) That the electricity generation, transmission, distribution and supply are conducted on commercial principles;
- c) That factors which would encourage efficiency, economical use of the resources, good performance, optimum investments, and other matters which the State commission considers appropriate for the purpose of this Act;
- d) The interests of the consumers are safeguarded and at the same time, the consumers pay for the use of electricity in a reasonable manner based on their customer category cost of supply;

- e) That the tariff progressively reflects the cost of supply of electricity at an adequate and improving level of efficiency and also gradually reduces cross subsidies;
- f) The National Power Plans formulated by the Central Government including the National Electricity Policy and Tariff Policy.

1.3 Background

- 1.3.1 AEGCL is the successor corporate entity of erstwhile Assam State Electricity Board (ASEB) formed pursuant to the notification of the Government of Assam (GoA), notified under sub-sections (1), (2), (5), (6) and (7) of Section 131 and Section 133 of the EA 2003 (Central Act 36 of 2003), for the purpose of transfer and vesting of functions, properties, interests, rights, obligations and liabilities, along with the transfer of personnel of the ASEB to successor entities.
- 1.3.2 AEGCL owns and operates the transmission system previously owned by ASEB. AEGCL has started functioning as a separate entity from December 10, 2004.

1.4 Multi Year Tariff Regulations, 2021

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

1.5 Multi Year Tariff Regulations, 2024

- 1.5.1 The Commission, in exercise of the powers conferred under Section 61 read with Section 181(2) (zd) of the Act, notified the AERC (Terms and Conditions for determination of Multi Year Tariff) Regulations, 2024 (herein after referred as “MYT Regulations, 2024”) on November 05, 2024. These Regulations are applicable for determination of Tariff for Generation, Transmission, SLDC, Wheeling and Retail Supply for the Control Period of five financial years from April 1, 2025 onwards up to March 31, 2030. These Regulations are applicable to all existing and future Generating Companies, Transmission Licensees and Distribution Licensees within the State of Assam.

1.5.2 Regulation 4.2 of the MYT Regulations, 2024, specifies the MYT framework, as reproduced below:

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

(i) Submission of a Multi-Year Tariff Petition by the Applicant at the beginning of the control period, comprising forecast of Aggregate Revenue Requirement for the entire Control Period and expected revenue from existing tariff and Charges, expected revenue gap or surplus, for each year of the Control Period, and proposed tariff and charges for ensuing year, i.e. first year of the Control Period:

Provided that the Distribution Licensees shall propose the category-wise tariff for the first year of the Control Period:

Provided also that Multi-Year Tariff Petition shall also include trueing up for FY 2023-24 and the Annual Performance Review for FY 2024-25 to be carried out under Assam Electricity Regulatory Commission (Terms & Conditions of Multi-Year Tariff) Regulations, 2021;

(ii) A detailed Capital Investment Plan for each year of the Control Period, shall be submitted by the applicant for the Commission’s approval;

(iii) The applicant shall submit operating norms and trajectories of performance parameters for each year of the Control Period, for the Commission’s approval;

(iv) The applicant shall submit the forecast of Aggregate Revenue Requirement and expected revenue from existing tariff for each year of the Control Period, and the Commission shall approve the tariff for Generating Companies, SLDC, Transmission Licensee, Distribution Wheeling Business and Retail Supply Business, for each year of the Control Period. The tariff shall be reviewed at the time of the true-up and annual performance review;

(v) In its tariff petition, a generating company shall submit information to support the determination of tariff for each generating station;

(vi) Annual Performance review vis-à-vis the approved forecast and categorization

of variation in performance as those caused by factors beyond the control of the applicant (uncontrollable items) shall be undertaken by the Commission;

- (vii) True up of the past years based on audited annual accounts of the licensees and the Generation companies shall also be undertaken;*
- (viii) The applicant shall, along with the tariff petition, submit a statement on the status of compliance of directives, if any, issued by the Commission in its previous tariff order;*
- (ix) The mechanism for pass-through of approved gains or losses on account of uncontrollable items as specified by the Commission in these Regulations;*
- (x) The mechanism for sharing of approved gains or losses arising out of controllable items as specified by the Commission in these Regulations;*
- (xi) There shall be no true-up of the controllable items except on account of Force Majeure events or on account of variations attributable to uncontrollable items. The variations in the controllable items, as defined in regulation 10, over and above the norms specified will be governed by incentive and penalty framework specified in these regulations;*
- (xii) The tariff determined by the Commission and the directions given in the MYT order shall be the quid pro quo and mutually inclusive. The tariff determined shall, within the time period specified in the order, be subject to the compliance of the directions by the generating company and the licensees to the satisfaction of the Commission. Non-compliance of directions given in the tariff order may also lead to invocation of the provisions of section 142 of the Act.*
- (xiii) The tariff determined by the Commission shall continue to operate till it is modified or revised by the Commission.”*

1.5.3 Regulation 8.1 of the MYT Regulations, 2024, specifies the framework for truing up and APR, as reproduced below:

“8.1 Where the aggregate revenue requirement and expected revenue from tariff and charges of a Generating Company or Transmission Licensee or Distribution Licensee or SLDC is covered under a Multi-Year Tariff framework, then such Generating Company or Transmission Licensee or Distribution Licensee or SLDC,

as the case may be, shall be subject to an annual performance review and true up during the Control Period in accordance with this Regulation.

8.2 The Generating company, Transmission Licensee, SLDC and the Distribution Licensee shall file an application for annual performance review of current year, true-up of previous year and tariff for the ensuing year not less than 120 days before the close of each year of the control period.

Provided that the Generating Company or Transmission Licensee or Distribution Licensee or SLDC, as the case may be, submit to the Commission information in such form as may be stipulated by the Commission, together with the Accounting Statements, extracts of books of account and such other details as the Commission may require to assess the reasons for and extent of any variation in financial performance from the approved forecast of Aggregate Revenue Requirement and actual revenue from tariff and charges.

Provided further that the Petition for Truing Up shall be accompanied by Audited Annual Accounts. However, the Petitioner shall make available the CAG report whenever the Commission asks for.

Provided also that the information sought by the Commission shall be submitted in the formats as prescribed by the Commission.

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

- a) **True Up:** a comparison of the audited performance of the applicant for the previous financial year with the approved forecast for that financial year and truing up of expenses and revenue in line with Regulation 10 of this regulation including pass through of gain/loss pertaining to controllable and uncontrollable items;*
- b) **Annual Performance Review:** a comparison of the performance targets estimated to be achieved for the current financial year (based on 6 months actual data) with the approved forecast for that financial year including adjusting trajectories of uncontrollable if needed.*
- c) Categorisation of variations in performance with reference to approved forecast into factors within the control of the applicant (controllable items)*

and those caused by factors beyond the control of the applicant (uncontrollable items):

Provided such categorization of the controllable and uncontrollable items shall be done in accordance with Regulation 10 of this regulation.

8.4 Upon completion of the review, the Commission shall attribute any variations or expected variations in performance, for variables specified under Regulation 10 below, to factors within the control of the applicant (controllable items) or to factors beyond the control of the applicant (uncontrollable items):

Provided that any variations or expected variations in performance, for variables other than those specified under Regulation 10 below, shall not be reviewed by the Commission during the Control Period and shall be attributed entirely to controllable items:

Provided however, that where the applicant or any interested or affected party believes, for any variable not specified under Regulation 10 below that there is a material variation or expected variation in performance, for any financial year, on account of uncontrollable items, such applicant or interested or affected party may apply to the Commission for inclusion of such variable, during the Annual Performance Review for such financial year.

8.5 Upon completion of the True-Up and Annual Performance Review, the Commission shall pass an order recording-

- a) The approved aggregate gain or loss to the Generating Company or Transmission Licensee or Distribution Licensee or SLDC on account of controllable items and the amount of such gains or such losses that may be shared in accordance with Regulation 12:*
- b) The approved modifications to the forecast of the Generating Company or Transmission Licensee or Distribution Licensee or SLDC for the ensuing financial year; and*
- c) Revision of estimates for the ensuing financial year, if required, based on the audited financial results for the previous financial year.”*

1.6 Procedural History

1.6.1 As per Regulation 4.2 of the MYT Regulations, 2024, AEGCL is required to file an application for approval of Truing up for FY 2024-25, APR for FY 2025-26, ARR and determination of Tariff for FY 2026-27, not less than 120 days before the close of the

current financial year.

- 1.6.2 AEGCL filed its Petition for approval of Truing up for FY 2024-25 as per MYT Regulations 2021, APR for FY 2025-26, ARR and determination of Tariff for FY 2026-27 as per MYT Regulations, 2024 on November 29, 2025. The same was registered as Petition No. 22/2025.
- (15) The Commission observed that there were few inconsistencies in the Petition. The Commission raised queries in order to clarify the discrepancies, inconsistencies, and data gaps. The Commission sought additional data and clarifications on the Petition vide letter dated December 12, 2025 with submission date of December 26, 2025.
- (16) The Commission held an Admissibility Hearing on December 12, 2025, and admitted the Petition (Petition No. 22/2025) vide Order dated December 15, 2025.
- 1.6.3 On admission of the Petitions in accordance with Section 64 of the EA 2003, the Commission directed AEGCL to publish a summary of the ARR and Tariff filings in local dailies to facilitate due public participation.
- 1.6.4 A copy of the Petition and other relevant documents were also made available to the consumers and other interested Parties at the office of the Managing Director of AEGCL, and offices of the Deputy General Manager of each circle of AEGCL. A copy of the Petition was also made available on the websites of the Commission and AEGCL.
- 1.6.5 Accordingly, a Public Notice was issued by AEGCL inviting objections/suggestions from respondents to be submitted on or before January 12, 2026. The abridged version and short notice were published in Six (6) leading newspapers of the State as shown in the Table below:

Date	Name of Newspaper	Language
December 18, 2025, December 19, 2025 and December 20, 2025	The Assam Tribune	English
	The Sentinel	English
	The Financial Express	English
	Dainik Janambhumi	Assamese
	Purbanchal Prahari	Hindi
	Bodosa	Bodo

- 1.6.6 In response to the Commission's letter dated December 12, 2025, AEGCL submitted

its replies on December 26, 2025.

- 1.6.7 The Commission received suggestions/objections from three (3) stakeholders on the Petition filed by AEGCL. The stakeholders were notified about the place, date and time of Hearing, to enable them to take part in the Hearing. A newspaper notice was also published inviting participation from the general public as well as the Respondents. The Hearing was held at Bidyut Niyamak Bhawan, Six Mile, Guwahati on February 4, 2026 as scheduled. All stakeholders/respondents who participated in the Hearing were given the opportunity to express their views on the Petitions.
- 1.6.8 All the written representations submitted to the Commission and oral submissions made before the Commission in the Hearing and the responses of AEGCL have been carefully considered while issuing this Tariff Order. The major issues raised by different consumers and consumer groups along with the response of AEGCL, and views of the Commission are elaborated in Chapter 3 of this Order.

1.7 State Advisory Committee Meeting

- 1.7.1 A meeting of the 37th State Advisory Committee (SAC) (constituted under Section 87 of the Act) was convened on January 21, 2026 at Bidyut Niyamak Bhawan, Six Mile, Guwahati, and members were briefed on the MYT Petition of AEGCL. The Minutes of the SAC Meeting are appended to this Order as **Annexure 1**.

2 Summary of AEGCL's Petition

2.1 Background

2.1.1 AEGCL submitted the Petition on November 29, 2025 seeking approval of True up for FY 2024-25, APR for FY 2025-26, and revised ARR and Tariff for FY 2026-27. The Transmission Charges are to be recovered from the Assam Power Distribution Company Limited (APDCL), IPPs and other generators, traders and others who utilize the transmission system.

2.2 True-up for FY 2024-25

2.2.1 AEGCL submitted the True-up for FY 2024-25 based on the audited accounts. The summary of ARR and Revenue Gap/(Surplus) claimed by AEGCL for FY 2024-25 is shown in the following Table:

Table 1: True-up for FY 2024-25 as submitted by AEGCL (Rs. Crore)

Sl. No.	Particulars	Approved in T.O. dt. 27.06.2024	AEGCL Submission
1	O&M Expenses	252.55	250.54
a	Employee Cost	207.87	206.07
b	R&M Expenses	32.33	32.13
c	A&G Expenses	12.35	12.34
2	Depreciation	98.37	84.03
3	Interest & Finance Charges	0.40	5.61
4	Interest on Working Capital	20.21	19.23
5	BST for Pension Trust Fund	260.69	247.93
6	Return on Equity	125.96	111.95
7	Other debits	-	0.56
8	Contribution to Contingency Reserve	-	3.25
9	Less: Non-Tariff Income/ Other Income	85.33	103.95
10	Aggregate Revenue Requirement	672.85	619.13
11	Add: Incentive on higher transmission availability	-	3.98
12	Add: Sharing of (Gains)/Loss	-	(2.05)
13	ARR after Sharing (Gains)/Losses and Incentive	672.85	621.07

Sl. No.	Particulars	Approved in T.O. dt. 27.06.2024	AEGCL Submission
14	Less: Revenue from STOA/MTOA Charges	4.58	0.95
15	Net Aggregate Revenue Requirement	668.27	620.12
16	Revenue Gap /(Surplus) for FY 2023-24	-	48.16

2.3 Annual Performance Review of FY 2025-26

2.3.1 AEGCL submitted the APR of FY 2025-26 based on the actual expenses incurred in the first half of FY 2025-26, as shown in the Table below:

Table 2: Annual Performance Review for FY 2025-26 (Rs. Crore)

Sl. No.	Particulars	Approved in MYT Order dt. 25.03.2025	FY 2025-26 H1	FY 2025-26 H2	AEGCL Estimation
1	O&M Expenses	262.43	135.99	135.99	271.98
a	Employee Cost	206.12	109.14	109.14	218.27
b	R&M Expenses	40.79	20.46	20.46	40.92
c	A&G Expenses	15.52	6.40	6.40	12.79
2	Depreciation	82.40	40.72	40.72	81.45
3	Interest & Finance Charges	1.38	0.58	0.58	1.16
4	Interest on Working Capital	14.78	8.43	8.43	16.87
5	BST for Pension Trust Fund	253.83	123.21	123.21	246.41
6	Return on Equity	116.15	56.41	56.41	112.82
7	Contribution towards Contingency Reserve	3.53	1.70	1.70	3.40
8	Less: Non-Tariff Income/Other Income	119.80	43.84	60.22	104.06
9	Aggregate Revenue Requirement	614.70	323.20	306.82	630.02
10	Less: Revenue from STOA/MTOA Charges	2.36	1.23	1.13	2.36

Sl. No.	Particulars	Approved in MYT Order dt. 25.03.2025	FY 2025-26 H1	FY 2025-26 H2	AEGCL Estimation
11	Net ARR	612.34	321.97	305.69	627.66
12	Revenue Gap for FY 2025-26	-	-	-	15.32

2.4 Revised ARR and Tariff Determination for FY 2026-27

2.4.1 AEGCL has projected the revised ARR for FY 2026-27 as detailed in the Table below:

Table 3: ARR for FY 2026-27 as submitted by AEGCL (Rs. Crore)

Sl. No.	Particulars	As per T.O. dated 25.03.2025	FY 2026-27
1	O&M Expenses	268.16	278.02
A	Employee Cost	219.54	231.20
B	R&M Expenses	31.98	33.56
C	A&G Expenses	16.64	13.26
2	Depreciation	81.26	100.77
3	Interest & Finance Charges	0.00	0.00
4	Interest on Working Capital	16.68	17.51
5	BST for Pension Trust Fund	274.20	248.87
6	Return on Equity	116.15	117.36
7	Contribution to Contingency Reserve	3.79	3.82
8	Less: Non-Tariff Income/ Other Income	125.79	104.06
9	ARR	634.45	662.29
10	Less: Revenue from STOAM/TOA Charges	2.36	2.36
11	Net ARR	632.09	659.93

2.5 Transmission Tariff

AEGCL has proposed to pass through the Revenue Surplus of Rs. 59.59 Crore to APDCL on account of True-up for FY 2024-25 including the Holding Cost of Rs. 11.43 Crore, through twelve equal monthly instalments of Rs. 4.96 Crore in FY 2026-27. AEGCL has computed the Transmission Charges by considering Maximum

Contracted Capacity as 3093.02 MW based on 10% escalation over Peak Load of 2811.84 MW during FY 2024-25.

In view of the above, AEGCL has requested the Commission to approve the Transmission Charges of Rs. 0.47/kWh and Transmission Access Charge of Rs. 5845.50 per MW/day for FY 2024-25, as shown in the Table below:

Table 4: Tariff Computation for FY 2026-27

Particulars	FY 2026-27
Standalone Annual Revenue Requirement (Rs. Crore)	659.93
Transmission Charge (Rs./kWh)	0.47
Transmission Access Charge (Rs./MW/Day)	5845.50

2.6 Prayers of AEGCL

2.6.1 AEGCL, in its Petition, has prayed as under:

1. *“The present petition provides, AEGCL’s approach for formulating the proposed tariff for ensuing year, the broad basis for projections used, summary of the proposals being made to the Hon’ble Commission.*
2. *In order to align the thoughts and principles behind the Tariff Proposal and the ARR, AEGCL respectfully seeks an opportunity to present their case prior to the finalization of the Tariff Order. AEGCL believes that such an approach would go a long way towards providing a fair opportunity to all the stakeholders including AEGCL and may eliminate the need for a review or clarification.*
3. *AEGCL may also be permitted to propose suitable changes to the ARR and the mechanism of meeting the revenue on further analysis, prior to the final approval by the Hon’ble Commission.*
4. *In view of the above, the Petitioner respectfully prays that Hon’ble Commission may:*
 - *Accept the Annual Revenue Requirements and Tariff proposal for Transmission Business respectively in accordance with:*
 - *The guidelines outlined in previous AERC Orders passed in various matters relating to AEGCL; and*
 - *To admit the True-up for FY 2024-25 as per the provisions of the AERC (MYT) Regulations 2021 and APR for FY 2025-26 & ARR for FY 2026-27 as per the provisions of the AERC (MYT) Regulations 2024, consider present Petition for*

further proceedings before Hon'ble Commission;

- *To approve the total recovery of Aggregate Revenue Requirement for FY 2026-27 along with other claims as proposed by AEGCL;*
- *To grant any other relief as the Hon'ble Commission may consider appropriate;*
- *To pass any other order as the Hon'ble Commission may deem fit and appropriate under the circumstances of the case and in the interest of justice;*
- *To condone any error/omission and to give opportunity to rectify the same;*
- *To permit AEGCL to make further submissions, addition and alteration to this Petition as may be necessary from time to time;"*

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

3.1.1. The Commission has received suggestions/objections from three (3) stakeholders on the Petition filed by AEGCL, from the following objectors:

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

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

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

3.1.4. The Commission held the Hearing at the Court room of AERC, Guwahati on 4th February, 2026.

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

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

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

Issue 1: Operation and Maintenance (O&M) Expenses

Objections:

ABITA submitted that the Petitioner has claimed O&M expenses of Rs. 250.54 Crore based on the methodology specified in the MYT Regulations, 2021. ABITA has reviewed the calculations and actual expenses as per the Audited Accounts and

considered the lower of the actual or normative expenses as per the MYT Regulations, 2021.

ABITA submitted that AEGCL's projection of Rs. 271.98 Crore is too high compared to actual expenses in FY 2024-25 and suggested using the audited figures to estimate normative expenses for FY 2025-26, estimating a lower amount of Rs. 229.85 Crore.

ABITA projected lower O&M expenses for FY 2026-27, using the WPI and CPI indices in accordance with the MYT Regulations, 2024. ABITA submitted that AEGCL's figures are overstated in comparison to their own projections.

FINER submitted that the Petitioner has claimed higher O&M expenses of Rs.250.54 Crore against actual audited expenses of Rs.244.39 crore, without any justification. This recurring overstatement inflates the ARR and burdens consumers. It is therefore, prayed that O&M expenses be allowed at the lower of actuals or norms, and that unsupported claims such as colony maintenance and cyber security costs be disallowed in line with MYT Regulations, 2021.

Response of AEGCL

AEGCL submitted that the figures considered against the column AERC 2025 Order seems to be incorrect and there is no clarity of the figures, however, AEGCL has submitted the true-up Petition as per MYT Regulations, 2024. AEGCL submitted that the O&M Expenses has been computed as per the normative formula specified in the applicable MYT Regulations. AEGCL requested the Commission to approve O&M Expenses of Rs.271.98 Crore for FY 2025-26. AEGCL submitted that the O&M Expenses for FY 2026-27 have been computed as per MYT Regulations, 2024.

AEGCL submitted that it had claimed the O&M Expenses for FY 2024-25 as per the provisions of the AERC MYT Regulations, 2021. Further, the difference between actual and normative O&M expense have been shared with APDCL as per sharing mechanism specified under MYT Regulations, 2021.

Commission's View

The Commission has allowed normative O&M expenses in accordance with the MYT Regulations, 2021 and considered the actual component-wise O&M expenses for FY 2024-25 after prudence check, as elaborated in Chapter 4 of this Order. The efficiency gains//losses on account of variation between the normative and actual O&M expenses has been done in accordance with the MYT Regulations, 2021, as detailed in Chapter 4 of this Order.

The Commission has specified the framework for approving the O&M expenses for each year of the Control Period in the respective MYT Regulations, and the Commission has followed the normative approach in accordance with the stipulations of the Tariff Policy and Regulations specified by the Central Electricity Regulatory Commission as well as other State Electricity Regulatory Commissions. The variation between the normative and actual O&M expenses are shared between the Licensee and the consumers in the specified ratio, irrespective of whether the actual O&M expenses are lower or higher than the normative O&M expenses.

The Commission has approved the O&M expenses for FY 2025-26 and FY 2026-27 based on the methodology specified in the MYT Regulations, 2024, wherein the employee expenses and A&G expenses for each year of the Control Period are based on the actual prudent employee expenses and A&G expenses, respectively, in the 5 years prior to the Control Period, while the R&M expenses are allowed as a percentage of the Gross Fixed Assets, which is also based on the actual average percentage in previous years. Such base expenses are duly escalated by the applicable CPI or WPI indices. Thus, the normative O&M expenses are based on the actual prudent expenses in the past.

Issue 2: Interest on Loan

Objections

ABITA submitted that AEGCL has proposed interest and finance charges of Rs. 5.61 Crore in the truing up of FY 2024-25 as against Rs 5.24 Crore approved in the Tariff Order for FY 2024-25 and computed actual interest on loan on the outstanding loan as Rs. 1.54 Crore, ABITA has adopted the principles for determining the normative opening loan in accordance with the previous Tariff Orders and Regulation 34 of the MYT Regulations, 2021. Based on the above, the interest and finance cost works out to Rs. 6.97 Crore.

FINER submitted that Petitioner has claimed higher interest on loan despite no loan addition in FY 2024-25. As per the Commission's past orders, interest should be allowed on normative loans using the actual weighted average rate, which works out to 0.61% against the claimed 7.91%. Accordingly, allowable interest and finance charges should be restricted to Rs. 0.40 Crore instead of Rs. 5.61 Crore.

For FY 2025-26, AEGCL has proposed interest and finance charges of Rs. 1.16 Crore, but ABITA, following the previous methodology, has calculated the charges to be Rs. 3.06 Crore, considering debt additions and repayment equal to depreciation.

Additionally, ABITA has submitted that while AEGCL has proposed interest and finance charges for FY 2026–27 by considering addition of debt and an interest rate of 8.69%, ABITA, based on normative closing loan projected in the APR for FY 2025-26 and applying the normative interest rate of 8%, has considered net interest on loan capital of Rs. 0.52 Cr for FY 2026–27.

Response of AEGCL

AEGCL submitted that it has computed normative interest and finance charge in accordance with MYT Regulations, 2021 for FY 2024-25 and the same has been detailed in the Tariff Petition submitted to the Commission.

AEGCL submitted that the Interest and Finance Charges have been computed as per MYT Regulations, 2024 for FY 2025-26 and FY 2026-27 and requested the Commission to approve the proposed Interest and Finance Charges.

Commission's View

The Commission has allowed the normative interest on loan and finance charges on the average normative loans during FY 2024-25 in accordance with the MYT Regulations, 2021, as discussed in Chapter 4 of this Order. Similarly, for FY 2025-26 and FY 2026-27, the Commission has allowed the normative interest on loan and finance charges on the average normative loans during the respective year, considering the normative debt addition against approved GFA addition in accordance with the MYT Regulations, 2024, as discussed in Chapter 5 and Chapter 6, respectively, of this Order.

Issue 3: Depreciation

Objection

ABITA raised concerns regarding the depreciation claimed by AEGCL for FY 2024-25 and FY 2025-26. ABITA, following the methodology from previous Tariff Orders, proposed a lower depreciation figure of Rs. 54.33 Crore for FY 2024-25. For FY 2025-26, AEGCL has claimed Rs. 81.45 Crore against depreciation, but ABITA has estimated depreciation as Rs. 50.43 Crore, based on the same methodology used in previous Tariff Orders.

ABITA requested the Commission to carefully analyse the details of AEGCL's capital expenditure (capex) and capitalization schemes to ensure they are approved judiciously, in accordance with the MYT Regulations, 2024.

FINER submitted that the Petitioner has claimed depreciation of Rs. 84.03 Crore for

FY 2024-25. As per Regulation 32 of the MYT Regulations, 2021 and past practice, depreciation should be allowed only after prudence check and on asset additions net of grants, in addition to depreciation already approved in the previous year. Accordingly, depreciation should be determined in line with the MYT Regulations.

ABITA submitted that while AEGCL has proposed net depreciation of Rs. 100.76 Crore for FY 2026–27 by considering higher provisional capitalization, ABITA, following the MYT Regulations, 2024 and past Tariff Orders and after appropriately adjusting depreciation on grants and consumer contribution, has considered a net depreciation of Rs. 57.96 Crore for FY 2026–27.

Response of AEGCL

AEGCL submitted that depreciation for FY 2024-25 has been claimed as per MYT Regulations, 2021. AEGCL clarified that the rate of depreciation as per the Audited Accounts is not 4.64%. The item-wise depreciation rates are provided in Note 2.3, page 11 of the Audited Accounts for FY 2024-25 submitted along with the Tariff Petition. AEGCL requested the Commission to approve depreciation of Rs. 84.03 Crore in the True up of FY 2024-25.

AEGCL submitted that depreciation for FY 2025-26 has been claimed as per MYT Regulations, 2024. AEGCL requested the Commission to approve depreciation of Rs. 81.45 Crore in the APR of FY 2025-26.

AEGCL submitted that the projected depreciation for FY 2026-27 has been computed based on the ongoing projects and new projects that are expected to be capitalized during FY 2026-27.

Commission's View

Depreciation has been allowed by the Commission for FY 2024-25 in accordance with the MYT Regulations, 2021, as discussed in Chapter 4 of this Order. The computation of depreciation for FY 2025-26 and FY 2026-27 in accordance with the provisions of the MYT Regulations, 2024 have been elaborated in Chapter 5 and Chapter 6, respectively, of this Order.

Issue 4: Capital Expenditure and Capitalization

Objection

ABITA submitted that the Petitioner has submitted Capitalisation of Rs. 146.42 Crore for FY 2024-25. The funding of capitalization has been completely through Equity and Grant. ABITA has followed the financing of capitalization as per the Tariff Order for FY

2024-25, comprising Grant of Rs. 139.51 Crore, Equity of Rs. 2.07 Crore and Debt of Rs. 4.84 Crore.

FINER submitted that the Petitioner has claimed capitalization of Rs.146.42 crore, while audited accounts show Rs.157.59 crore, with no reconciliation provided. Given this discrepancy, audited figures should be considered, and AEGCL should be directed to reconcile the difference. Further, the balance grant of Rs.24.13 Crore is deemed utilized in FY 2024-25 and should not be carried forward.

CAC submitted that substantial public funds have been invested in AEGCL's capital projects, many of which have faced delays of 2–4 years beyond the stipulated completion period, resulting in financial inefficiencies and avoidable tariff burden on consumers. Accordingly, CAC requested the Commission to constitute a Review Committee to examine project delays and ensure timely capitalization and prudent utilisation of public funds.

ABITA submitted that the Petitioner has proposed capitalization of Rs. 421.42 Crore for FY 2025–26 funded entirely through grant, which is significantly higher than the actual capitalization of Rs. 142.42 Crore in FY 2024–25 and Rs. 230.31 Crore in FY 2023–24, and therefore, ABITA has considered the Commission-approved capitalization of Rs. 260 Crore and requested the Commission to approve a realistic level of capitalization for FY 2025–26.

ABITA has submitted that, based on realistic asset additions and in line with previous Tariff Orders, the capitalization for FY 2026–27 has been considered at Rs. 260 Crore fully funded through grant, as against Rs. 1,248.90 Crore proposed by AEGCL with equity and debt components.

Response of AEGCL

AEGCL submitted that the capitalisation for FY 2024-25 has been considered based on Audited Annual Accounts of AEGCL.

AEGCL submitted that the AIIB-funded infrastructure projects are being implemented with a three-year timeline. While all augmentation works were completed in 2024, commissioning of new substations is underway and expected by March 2026. Project timelines were impacted due to challenging terrain, statutory and forest clearances, and additional design and engineering requirements to comply with updated Indian Standards.

AEGCL submitted that the capitalisation for FY 2025-26 has been estimated based on actuals for the first six months and projections for the remaining six months,

considering ongoing projects expected to be completed during the year and past trends. The detailed capitalisation plan has already been provided in the Capital Investment Plan submitted along with the Tariff Petition.

AEGCL submitted that the Capitalisation proposed for FY 2026-27 is based on the upcoming projects and ongoing projects of AEGCL. Details of the same has been submitted in Capital Investment Plan along with the Tariff Petition.

AEGCL submits that the reconciliation of GFA additions claimed in the True-up for FY 2024-25 with the GFA additions as per the Audited Accounts has already been provided to the Commission in response to Data Gap Query No. 10.

Commission's View

The details of capitalization approved for FY 2024-25 are elaborate in Chapter 4 of this Order. The Commission has approved the Capitalisation for FY 2025-26 and FY 2026-27, considering the actual achievement by AEGCL in H1 of 2025-26, and the past trend of capitalisation actually achieved by AEGCL. If AEGCL achieves actual Capitalisation higher than the Capitalisation approved by the Commission, the same shall be allowed at the time of truing up with the associated carrying cost.

The funding of the Capitalisation has been considered based on the scheme-wise funding proposed by AEGCL and normative debt:equity ratio in accordance with the applicable MYT Regulations, after reducing the grant component.

Issue 5: Interest on Working Capital

Objection:

ABITA submitted that it has re-computed the working capital requirement considering the norms and receivables and proposed IOWC accordingly for FY 2024-25, FY 2025-26, and FY 2026-27.

FINER submitted that Petitioner has claimed Interest on Working Capital of Rs. 19.23 Crore. Based on revised and allowable O&M expenses and receivables, the admissible interest works out to Rs. 14.00 Crore and should be limited accordingly.

Response of AEGCL

AEGCL submitted that it has computed interest on working capital for FY 2024-25 in accordance with MYT Regulations, 2021 and the same has been provided in the Tariff Petition submitted before the Commission.

AEGCL submitted that the Interest on Working Capital for FY 2025-26, amounting to

Rs. 16.87 Crore, has been computed in accordance with the MYT Regulations, 2024, as detailed in the Petition, and requested the Commission to approve the same.

AEGCL submitted that the Interest on Working Capital for FY 2026-27 has been computed as per MYT Regulations, 2024.

Commission's View

The Commission has approved the normative Interest on Working Capital for FY 2024-25, FY 2025-26, and FY 2026-27 in accordance with the applicable MYT Regulations, as elaborated in the relevant Chapters of this Order.

Issue 6: BST for Pension Trust Fund

Objections

ABITA requested the Commission to do prudency check and only allow BST as applicable for the energy injected into the DISCOM.

Additionally, ABITA submitted that the Special Charges towards Bulk Supply Tariff (BST) for FY 2025–26 have been considered at Rs. 246.41 Crore in line with the Tariff Order for FY 2025-26 and the proposal submitted by AEGCL.

FINER submitted that Petitioner has claimed Rs. 247.93 Crore towards the BST Pension Trust Fund for FY 2024-25, which disproportionately inflates ARR and unfairly burdens consumers. Since, this liability arose due to lack of State Government funding, it should be borne by the State Government and not passed through tariff. AEGCL should be directed to seek State Government support and adopt alternative mechanisms, including a dedicated Pension Fund and independent oversight, to mitigate consumer impact.

Response of AEGCL

AEGCL submitted that the Special Charges on Bulk Supply Tariff for FY 2024-25 has been computed at Rs. 20/kWh (*Rs. 0.20/kWh*), as approved by the Commission in the MYT Order dated 21.03.2022 on the actual energy sent out to APDCL and requested the Commission to approve the same.

AEGCL submitted that the Special Charges on Bulk Supply Tariff for FY 2025-26 has been computed at Rs. 18/kWh (*Rs. 0.18/kWh*), as approved by the Commission in the

MYT Order dated 25.03.2025 on the actual energy sent out to APDCL, and requested the Commission to approve the same.

AEGCL submitted that the BST has been claimed as per Order of the Government of Assam subject to the approval of the Commission.

Commission's View

The issue of pass through of BST through AEGCL Transmission Tariff has been elaborated at length in previous Orders, and is not being repeated here. The Commission has allowed the BST of Rs. 0.20/kWh in the true-up of FY 2024-25 and Rs. 0.18/kWh in the APR and ARR of FY 2025-26 and FY 2026-27, respectively, as approved in the MYT Order, on the energy injected into the APDCL system, as elaborated in the respective Chapters of this Order.

Issue 7: Transmission Loss and Transmission Availability

Objections

ABITA submitted that the Petitioner has submitted actual transmission loss of 3.24% for FY 2024-25 as against 3.25% (3.23%) approved by the Commission in the Tariff Order. ABITA submitted that AEGCL has projected transmission loss of 3.22% for FY 2025-26 as against 3.21% approved by the Commission in the Tariff Order. It is pertinent to mention that the transmission losses of various STUs are in the range of 2-3% while that of AEGCL would be amongst the highest in the country. Reduction of transmission loss would help in reducing the overall cost of delivered power to the consumer and AEGCL should be continuously working towards the same.

ABITA requested the Commission not to relax the norms for AEGCL.

CAC submitted that AEGCL has not yet achieved transmission losses below 3% and AEGCL should scientifically assess its optimum transmission loss by benchmarking with other utilities, clarify whether theoretical and practical loss-reduction measures have been undertaken, disclose the status of earlier reports submitted to the Commission, and submit a comprehensive and time-bound action plan for reducing transmission losses, including maintaining proper 33 kV bus voltage at GSSs.

ABITA has projected Transmission loss of 3.18% and Transmission Availability factor of 99.50% for FY 2026-27.

Reply of AEGCL

AEGCL submitted that its transmission losses have consistently reduced from 3.31% in FY 2022-23 to 3.28% in FY 2023-24 and further to 3.24% in FY 2024-25. This

improvement has been achieved through multiple system-strengthening measures, including commissioning of new 132 kV and 220 kV substations, augmentation and replacement of power transformers, and replacement of ageing transmission lines with HTLS conductors, leading to improved voltage profiles, reduced technical losses, and enhanced overall system efficiency.

AEGCL submitted that its target transmission loss of 3.23% is better than the national average of 3.47% and is broadly comparable with MahaTransco's 3.18%, demonstrating operational efficiency in line with leading Utilities. AEGCL is implementing key infrastructure initiatives, including the AIIB-funded Assam Intra-State Transmission System Enhancement Project, along with transformer augmentation and transmission line upgrades, which are expected to further reduce losses. For voltage maintenance at the 33 kV bus, AEGCL has already installed capacitor banks at several substations. However, the CEA has identified additional capacitor installation requirements at the distribution level, which fall under the DISCOM's scope, and AEGCL has formally communicated the same to APDCL.

AEGCL submitted that transmission losses are projected to further reduce from 3.24% in FY 2024-25 to 3.22% in FY 2025-26, reflecting an improvement of 0.02%, driven by transformer capacity augmentations at Nalbari and Rangia GSS. Additional transmission and substation strengthening works—covering new 220 kV and 132 kV lines, LILOs, HTLS conductor upgrades, and commissioning of multiple substations including Khumtai, Jakhalabandha, Bihpuriya, Chaygaon, Nagaon, Agomoni, Sankardevnagar, and Amingaon GIS—are targeted for completion during FY 2025-26 and are expected to further contribute to transmission loss reduction and system strengthening.

AEGCL submitted that a Transmission Availability Factor of 98.50% has been projected and will be trued-up based on actuals in accordance with the MYT Regulations, 2024. Further, transmission losses are projected to reduce from 3.22% in FY 2025-26 to 3.19% in FY 2026-27, reflecting an improvement of 0.03%, driven by the commissioning of major 400 kV and 220 kV GIS substations and LILO transmission projects, including New Rangia GIS and Sonapur GIS, during FY 2026-27.

Commission's View

The Commission has considered the Transmission Loss as 3.23% in the true-up of FY 2024-25, as approved in the Tariff Order for FY 2024-25, and has computed the efficiency loss on account of actual Transmission Loss being higher at 3.24% in FY

2025-25, as elaborated in Chapter 4 of this Order. The Commission has considered the Transmission Loss as 3.21% and 3.19% in the APR and ARR of FY 2025-26 and FY 2026-27, respectively, as approved in the MYT Order, as elaborated in the respective Chapters of this Order.

Issue 8: Return on Equity

Objection

ABITA submitted that it has calculated the ROE for FY 2024-25 at Rs. 111.21 Crore, while actual ROE earned by AEGCL is Rs. 305.31 Crore as per Audited Accounts, which is Rs. 193.36 Crore higher than the amount claimed by AEGCL, Rs. 191.70 Crore higher than the ROE approved by the Commission in its Tariff Order for FY 2024-25, and 57% higher than the actual ROE for FY 2023-24.

FINER submitted that Petitioner has claimed ROE based on equity additions from conversion of loans and grants without Commission's approval or disclosure of interest waived by the Government of Assam. Such unapproved conversions unfairly burden consumers and should not be allowed. Accordingly, equity additions should be disallowed and ROE restricted to Rs. 13.49 Crore.

AEGCL has proposed an ROE of Rs. 112.82 Crore for FY 2025-26 considering grants and loans converted into equity, whereas ABITA has computed the ROE in accordance with the MYT Regulations, 2024.

Further, for FY 2026-27, AEGCL has computed the ROE at 13.50% under the MYT Regulations, 2024 without considering any additional ROE on account of capitalization targets. ABITA, however, has computed the ROE based on average equity in line with the applicable Regulations, arriving at an ROE of Rs. 111.35 crore as against AEGCL's proposed ROE of Rs. 117.36 crore.

Response of AEGCL

AEGCL submitted that the Return on Equity for FY 2024-25 has been considered, as per Regulation 34 of the MYT Regulations, 2021.

AEGCL submitted that Return on Equity has been computed for FY 2025-26 and FY 2026-27 as per Regulation 34 of the MYT Regulations, 2024.

AEGCL submitted that the ROE shown under the 'Claimed' column, as noted by FINER, is incorrect. AEGCL has claimed Return on Equity in accordance with MYT Regulations, 2021. The conversion of Government Loans and Grants into equity was

approved by the Commission and the Government of Assam, and had already been communicated to the Commission and included in the previous Tariff Petition.

Commission's View

The Commission's analysis and ruling on the computation of RoE for the respective years is elaborated in relevant Chapters of this Order. The Commission has allowed the equity addition and RoE in accordance with the provisions of the applicable MYT Regulations.

Issue 9: Contingency Reserves and Other Debits

Objection

ABITA submitted that the Petitioner has claimed Rs. 3.25 Crore towards the Contingency Reserve for FY 2024-25. ABITA acknowledged the expenses, stating that the reserve was used for repairs due to accidents, natural calamities, and urged the Commission to exclude other debits while determining the true-up of ARR for FY 2024-25.

FINER submitted that the Petitioner has claimed Rs. 3.25 Crore from the contingency reserve without providing any justification, details of utilization, or prior approval, in violation of Regulation 67.9.2 of the MYT Regulations, 2021 and specific directions of the Commission. In the absence of supporting documentation, the claim is unjustified and should be disallowed.

Response of AEGCL

AEGCL submitted that other debits amounting to Rs. 0.56 Crore for FY 2024-25 have not been claimed under contingency reserve as such items claimed under other debits were not caused due to natural calamities.

AEGCL submitted that the detailed utilization of funds under contingency reserve for FY 2024-25 have been submitted to the Commission along with the replies against data gap.

Commission's View

The Commission has allowed the Contingency Reserves and Other Debits in accordance with the Regulations and after verifying that the utilisation of Funds from the Contingency Reserve has been done with relevant approvals of the Commission, as elaborated in the respective Chapters of this Order.

Issue 10: Non-Tariff Income

Objection

ABITA submitted that the Petitioner has claimed Non-Tariff Income (NTI) of Rs. 103.95 Crore in the true-up of FY 2024-25, whereas Audited Accounts show Rs. 214.62 Crore as Other Income, ABITA urged the Commission to review the Audited Accounts and adjust the Non-Tariff Income accordingly in the true-up of FY 2024-25.

FINER submitted that the Petitioner has claimed Non-Tariff Income (NTI) of Rs. 103.95 Crore, which is inconsistent with Rs. 214.62 Crore booked as Other Income in the Audited Accounts for FY 2024-25. In the absence of any justification or reconciliation for this discrepancy, the audited figure should be considered for NTI deduction while determining ARR.

Response of AEGCL

AEGCL submitted that the break-up of Non-Tariff Income has already submitted to the Commission along with the Tariff Petition and further details have been submitted along with replies to data gaps to the Commission.

AEGCL submitted that NTI for FY 2024-25 has been claimed in accordance with MYT Regulations, 2021, while the Annual Accounts have been prepared as per the Companies Act, 2013. Further, justification and reconciliation of NTI has been submitted to the Commission in response to the data gaps.

Commission's View

The Commission has considered the NTI for each year in accordance with the applicable MYT Regulations and the practice adopted by the Commission in the previous Orders.

The Commission's decision on NTI for FY 2024-25, FY 2025-26, and FY 2026-27 are elaborated in the relevant Chapters of this Order.

Issue 11: Summary of True-up of FY 2024-25

Objections

ABITA submitted that the actual income as per the Audited Accounts is Rs. 933.39 Crore, which includes NTI of Rs. 214.62 Crore.

There is a Revenue Surplus of Rs. 245.81 Crore for FY 2024-25 as against the Revenue Surplus of Rs. 48.16 Crore proposed by the Petitioner. The Commission is

requested to take into account the above Surplus in the ARR while approving the true-up for AEGCL.

FINER submitted that the Petitioner has not submitted the Independent Auditor's Report and CAG Report with its True-up Petition for FY 2024-25, in violation of Regulation 9 of the MYT Regulations, 2021. This repeated non-compliance, despite earlier directions of the Commission, affects transparency and scrutiny of ARR claims. Accordingly, AEGCL should be directed to file these reports with all future Tariff Petitions and provide time for stakeholder comments.

Further, the ARR for FY 2024-25 should be Rs. 377.12 Crore, resulting in a surplus of Rs. 291.15 Crore, significantly higher than AEGCL's claimed surplus of Rs. 48.16 Crore. Key adjustments include lowering O&M expenses, depreciation, interest, ROE, and Interest on Working Capital, while considering audited figures for NTI and Pension Trust Fund. The Commission may allow the ARR and surplus as computed.

Response of AEGCL

AEGCL submitted that based on the clarification submitted against other issues, the Commission may kindly approve the ARR of Rs. 668.28 Crore and the Revenue Surplus of Rs. 48.16 Crore after true-up of FY 2024-25.

AEGCL submitted that the Audited Annual Accounts for FY 2024-25 have been filed with the Tariff Petition as required under MYT Regulations, 2021. Although the Commission has directed in the Tariff Order dated 25-03-2025 to submit the CAG Report along with the True-up Petition, the report was received from the C&AG on 26-12-2025 and will be submitted to the Commission subsequently.

Commission's View

The allowable ARR and Revenue Gap/Surplus for FY 2024-25 have been determined after necessary prudence check and in accordance with the applicable MYT Regulations, 2021, as elaborated with head-wise details in the relevant Chapters of this Order.

Issue 12: Need for Load Flow Study

Objections

CAC submitted that while AEGCL carries out regular power flow analysis, it should submit to the Commission the present and projected power flow studies for existing and upcoming grid substations, including the 400/220 kV Rangia substation, to ensure

effective planning, integration with APDCL's distribution system, and cost-effective utilization of public investment.

Response of AEGCL

AEGCL submitted that power flow studies are conducted under the guidance of CEA, CTUIL, and Grid India. As per the Resource Adequacy Planning Framework for India issued by the Ministry of Power, the responsibility for preparing the State Resource Adequacy Plan rests with CEA. Accordingly, the CEA's Resource Adequacy Report for Assam (dated 14 August 2025) provides a comprehensive assessment and long-term planning of the intra-State transmission system up to FY 2034-35. AEGCL's role is limited to execution of projects approved by CEA, including major schemes such as the 400 kV Rangia and Sonapur transmission projects.

Commission's View

It is essential that AEGCL plans its transmission system based on scientific load-flow studies and also ensures that the actual execution of the capital expenditure schemes is done in line with the plan, as it is quite often observed that there is a significant delay in execution of the schemes. If the proposed capital expenditure schemes are not commissioned as per the intended timelines, then the intended benefits will also be delayed.

Issue 13: Summary of APR for FY 2025-26 and ARR for FY 2026-27

Objections

ABITA submitted that there is a net Revenue Surplus of Rs. 63.29 Crore against AEGCL claim of Gap of Rs. 15.32 Crore after APR for FY 2025-26.

ABITA submitted that for FY 2026–27, against the total ARR of Rs. 659.91 Crore projected by AEGCL, ABITA has computed a lower ARR of Rs. 555.63 Crore.

FINER submitted that the Petitioner has proposed to adjust Revenue Surplus of Rs. 59.97 Crore in FY 2026-27, however, based on the true-up, the actual Surplus works out to Rs. 291.15 Crore with carrying cost of Rs. 69.10 Crore, totaling to Rs. 360.25 Crore. This Surplus should be adjusted while determining the ARR and tariff for FY 2026-27.

Response of AEGCL

AEGCL submitted that based on the clarifications provided against other issues, the

Commission may approve the APR of Rs. 669.29 Crore for FY 2025- 26.

AEGCL requested the Commission to approve the ARR for FY 2026-27 as per the submission by AEGCL in its Petition.

AEGCL submitted that the detailed computation of ARR and Tariff for FY 2026-27 has been submitted in the Tariff Petition and further justification/reconciliation has been submitted to the Commission along with replies against the data gaps.

Commission's View

The allowable ARR and Revenue Gap/Surplus for FY 2025-26 and FY 2026-27 have been determined after necessary prudence check and in accordance with the MYT Regulations, 2024, as elaborated with head-wise details in the relevant Chapters of this Order.

Issue 14: Urgent Requirement of 132/33 kV GSS at Udharbond

Objections

CAC submitted that the 132/33 kV GSS at Udharbond is critically required to address existing transmission constraints and enable APDCL to meet the growing industrial load in the area. Despite repeated representations by APDCL and CAC, the project has not been included in AEGCL's priority schemes. Accordingly, CAC requested the Commission to take cognizance of the urgency of the project and issue appropriate directions to AEGCL.

Response of AEGCL

AEGCL submitted that, in view of rising industrial demand and the proposed Pumped Storage Project in Udharbond, CEA has approved the upgradation of the 132/33 kV Udharbond substation to a 400 kV ISTS substation. The execution of this critical infrastructure project will be carried out by CTUIL following issuance of the final report.

Commission's View

As stated earlier, the execution of Schemes should be time-bound and AEGCL should co-ordinate with CTUIL to ensure the same.

Issue 15: Discrepancy Between Normative and Audited Accounts

Objections

CAC submitted that there is a significant mismatch between the normative surplus of Rs. 48.16 Crore in AEGCL's regulatory accounts and the audited surplus of Rs. 306.69 Crore for FY 2024–25, and emphasized that such discrepancies should be rationalized by considering actual expenditures wherever they are lower than normative values while determining the regulatory accounts.

Response of AEGCL

AEGCL submitted that the True-Up Petition for FY 2024-25 has been filed in accordance with the MYT Regulations, 2021, and the Audited Annual Accounts have been prepared as per the Companies Act, 2013. Accordingly, the differences between the Gap/Surplus reflected in the regulatory accounts and the Audited Annual Accounts have been duly accounted for in the Tariff Petition.

Commission's View

It is clarified that there will be certain differences between the Audited Accounts, which are based on actual accrued expenses, whereas the Regulatory Accounts are based on the Regulations and are a mix of actual and normative expenses, along with sharing of efficiency gains and losses.

The Commission has specified the framework for approving the expenses for each year of the Control Period in the respective MYT Regulations, and the Commission has followed the normative approach in accordance with the stipulations of the Tariff Policy and Regulations specified by the Central Electricity Regulatory Commission as well as other State Electricity Regulatory Commissions. The variation between the normative and actual expenses are passed through or shared between the Licensee and the consumers in the specified ratio, depending on whether the same is uncontrollable or controllable, irrespective of whether the actual expenses are lower or higher than the normative expenses.

Issue 16: Tariff Computation for FY 2026-27

Objections

ABITA submitted that the Petitioner has projected the tariff for FY 2026-27 based on the ARR for FY 2025-26, including revenue gaps for FY 2025-26 and FY 2026-27 along

with applicable carrying costs. On similar principles, ABITA proposed the tariff and requested the Commission to approve a Net ARR of Rs. 237.31 Crore, Transmission Charge of Rs. 0.169/kWh, and Transmission Access Charge of Rs. 2,102.01/MW/Day for FY 2026-27.

Response of AEGCL

AEGCL requested the Commission to approve Transmission Charge as Rs. 0.47/kWh for FY 2026-27.

Commission's View

The allowable ARR and Revenue Gap/Surplus for FY 2026-27 has been determined after necessary prudence check and in accordance with the MYT Regulations, 2024, as elaborated with head-wise details in the relevant Chapter of this Order. The Transmission Tariff has been determined accordingly, as elaborated in the relevant Chapter of this Order.

Issue 17: Observation on Audited Balance Sheet of FY 2024-25

Objections

FINER submitted that the Petitioner's Audited Balance sheet for FY 2024-25 reveals several concerns warranting the Commission's consideration. These include material prior-period restatements due to accounting errors, significant Other Income not fully netted off from ARR, unjustified equity infusions inflating the ROE base, and a sharp increase in CWIP without adequate justification or approvals. Further concerns relate to restated trade receivables indicating recovery inefficiencies and high profits reflecting efficiency gains that have not been appropriately shared. Accordingly, it is prayed that no undue regulatory benefits be passed through in the true-up and that appropriate prudence checks and adjustments be undertaken while adjudicating the Tariff Petition.

Response of AEGCL

AEGCL submitted that it has claimed the ARR for FY 2024-25 in accordance with AERC MYT Regulations, 2021, and that its financial statements are prepared under Indian Accounting Standards (Ind AS) as per the Companies Act, 2013, complying with applicable provisions of the Electricity Act, 2003, and other relevant Regulations and policies.

Commission's View

The allowable ARR and Revenue Gap/Surplus for FY 2024-25 has been determined after necessary prudence check and in accordance with the MYT Regulations, 2021, as elaborated with head-wise details in Chapter 4 of this Order.

4 Truing up for FY 2024-25

4.1 Methodology for Truing Up

- 4.1.1 The Commission had approved the ARR for FY 2024-25 in the Order dated June 27, 2024.
- 4.1.2 AEGCL submitted the Truing-up Petition for FY 2024-25 based on Audited Annual Accounts and provisions of MYT Regulations, 2021, wherever applicable. AEGCL has sought true-up for FY 2024-25, with the Revenue Gap/(Surplus) to be recovered/adjusted during FY 2026-27.
- 4.1.3 The Commission approves the cost parameters through approval of the ARR at the beginning of the year, keeping in view the data available at that point of time. The cost approvals for each of the items are based on projection of expenses and revenue before beginning of the year and the provisions of MYT Regulations, 2021. The projections might vary over the course of the year.
- 4.1.4 The actual cost/values for certain elements/parameters may vary as against the approved cost during the year due to various controllable and uncontrollable factors. The Licensee may end up with higher or lower expenditure, as the case may be, at the end of the year as against the approved cost.
- 4.1.5 The Commission analyses the actual expenditure for the previous year based on the Audited Annual Accounts of the Licensee and allows/disallows the recovery of the actual expenditure through the ensuing year's tariff, subject to prudence check.
- 4.1.6 In the present Chapter, the Commission has carried out the Truing up for FY 2024-25 based on the submissions of AEGCL, Audited Annual Accounts for FY 2024-25 and provisions of MYT Regulations, 2021.
- 4.1.7 In this Chapter, the Commission has analysed all the elements of actual expenditure and revenue of AEGCL for FY 2024-25, and undertaken the truing-up of expenses and revenue in accordance with the MYT Regulations, 2021. The Commission has approved the sharing of gains and losses on account of controllable factors between AEGCL and its beneficiaries, in accordance with Regulation 12 of the MYT Regulations, 2021.

4.2 Transmission Loss

4.2.1 AEGCL submitted the Transmission Loss of 3.24% for FY 2024-25 for the purpose of Truing up, as shown in the following Table:

Table 5: Transmission Loss for FY 2024-25 as submitted by AEGCL (MU)

Sr. No.	Particulars	Approved in T.O. dt. 27.06.2024	AEGCL Submission
1	Energy Injected (MU)		12829.19
2	Energy Sent Out to APDCL (MU)		12396.30
3	Energy Sent Out to OA Consumers (MU)		17.00
4	Total Energy Sent Out		12413.30
4	Transmission Loss (MU)		415.89
5	Transmission Loss (%)	3.23%	3.24%

Commission's Analysis

4.2.2 The Commission has verified the Transmission Loss through documentary evidences submitted by AEGCL. It is noted that the actual Transmission Loss for FY 2024-25 is higher than the Transmission Loss of 3.23% approved by the Commission in the Tariff Order for FY 2024-25.

4.2.3 For the true-up, the Commission has considered the actual Transmission Loss of 3.24% for FY 2024-25, for the purpose of Energy Balance for APDCL. However, as Transmission Loss is a controllable performance parameter for AEGCL, the Commission has computed the efficiency loss on account of the higher than approved Transmission Loss, and shared the same with the beneficiaries, as elaborated later in this Chapter.

4.3 O&M Expenses

4.3.1 AEGCL submitted the O&M expenses for FY 2024-25 comprising the following heads:

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

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

4.3.2 Employee Expenses

AEGCL submitted that Employee Expenses comprise salaries, dearness allowance, bonus, terminal benefits in the form of pension and gratuity funding, leave encashment, and staff welfare expenses. AEGCL has claimed normative employee expenses of Rs. 206.07 Crore for FY 2024-25 as against Rs. 207.87 Crore approved in the Tariff Order dated June 27, 2024. The actual employee expenses have been claimed as Rs. 198.03 Crore, based on the Audited Accounts for FY 2024-25.

4.3.3 Repairs and Maintenance (R&M) Expenses

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

AEGCL submitted that it is carrying out R&M activities in order to maintain the assets in a more efficient way. AEGCL has claimed normative R&M expenses of Rs. 32.13 Crore for FY 2024-25 as against Rs. 32.33 Crore approved in the Tariff Order dated June 27, 2024.

AEGCL submitted that the "K" factor of AEGCL has been considered as 0.75% as approved by the Commission vide MYT Order dated 27.06.2024. AEGCL clarified that the above normative R&M expenses are exclusive of SLDC expenses.

Further, the AMC cost of SCADA has been excluded from AEGCL and separately considered under SLDC Petition and the normative R&M expenses claimed by AEGCL includes the provision for Colony Maintenance and Cyber Security as elaborated below:

Provision for Colony Maintenance

AEGCL submitted that it had earlier requested the Commission to allow a separate amount for improvement of its existing colonies associated with major Grid Sub-stations. Most of the residential buildings, interior roads, drains, security walls, etc., needed major maintenance/reconstruction. The Commission, vide Tariff Order dated March 21, 2023 approved Rs. 17.79 Crore to be utilised specifically for colony maintenance to be spent in three financial years, i.e., FY 2022-23, FY 2023-24, and FY 2024-25. Accordingly, the actual amount has been booked for FY 2024-25 against the works. AEGCL submitted that it has made all efforts to judiciously expend the

amount by chalking out plans for works in all the three regions towards Repair of residential quarters, Repair of colony roads, Beautification of colony landscape, Improvement of children's playground, etc.

Provision for Cyber Security

The Commission, vide Tariff Order dated June 27, 2024 approved additional amount for cyber security. Accordingly, AEGCL has utilized the amount in various works.

In view of the above, AEGCL requested the Commission to approve the normative R&M expenses of Rs. 32.13 Crore for FY 2024-25.

The actual R&M expenses have been claimed as Rs. 24.81 Crore, based on the Audited Accounts for FY 2024-25.

4.3.4 Administrative and General (A&G) expenses

A&G expenses comprise rents, telephone and other communication expenses, professional charges, and conveyance and traveling allowances. AEGCL has claimed normative A&G expenses of Rs. 12.34 Crore for FY 2024-25 as against Rs. 12.35 Crore approved in the Tariff Order dated June 27, 2024. The actual A&G expenses have been claimed as Rs. 21.55 Crore, based on the Audited Accounts for FY 2024-25.

4.3.5 In accordance with the MYT Regulations, 2021, the Commission in the Order dated June 27, 2024 allowed O&M Expenses on normative basis. The normative O&M expenses claimed by AEGCL in the Truing up for FY 2024-25 are shown in the Table below:

Table 6: Normative O&M Expenses for FY 2024-25 as submitted by AEGCL (Rs. Crore)

Sl. No.	Particulars	Approved in T.O. dt. 27.06.2024	AEGCL Submission
1	Employee Cost	207.87	206.07
2	R&M Expenses	32.33	32.13
3	A&G Expenses	12.35	12.34
	O&M Expenses	252.55	250.54

Commission's Analysis

4.3.6 For the purpose of truing up for FY 2024-25, the Commission has computed the revised normative O&M Expenses as per Regulation 67 of the MYT Regulations,

2021. The variation between normative O&M expenses and actual O&M Expenses has been considered under sharing of gains and loss on account of controllable items as per Regulation 12 of the MYT Regulations, 2021.

Employee Expenses

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

- a) The base employee expenses for FY 2024-25 have been considered as Rs. 193.47 Crore, as approved in the truing up for FY 2023-24 in the Tariff Order dated 25.03.2025;
- b) The base employee expenses for FY 2024-25 have been escalated by the Consumer Price Index (CPI) inflation computed as average increase of CPI for the period from FY 2021-22 to FY 2023-24, which works out to 5.46%, to determine the employee expenses for FY 2024-25;
- c) The growth factor of 1% has been considered as number of employees has increased.

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

Table 7: Approved Employee Expenses for FY 2024-25 (Rs. Crore)

Particulars	AEGCL Submission	Approved after Truing up
Actual Employee Expenses for the previous year	193.47	193.47
Growth factor	1.00%	1.00%
CPI Inflation	5.46%	5.46%
Normative Employee Expenses	206.07	206.07

R&M Expenses

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

- a) Wholesale Price Index (WPI) inflation has been computed as average increase of WPI index for period from FY 2021-22 to FY 2023-24, which works out to 7.23%;
- b) K-factor governs the relationship between R&M expenses and Gross Fixed Assets (GFA); the K-factor for FY 2024-25 has been approved as 0.75%, in the Tariff Order dated June 27, 2024 and the same K-factor has been considered for computation

of normative R&M Expenses for FY 2024-25;

- c) The amount against 'Provision for Colony Maintenance' has been considered as claimed by AEGCL;
- d) It is observed that AEGCL has claimed several hardware related expenses as well as certain software related expenses against the 'Provision for Cyber Security', that should be considered under regular R&M nature of expenses rather than against Cyber Security. The Commission has analysed the details submitted by AEGCL and has disallowed the expenses of Rs. 24.94 lakh claimed against LAN connections, and renewal of Mail NGX. However, these expenses have been considered as actual expenses against the base normative expenses.

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

Table 8: Approved R&M Expenses for FY 2024-25 (Rs. Crore)

Particulars	AEGCL Submission	Approved after Truing up
Opening GFA for previous year	3022.08	3022.08
Closing GFA for previous year	3252.39	3254.20
Average GFA for previous year	3137.23	3138.14
K Factor	0.75%	0.75%
WPI Inflation	7.22%	7.23%
Normative R&M Expenses for the year	25.23	25.24
Provision for Colony Maintenance of AEGCL	5.75	5.75
Additional amount for Cyber Security	1.15	0.90
Net Normative R&M Expenses for the year	32.13	31.89

A&G Expenses

4.3.11 For computation of A&G expenses for FY 2024-25, the Commission has adopted the following approach:

- a) The base A&G expenses for FY 2024-25 have been considered as Rs. 11.51 Crore, as approved in the truing up for FY 2023-24 in the Tariff Order dated March 25, 2025;
- b) The base A&G expenses for FY 2024-25 have been escalated by the Wholesale Price Index (WPI) inflation computed as average increase of WPI for the period from FY 2021-22 to FY 2023-24, which works out to 7.23%, to determine the A&G expenses for FY 2024-25.

4.3.12 The revised normative A&G expenses for FY 2024-25 are shown in the following Table:

Table 9: Approved A&G Expenses for FY 2024-25 (Rs. Crore)

Particulars	AEGCL Submission	Approved after Truing up
A&G Expenses for Previous Year	11.51	11.51
WPI Inflation	7.22%	7.23%
Normative A&G Expenses for the year	12.34	12.34

4.3.13 The normative O&M expenses approved by the Commission in the truing up for FY 2024-25 are shown in the following Table:

Table 10: Normative O&M Expenses approved by Commission for FY 2024-25 (Rs. Crore)

Sr. No.	Particulars	Approved in T.O. dt. 27.06.2024	AEGCL	Approved after Truing up
1	Employee Expenses	207.87	206.07	206.07
2	R&M Expenses	32.33	32.13	31.89
3	A&G Expenses	12.35	12.34	12.34
Total		252.55	250.54	250.30

4.3.14 The Commission has examined the actual O&M expenses incurred by AEGCL in FY 2024-25. After prudence check, the Commission approves the actual employee expenses of Rs. 198.04 Crore for FY 2024-25 as per the Audited Accounts.

4.3.15 As regards actual R&M expenses booked in the Accounts of FY 2024-25, AEGCL clarified its claim of actual R&M expenses of Rs. 17.91 Crore against the actual expenses of Rs. 22.57 Crore, stating that the colony maintenance charges of Rs. 3.28 Crore and Rs. 1.12 Crore of actual cyber security expenses were wrongly considered in the Audited Accounts. AEGCL has deducted the same from actual R&M expenses claimed against normative R&M expenses, as these R&M expenses are being claimed separately. As stated earlier, the Commission has disallowed an amount of Rs. 24.94 lakh claimed against the separate provision for Cyber Security, but has considered the same against the base R&M expenses. Thus, the total actual R&M expenses considered by the Commission on the true-up of FY 2024-25 is Rs. 24.82 Crore.

4.3.16 The Commission observed that AEGCL has claimed Contributions/Donations of Rs.

3.01 Crore. AEGCL submitted the details of donations made in FY 2024-25, which primarily comprises Contribution of Rs. 3.00 Crore to Chief Minister's Relief Fund.

4.3.17 AEGCL has also claimed expenses of Rs. 1.60 Crore towards Corporate Social Responsibility under the actual A&G expenses. As regards justification for claiming pass through of such expenses, AEGCL submitted that CSR activity is mandatory, as the Net Profit for the preceding 3 years stood at Rs. 80.09 Crore, hence, CSR contribution was made to the PM National Relief Fund at 2% of the average net profit. AEGCL requested the Commission to allow the CSR expenses as part of the actual A&G expenses, as the same is mandatory.

4.3.18 The Commission is of the view that the CSR activity is 'Corporate Social Responsibility' rather than Consumer Social Responsibility and AEGCL has to incur such expenses from its net profit, hence, such expenses cannot be recovered from the consumers. Similarly, the MYT Regulations, 2021 clearly specify the allowable expenses, and Donations and CSR are not a pass-through expense, hence, AEGCL has to incur such expenses from its Return on Equity (RoE). Hence, the Commission has allowed actual A&G expenses of Rs. 19.90 Crore, after disallowing Rs. 4.61 Crore (Donations of Rs. 3.01 Crore and CSR expenses of Rs. 1.60 Crore).

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

4.3.20 The sharing of (gains)/losses on account of O&M Expenses after truing up for FY 2024-25, is shown in the following Table:

Table 11: Sharing of (gains)/losses for O&M Expenses for FY 2024-25 (Rs. Crore)

Sr. No.	Particulars	Actual	Normative	Gains/ (losses)	Gains/(Losses) to be shared with APDCL
		A	B	c=(b-a)	d=c x 1/3
1	Employee Cost	198.04	206.07	8.03	
2	Less: Terminal Benefits	28.82	28.82	-	
3	Employee Cost excl. Terminal benefits	169.22	177.24	8.03	2.68

Sr. No.	Particulars	Actual	Normative	Gains/ (losses)	Gains/(Losses) to be shared with APDCL
		A	B	c=(b-a)	d=c x 1/3
4	R&M expenses	24.82	31.89	7.06	2.35
5	A&G Expenses	19.90	12.34	(7.56)	(2.52)
6	Total	213.94	221.48	7.53	2.51

4.3.21 Since, normative O&M expenses are higher than actual expenses, the gain of Rs. 2.51 Crore has been shared and passed on through the ARR.

4.4 Capitalisation

4.4.1 AEGCL submitted that the Capitalisation for FY 2024-25 have been considered based on the Audited Accounts. The funding of Capitalisation of AEGCL excluding SLDC is shown in the following Table:

Table 12: Actual Capitalisation as submitted by AEGCL for FY 2024-25 (Rs. Crore)

Sl. No.	Scheme Name	Actual Capitalisation
1	AIB	95.08
2	Annual Plan/SOPD	13.06
3	PSDF	14.56
4	Total Deposit work	10.75
5	Own Source	12.97
	TOTAL	146.42

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

Table 13: Funding of Capitalisation for FY 2024-25 as submitted by AEGCL (Rs. Crore)

Sr. No.	Particulars	Approved in T.O. dt. 27.06.2024	AEGCL Submission
1	Grant	245.05	133.46
2	Equity	-	12.97
3	Debt	28.11	-
4	Total Capitalization	273.16	146.42

Commission's Analysis

4.4.3 The Commission had approved the scheme-wise capital expenditure and capitalisation in the Tariff Order dated June 27, 2024. The Commission observed that

the actual capitalisation claimed by AEGCL in FY 2024-25 is lower than the values approved in the Tariff Order dated June 27, 2024. The Commission sought the details of actual capital expenditure and capitalisation for FY 2024-25 with respect to the Audited Accounts.

4.4.4 In reply, AEGCL submitted as under:

- a) Addition of GFA during FY 2024-25 amounts to Rs. 146.42 Crore including GFA of SLDC amounting to Rs. 11.17 Crore.
- b) Hence, addition of GFA in the Audited Accounts for FY 2024-25 is reflected as Rs.157.59 Crore.

4.4.5 The Commission accepts the justification submitted by AEGCL, and approves the capitalisation of Rs. 146.42 Crore for FY 2024-25, after reducing GFA addition of Rs. 11.17 Crore pertaining to SLDC.

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

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

Table 14: Capitalisation for FY 2023-24 approved by the Commission (Rs. Crore)

Sr. No.	Particulars	Approved in T.O. dt. 27.06.2024	AEGCL	Approved after Truing up
1	Capitalisation	273.16	146.42	146.42
	Funding			
3	Grant	245.05	133.46	133.45
4	Equity	0	12.97	3.89
5	Loan	28.11		9.08
6	Total	273.16	146.42	146.42

4.4.8 Hence, the allowable debt and equity addition for FY 2024-25 are Rs. 9.08 Crore and Rs. 3.89 Crore, respectively.

4.5 Depreciation

4.5.1 The Commission had approved the Depreciation of Rs. 98.37 Crore for FY 2024-25 in the Order dated June 27, 2024. As against this, AEGCL has claimed depreciation of Rs. 84.03 Crore in the Truing up for FY 2024-25.

Commission's Analysis

4.5.2 The Commission has considered the opening GFA for FY 2024-25 equal to the closing GFA approved in the True up of FY 2023-24, after excluding the assets of SLDC. The Commission has computed depreciation as per scheduled rates specified in the MYT Regulations, 2021.

4.5.3 As per Regulation 32 of the MYT Regulations, 2021, the total depreciation during the life of the asset shall not exceed 90% of the original cost of Asset. The Commission has computed the depreciation separately for assets added under each asset head in each year. The Commission has disallowed the depreciation in excess of 90% of the original cost of asset under different asset heads. Further, in accordance with the MYT Regulations, 2021, once the accumulated depreciation of any asset reaches 70%, the balance depreciation has been spread over the remaining Useful Life of the asset.

4.5.4 In line with the approach adopted in the previous Orders and as specified in the MYT Regulations, 2021, the Commission has not considered the depreciation on assets funded through grants, consumer contribution or capital subsidy, for FY 2024-25.

4.5.5 The depreciation approved in the truing up for FY 2024-25 is given in the Table below:

Table 15: Depreciation approved for FY 2024-25 (Rs. Crore)

Sr. No.	Particulars	Opening GFA	Addition during the year	Rate of depreciation	Depreciation as per MYT Regulations, 2021
1	Land under lease	47.60	0.08	-	-
2	Building	72.87	4.87	3.34%	1.94
3	Hydraulic	2.64	-	5.28%	-
4	Other Civil Works	164.46	2.66	3.34%	5.54
5	Plant & Machinery	1,523.51	80.41	5.28%	78.58
6	Lines & Cable Network	1,418.52	50.43	5.28%	55.11
7	Vehicles	5.00	0.24	9.50%	0.08
8	Furniture & Fixtures	9.21	0.40	6.33%	0.48
9	Office Equipment	8.56	7.34	6.33%	0.59
10	Computer and Accessories	1.81	-	15.00%	0.27
11	Grand Total	3254.20	146.43		142.60
12	Less: Depreciation for Grants/ Consumer Contribution				57.52
13	Net Total				85.08
14	Less: Depreciation towards CC				4.00
15	Net Depreciation after CC & Grants				81.08

4.5.6 The Commission accordingly approves Depreciation of Rs. 81.08 Crore after truing up for FY 2024-25.

4.6 Interest and Finance Charges

4.6.1 The Commission had approved Interest and Finance Charges of Rs. 0.40 Crore for FY 2024-25 in the Order dated June 27, 2024. As against this, AEGCL has claimed Interest and finance charges of Rs. 5.61 Crore for FY 2024-25.

Commission's Analysis

4.6.2 The Commission has approved Interest on loan capital for FY 2024-25 on normative basis as per the MYT Regulations, 2021. The normative loan outstanding as on April 1, 2024 has been considered equal to the closing normative loan approved in the Truing up for FY 2023-24, i.e., Rs. 112.92 Crore.

4.6.3 The addition of loan has been considered equal to debt portion of capitalised works as approved by the Commission in this Order. The normative loan repayment has

been considered equivalent to depreciation approved in this Order.

4.6.4 The actual weighted average rate of interest on actual loans has to be applied on the normative loan, to arrive at the interest expenses on the normative loan. AEGCL has computed the weighted average interest rate as 7.91%, by considering the applicable interest rate of each loan on the opening loan balance. The Commission has computed the average interest in line with the approach adopted in the earlier Orders, based on the weighted average interest rate during the year. Accordingly, weighted average interest rate has been computed as 8.75% for computation of interest on loan capital. The finance charges of Rs. 58,000 have been allowed based on the actuals as reported in the Audited Accounts of AEGCL.

4.6.5 The Interest on loan capital approved by the Commission for FY 2024-25 is shown in the following Table:

Table 16: Approved Interest on loan Capital for FY 2024-25 (Rs. Crore)

Particulars	Approved in T.O. dt. 27.06.2024	AEGCL	Approved after Truing up
Net Normative Opening Loan	102.28	112.92	112.92
Addition of normative loan during the year	28.11	-	9.08
Normative Repayment during the year	98.37	84.03	81.08
Net Normative Closing Loan	32.03	28.89	40.92
Interest Rate	0.58%	7.91%	8.75%
Interest Expenses on Loan	0.38	5.61	6.73
Finance Charges	0.01	0.00	0.006
Total Interest and Finance Charges	0.40	5.61	6.73

4.6.6 **The Commission approves Interest on loan Capital as Rs. 6.73 Crore after truing up for FY 2024-25.**

4.7 Return on Equity

4.7.1 AEGCL has claimed the Return on Equity of Rs. 111.95 Crore for FY 2024-25 as compared to the RoE of Rs. 125.96 Crore approved by the Commission in the Tariff Order dated June 27, 2024.

Commission's Analysis

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

4.7.3 As regards the RoE rate, 13.50% RoE rate as proposed by AEGCL has been considered, as AEGCL has under-achieved with respect to approved capitalisation. The approved Return on Equity for FY 2024-25 is shown in the Table below:

Table 17: Return on Equity approved by the Commission for FY 2024-25 (Rs. Crore)

Sr. No.	Particulars	Approved in T.O. dt. 27.06.2024	AEGCL	Approved after Truing up
1	Opening Equity Capital	891.20	822.74	822.74
2	Equity addition due to GFA addition	83.73	12.97	3.89
3	Equity addition due to conversion of Grant to equity	-	-	-
4	Closing Equity	974.93	835.71	826.63
5	Average Equity	933.07	829.22	824.69
6	Rate of Return on equity	13.50%	13.50%	13.50%
7	Return on Equity	125.96	111.95	111.33

4.7.4 **The Commission approves the Return on Equity of Rs. 111.33 Crore after Truing up for FY 2024-25.**

4.8 Interest on Working Capital (IoWC)

4.8.1 AEGCL has claimed IoWC of Rs. 19.23 Crore in the Truing Up for FY 2024-25, as against Rs. 20.21 Crore approved in the Tariff Order dated June 27, 2024. AEGCL has considered the rate of interest for computation of IoWC as 11.90%, based on the monthly average of 1-year Marginal Cost of Lending Rate (MCLR) of State Bank of India (SBI).

Commission's Analysis

4.8.2 The Commission has computed IoWC in accordance with the MYT Regulations, 2021. The rate of Interest has been considered equal to average 1-year MCLR Rate

of SBI during FY 2024-25 plus 300 basis points, i.e., 11.88%.

4.8.3 The Commission observed that AEGCL has considered Receivables based on the revised ARR computed by AEGCL in the true-up Petition, rather than the actual revenue based on the tariff approved for FY 2024-25. For computation of working capital requirement, the Commission has considered the normative O&M Expenses and Receivables based on actual revenue billed. IoWC approved by the Commission in the truing up for FY 2024-25 is shown in the following Table:

Table 18: Interest on Working Capital for FY 2024-25 as approved by the Commission (Rs. Crore)

Sr. No.	Particulars	Approved in T.O. dt. 27.06.24	AEGCL	Approved after True-up
1	O&M expenses for one month	21.05	20.88	20.86
2	Maintenance spares @ 15% of O&M Expenses	37.88	37.58	37.54
3	Receivables for two months	116.27	103.19	111.38
4	Total Working Capital requirement	175.20	161.65	169.78
5	Rate of Interest	11.53%	11.90%	11.88%
6	Interest on Working Capital	20.21	19.23	20.17

4.8.4 **Accordingly, the Commission approves Interest on Working Capital of Rs. 20.17 Crore after Truing up for FY 2024-25.**

4.9 Other Debits

4.9.1 AEGCL has claimed Other Debits of Rs.0.56 Crore for FY 2024-25 based on the Audited Accounts as against NIL approved in the Order dated June 27, 2024.

Commission's Analysis

4.9.2 The Commission has analysed the details and justification submitted by AEGCL for Other Debits for FY 2024-25. The Commission notes that Other Debits claimed by AEGCL includes expenses of Rs. 0.01 towards interest for default/delay in payment of taxes, which is a penal expense and cannot be passed on to the consumers. Similarly, Rs. 0.13 Crore towards loss on obsolescence of stores is a book entry and not an actual expense and is hence, not considered, while Rs. 0.02 Crore towards asset de-Commissioning cost is disallowed, since, no asset has been de-commissioned. The Commission is of the view that such expenses cannot be passed

on to the consumers through the ARR. Hence, the **Commission has allowed only Loss on sale of scrap of Rs. 0.40 Crore under Other Debits for FY 2024-25.**

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

4.10.1 In the Order dated June 27, 2025, the Commission had approved special charges on Bulk Supply Tariff at 20 paise per unit amounting to Rs. 260.69 Crore for FY 2024-25. AEGCL has claimed Rs 247.93 Crore as BST for Pension Fund as per the Audited Accounts for FY 2024-25.

Commission's Analysis

4.10.2 **The Commission approves the BST for Pension Fund (Special Charges for Terminal Benefits) of Rs. 247.93 Crore for FY 2024-25** at 20 paise per unit on the actual energy input to APDCL at the T<>D periphery.

4.11 Contribution to Contingency Reserve

4.11.1 The Commission vide its Tariff Order dated June 27, 2024 approved Rs. 4.03 Crore towards Contribution to Contingency Reserve for FY 2024-25, in accordance with Regulation 67.9 of the MYT Regulations, 2021, at the rate of 0.10% of Opening GFA for FY 2024-25. AEGCL has claimed the contribution to contingency reserve as Rs. 3.25 Crore based on actual Opening GFA for FY 2024-25.

4.11.2 AEGCL submitted that the fund created under contingency reserves for FY 2024-25 was utilized for construction of 3 nos. of new tower with pile foundation in place of river eroded towers.

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

Commission's Analysis

4.11.4 The allowable Contribution to Contingency Reserve works out to Rs. 3.25 Crore for FY 2024-25 at the rate of 0.1% of Opening GFA, in accordance with Regulation 67.9 of the MYT Regulations, 2021, which specifies as under:

"67.9.1 The Transmission Licensee may make an appropriation to the Contingency

Reserve of a sum not exceeding 0.1 per cent of the gross fixed assets approved by the Commission at the beginning of the year, for each year, which shall be allowed in the calculation of aggregate revenue requirement:

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

4.11.5 The Commission has decided to allow Contribution to Contingency Reserve in FY 2024-25 as AEGCL has utilized the funds against Contingency Reserve for construction works with the prior approval from the Commission. **Hence, the Commission approves the Contribution to Contingency Reserve in the true-up of FY 2024-25 at the rate of 0.1% of Opening GFA, amounting to Rs. 3.25 Crore.**

4.12 Reduction in ARR due to higher Transmission Losses

4.12.1 AEGCL has not submitted the computation of reduction in ARR due to higher than approved Transmission Losses for FY 2024-25.

Commission’s Analysis

4.12.2 As Transmission Losses are a controllable performance parameter for AEGCL, the Commission has computed the reduction in ARR due to higher than approved Transmission Losses for FY 2024-25, in accordance with the MYT Regulations, 2021.

4.12.3 In accordance with the MYT Regulations, 2021, the efficiency gain/loss due to lower/higher than approved Transmission Loss has to be shared with the beneficiaries in the ratio of 2/3:1/3, i.e., the Transmission Licensee has to bear 2/3rd of the efficiency losses. Hence, the Commission has computed the efficiency losses of AEGCL for FY 2024-25 due to excess Transmission Loss, as shown in the Table below:

Table 19: Efficiency Loss due to higher Transmission Loss for FY 2024-25 as approved by the Commission (Rs. Crore)

Sr. No.	Particulars	AEGCL	Approved after True-up
1	Energy injected into Transmission system (MU)	12829.19	12829.19
2	Energy sent out to APDCL (MU)	12396.3	12396.30
3	Energy sent out to Open Access customers (MU)	17.00	17.00
4	Total Energy Sent out (MU)	12413.3	12413.30
5	Actual Transmission Loss (MU)	415.89	415.89
6	Actual Transmission Loss (%)	3.24%	3.24%
7	Approved Transmission Loss (%)		3.23%
8	Approved Transmission Loss (MU)		414.38
9	Excess Transmission Losses (MU)		1.51
10	Approved Transmission Tariff (Rs/kWh)		0.51
11	Total Efficiency Losses (Rs. Crore)		0.08
12	AEGCL share of efficiency losses (Rs. Crore)		0.05

4.12.4 Accordingly, the Commission approves Efficiency Losses of Rs. 0.05 Crore to be reduced from AEGCL's ARR after Truing up for FY 2024-25.

4.13 Incentive for Transmission Availability

4.13.1 AEGCL submitted that it has billed the amount of Rs 3.98 Crore in FY 2024-25 towards incentive for Transmission Availability higher than normative Availability as per the MYT Regulations, 2021. This had been calculated based on the actual monthly transmission availability data.

Commission's Analysis

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

4.13.3 The actual Transmission Availability for AEGCL for FY 2024-25 is 99.08% on annual basis. Also, the computation and payment of Transmission Charges has been linked to monthly Transmission Availability computed as per the MYT Regulations, 2021. Accordingly, the Commission has computed the Incentive on Transmission Availability as shown in the following Table:

Table 20: Incentive on Transmission Availability for FY 2023-24 as approved by the Commission (Rs. Crore)

Sl. No.	Month	No. of days in month	Monthly transmission charges (Rs. Crore)	Actual transmission availability (%)	Transmission charges inclusive of incentive (Rs. Crore)	Incentive/Unrecoverable TC (Rs. Crore)
1	Apr-24	30	50.52	99.242	50.90	0.38
2	May-24	31	52.20	99.366	52.66	0.46
3	Jun-24	30	50.52	99.25	50.90	0.38
4	Jul-24	31	52.20	99.269	52.61	0.41
5	Aug-24	31	52.20	99.121	52.53	0.33
6	Sep-24	30	50.52	99.063	50.81	0.29
7	Oct-24	31	52.20	99.283	52.62	0.41
8	Nov-24	30	50.52	99.298	50.93	0.41
9	Dec-24	31	52.20	99.06	52.50	0.30
10	Jan-25	31	52.20	98.829	52.38	0.17
11	Feb-25	28	47.15	98.492	47.15	0.00
12	Mar-25	31	52.20	98.725	52.32	0.12
	Total	365	576.39	99.08	618.31	3.66

4.13.4 The Commission approves the Incentive of Rs. 3.66 Crore on account of higher Transmission Availability, which has been added to the ARR.

4.14 Non-Tariff Income

4.14.1 The Commission had approved the Non-Tariff Income (NTI) of Rs. 85.33 Crore for FY 2024-25 in the Tariff Order dated June 27, 2024. AEGCL submitted that NTI mainly comprises income from investments, supervision charges, and miscellaneous receipts. AEGCL submitted that it has considered actual NTI of Rs. 103.95 Crore earned during FY 2024-25 in the truing up.

4.14.2 AEGCL submitted that in accordance with Regulation 68 of the MYT Regulations, 2021, AEGCL has not considered Dividend from North East Transmission Company Limited (NETCL) for FY 2024-25 under NTI.

4.14.3 As regards the deduction of interest on GPF from NTI, AEGCL submitted that AEGCL has been utilizing GPF subscription from its employees as internal resources and the fund has been parked at different banks from which AEGCL has been earning

interest. It has been shown as the Other Income in the Profit and Loss account of AEGCL, which has been adjusted with the ARR at the time of filing Tariff Petition. AEGCL added that the Commission vide Tariff Order dated 27.06.2024 has approved deduction of interest on GPF from Non-Tariff Income.

4.14.4 In view of the above, AEGCL requested the Commission to approve the NTI amounting to Rs. 103.95 Crore for FY 2024-25.

Commission's Analysis

4.14.5 The Commission has verified the head-wise NTI from the Audited Accounts of AEGCL for FY 2024-25. All the heads of NTI claimed by AEGCL are as per the figures reflected in the Audited Accounts and are hence, approved by the Commission. The Dividend from investment in NETCL and interest on GPF have not been considered as NTI, in line with the Regulations and approach adopted in previous Orders.

4.14.6 **In view of the above, the Commission approves the Non-Tariff Income at Rs. 103.95 Crore after truing up for FY 2024-25.**

4.15 Revenue from Operations

4.15.1 AEGCL has claimed Revenue of Rs. 620.12 Crore for FY 2024-25 for Truing up purpose.

Commission's Analysis

4.15.2 The Commission had approved the Transmission Tariff of Rs. 668.27 Crore for AEGCL for FY 2024-25 in the Order dated June 27, 2024. During FY 2024-25, AEGCL has billed APDCL based on the Order dated June 27, 2024. The audited accounts for FY 2024-25 reflects the actual revenue of Rs. 668.27 Crore, after adjusting for past Revenue Gap/(Surplus).

4.15.3 **In view of the above, the Commission approves the actual revenue of Rs. 668.27 Crore as per the audited accounts, after Truing up for FY 2024-25.**

4.16 Revenue from Wheeling Charges from Open Access Consumers

4.16.1 AEGCL has considered the wheeling charges from Open Access consumers amounting to Rs. 0.95 Crore as additional revenue of AEGCL in the True-up for FY 2024-25.

Commission's Analysis

4.16.2 The Commission has considered the income from wheeling charges levied to Open Access consumers as Rs. 0.95 Crore for FY 2024-25, based on the Audited Accounts.

4.17 ARR after Truing Up of FY 2024-25

4.17.1 Considering the above heads of expense and revenue as per the Audited Accounts for FY 2024-25 and after due prudence check, the net ARR and Revenue Gap/(Surplus) approved after true-up for FY 2024-25 is shown in the following Table:

Table 21: ARR approved after Truing up for FY 2024-25 (Rs. Crore)

Sr. No.	Particulars	Tariff Order	Proposed by AEGCL	Approved after truing up
1	O&M Expenses	252.55	250.54	250.30
a	<i>Employee Cost</i>	207.87	206.07	206.07
b	<i>R&M Expenses</i>	32.33	32.13	31.89
c	<i>A&G Expenses</i>	12.35	12.34	12.34
2	Depreciation	98.37	84.03	81.08
3	Interest & Finance Charges	0.40	5.61	6.73
4	Interest on Working Capital	20.21	19.23	20.17
5	BST for Pension Trust Fund	260.69	247.93	247.93
6	Return on Equity	125.96	111.95	111.33
7	Other Debits	-	0.56	0.40
8	Contribution to Contingency Reserve	-	3.25	3.25
9	Less: Non-Tariff Income/ Other Income	85.33	103.95	103.95
10	Aggregate Revenue Requirement	672.85	619.13	617.24
11	Sharing of (Gains)/Losses	-	(2.05)	(2.51)
12	ARR after sharing	672.85	617.08	614.73
13	Less: Reduction due to excess Transmission Loss			0.05
14	Net Aggregate Revenue Requirement	672.85	617.08	614.68
15	Add: Incentive on Transmission Availability	-	3.98	3.66
16	ARR after Incentive	672.85	621.06	618.35
17	Revenue with Approved Tariff	672.85	668.27	668.27

Sr. No.	Particulars	Tariff Order	Proposed by AEGCL	Approved after truing up
18	Less: Revenue from STOA/MTOA Charges	4.58	0.95	0.95
19	Net Revenue Requirement	668.27	620.11	617.40
20	Revenue Gap /(Surplus) for FY 2024-25	-	(48.16)	(50.88)

4.17.2 The Commission has approved the Net ARR after sharing of (Gains)/Losses, and Incentive after Truing-up for FY 2024-25 as Rs. 618.35 Crore. After considering the Revenue at approved Tariff and Revenue from STOA/MTOA charges, the Revenue Surplus of Rs. 50.88 Crore is approved after truing up for FY 2024-25, with associated Holding Cost. This Surplus has been considered for adjustment in the Net ARR of APDCL during FY 2026-27.

5 Annual Performance Review for FY 2025-26

5.1 Methodology for Annual Performance Review

5.1.1 The Commission had approved the ARR and Tariff for FY 2025-26 vide the MYT Order dated March 25, 2025.

5.1.2 The MYT Regulations, 2024, specifies that the Commission shall undertake the APR and True-up for the respective years of the Control Period from FY 2025-26 to FY 2026-27, as reproduced below:

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

...

b) Annual Performance Review: a comparison of the performance targets estimated to be achieved for the current financial year (based on 6 months actual data) with the approved forecast for that financial year including adjusting trajectories of uncontrollable if needed.

...”

5.1.3 AEGCL submitted the APR Petition for FY 2025-26, supported by actual information available from April 2025 till September 2025 and estimated values for the next six months.

5.1.4 In accordance with the above said Regulation, it is clear that the main objective of APR is to compare the estimated performance for FY 2025-26 vis-à-vis approved forecast in the MYT Order dated March 25, 2025. The Revenue Gap/(Surplus) arising out of APR for FY 2025-26 shall not be passed on to the beneficiaries, and the same shall be considered at the time of Truing-up of FY 2025-26 only.

5.1.5 In the present Chapter, the Commission has analysed the submission of all the elements of ARR vis-à-vis approved values in the MYT Order for FY 2025-26. The Commission has computed the Revenue Gap/(Surplus) as an indication of the performance in FY 2025-26. No sharing of gains/(losses) has been undertaken at this stage and the same shall be considered at the time of Truing up for FY 2025-26.

5.2 Transmission Loss

5.2.1 AEGCL projected the Transmission Loss of 3.22% for FY 2025-26, as shown in the following Table:

Table 22: Transmission Loss for FY 2025-26 as submitted by AEGCL (MU)

Sr. No.	Particulars	Approved in T.O. dt. 27.06.2024	AEGCL Estimation
1	Energy Injected (MU)		14194.28
2	Energy Sent Out to APDCL (MU)		13689.57
3	Energy Sent Out to OA Consumers (MU)		47.50
4	Total Energy Sent Out		13,737.08
5	Transmission Loss (MU)		457.20
6	Transmission Loss (%)	3.21%	3.22%

Commission's Analysis

5.2.2 The Commission observes that the Transmission Loss estimated by AEGCL is higher than the targeted loss level approved in the MYT Order dated March 25, 2025. AEGCL should strive to meet the target set by the Commission, as increase in the Transmission Loss levels will result in increase in the power purchase quantum and cost of APDCL, thereby increasing the burden on the consumers.

5.2.3 The Commission approves the Transmission Loss of 3.21% in the APR of FY 2025-26. In case the actual Transmission Loss in FY 2025-26 is higher than the targeted loss level, the Commission shall compute the efficiency loss and adjust 2/3rd of such efficiency loss from the ARR of AEGCL at the time of truing up for FY 2025-26.

5.3 Operation and Maintenance Expenses

5.3.1 AEGCL submitted that O&M expenses for FY 2025-26 comprise employee expenses, R&M expenses, and A&G expenses, and have been computed on normative basis in accordance with Regulation 68.5 and 68.8 of the MYT Regulations, 2024. The normative expenses as claimed in the true-up for FY 2024-25 have been considered as the base expenses. The average WPI and CPI have been considered as 3.65% and 4.87%, respectively. The normative O&M expenses submitted by AEGCL for FY

2025-26 are shown in the Table below:

Table 23: Normative O&M Expenses Projected by AEGCL for FY 2025-26 (Rs. Crore)

Sl. No.	Particulars	Approved in T.O. dt. 25.03.2025	AEGCL Submission
1	O&M Expenses	262.43	271.98
a	Employee Cost	206.12	218.27
b	R&M Expenses	40.79	40.92
c	A&G Expenses	15.52	12.79

5.3.2 AEGCL also submitted the revised estimates of each component of O&M expenses for FY 2025-26, based on the actual expenses in the first six months and estimates for the remaining six months. The claim of AEGCL under various heads of O&M expenses is discussed below.

5.3.3 Employee Expenses

AEGCL submitted that the normative employee cost for FY 2024-25 of AEGCL has been considered as base employee cost for FY 2025-26 after deducting the approved base employee cost of SLDC for previous year. The Gn (Growth Factor) of AEGCL has been considered as 1.00% as approved by the Commission in the MYT Order dated March 25, 2025, and CPI escalation has been considered as 4.87%. AEGCL requested the Commission to approve the normative Employee expenses amounting to Rs. 218.27 Crore for FY 2025-26.

AEGCL submitted that 238 employees would be recruited in FY 2025-26, as against retirement of 26 employees in FY 2025-26.

AEGCL submitted that the actual employee costs for FY 2025-26 have been estimated based on 6 months actual data and estimation for the next 6 months. AEGCL estimated the actual employee expenses at Rs. 218.27 Crore for FY 2025-26.

5.3.4 R&M Expenses

AEGCL submitted that it has computed the normative R&M expenses for FY 2025-26 in accordance with the MYT Regulations, 2024. The closing GFA for FY 2024-25 has been considered as opening GFA for FY 2025-26. The K factor of AEGCL has been considered as 0.63% as approved in the MYT Order dated March 25, 2025 and WPI escalation rate of 3.65% has been considered. AEGCL requested the Commission to approve the normative R&M expenses amounting to Rs. 40.92 Crore for FY 2025-26,

including the Provision for Colony Maintenance, Expenditure for Emergency Restoration System and Provision for Cyber Security, as detailed below:

Provision for Colony Maintenance of AEGCL

5.3.5 AEGCL submitted that the Commission vide MYT Order dated March 25, 2025 approved an amount of Rs. 11.22 Crore for FY 2025-26 for restoration of old colony buildings. AEGCL has already initiated the process and expenses on the same will be incurred during current financial year. AEGCL estimated the expenses on Colony Maintenance as Rs. 12.10 Crore for FY 2025-26.

Expenditure for Emergency Restoration System (ERS)

5.3.6 AEGCL submitted that it had initiated the tendering process for ERS and the price bid was opened on 4 October 2025, wherein M/s Madhab Engineers Pvt. Ltd. emerged as the L1 bidder with a quoted amount of Rs. 6.46 Crore including GST. The proposal had been placed before the Tender Processing Committee for approval and issuance of the Notification of Award, and the expenditure was expected to be incurred during the current financial year.

Provision for Cyber Security of AEGCL

5.3.7 AEGCL submitted that the actual expenditure against Cyber Security and estimated expenditure for next 6 months has been estimated to amount to total of Rs. 0.64 Crore and requested the Commission to approve the same.

5.3.8 A&G Expenses

AEGCL has considered the normative A&G expenses for FY 2024-25 as base A&G expense for FY 2025-26 and escalated the same by WPI escalation of 3.65% and requested the Commission to approve the normative A&G expenses amounting to Rs. 12.79 Crore for FY 2025-26. AEGCL has estimated the actual A&G expenses for FY 2025-26 at Rs. 21.70 Crore, based on actual A&G expenses incurred during first 6 months plus estimate for the next 6 months.

Commission's Analysis

5.3.9 The Commission has approved the O&M Expenses on normative basis in the APR for FY 2025-26 as per MYT Regulations, 2024.

5.3.10 For computation of normative employee expenses for FY 2025-26, the Commission has adopted the following approach:

- a) The base employee expenses have been computed in accordance with the MYT Regulations, 2024, viz., the average of the actual allowed employee expenses for the past five years, viz., from FY 2020-21 to FY 2024-25, has been considered as the normative employee expenses for the middle year, i.e., FY 2022-23. This value has been escalated by the respective approved escalation factor (CPI) for FY 2023-24 and FY 2024-25, to derive the base normative employee expenses for FY 2024-25, i.e., Rs. 192.85 Crore.
- b) The base employee expenses of Rs. 192.85 Crore derived for FY 2024-25 has been escalated by average CPI escalation factor of 4.87% from FY 2022-23 to FY 2024-25 to derive the employee expenses for FY 2025-26;
- a) Considering the estimated increase in number of employees, growth factor of 1% has been considered. However, in case there is no increase in number of employees in FY 2025-26, then the growth factor of 1% shall not be considered at the time of true-up for FY 2025-26.

5.3.11 The normative employee expenses approved in the APR for FY 2025-26 is shown in the following Table:

Table 24: Approved Employee Expenses for FY 2025-26 (Rs. Crore)

Particulars	AEGCL	APR FY 2025-26
Base Employee Cost	206.07	192.85
CPI Inflation	4.87%	4.87%
Growth factor	1.00%	1.00%
Employee expenses	218.27	204.28

5.3.12 For computation of normative R&M Expenses for FY 2025-26, the Commission has considered the following approach:

- a) WPI inflation for computation of R&M Expenses works out to 3.63% as per MYT Regulations, 2024, based on average increase of WPI for the period from FY 2022-23 to FY 2024-25;
- b) K-factor has been considered as 0.63% as approved in Tariff Order dated March 25, 2025;
- c) Since K-factor has been computed on the basis of average GFA for projection of R&M expenses, average GFA for the previous year has been considered;
- d) As regards provisioning for Colony Maintenance, the Commission has allowed expenses based on details submitted by AEGCL and based on actual expenses in

H1 and estimated H2 expenses and considering 50% of expense against Work Orders issued in May and June. The Commission shall consider the actual expenses based on prudence check during true up of FY 2025-26;

- e) The Commission has carried forward the provision for expense against ERS to FY 2026-27 as AEGCL has admitted in its replies that this work will not be completed in FY 2025-26, on account of the recent issuance of the Work Order for the same.
- f) The Commission has approved provision for Cyber Security based on the details submitted by AEGCL. The Commission shall consider the actual expenses based on prudence check during true up of FY 2025-26.

5.3.13 The normative R&M expenses approved in the APR for FY 2025-26 is shown in the following Table:

Table 25: Approved R&M Expenses for FY 2025-26 (Rs. Crore)

Particulars	AEGCL	Approved after APR
Opening GFA for previous year	3,252.39	3,254.20
Closing GFA for previous year	3,398.82	3,400.62
Average GFA for previous year	3,325.60	3,327.41
K Factor	0.63%	0.63%
WPI Inflation	3.65%	3.63%
Normative R&M Expenses	21.72	21.72
Provision for Colony Maintenance of AEGCL	12.10	3.75
Expenditure for Emergency Restoration System	6.46	-
Additional amount for Cyber Security	0.64	0.60
Net Normative R&M Expenses	40.92	26.07

5.3.14 For computation of normative A&G expenses for FY 2025-26, the Commission has adopted the following approach:

- a) The base A&G expenses have been computed in accordance with the MYT Regulations, 2024, viz., the average of the actual allowed A&G expenses for the past five years, viz., from FY 2020-21 to FY 2024-25, has been considered as the normative A&G expenses for the middle year, i.e., FY 2022-23. This value has been escalated by the respective approved escalation factor (WPI) for FY 2023-24

and FY 2024-25, to derive the base normative A&G expenses for FY 2024-25, i.e., Rs. 17.65 Crore.

- b) The base A&G expenses of Rs. 17.65 Crore derived for FY 2024-25 has been escalated by average WPI escalation factor of 3.63% from FY 2022-23 to FY 2024-25 to derive the A&G expenses for FY 2025-26;

5.3.15 The normative A&G expenses approved in the APR for FY 2025-26 is shown in the following Table:

Table 26: Approved A&G Expenses for FY 2025-26 (Rs. Crore)

Particulars	AEGCL	Approved after APR
A&G Expenses for Previous Year	12.34	17.65
WPI Inflation	3.65%	3.63%
A&G Expenses	12.79	18.29

5.3.16 In view of the above, the Commission provisionally considers the O&M expenses as shown in the following Table in the APR for FY 2025-26:

Table 27: Approved O&M Expenses for FY 2025-26 (Rs. Crore)

Particulars	Approved in MYT Order dt. 25.03.25	Proposed by AEGCL	Approved after APR
Employee Expenses	206.12	218.27	204.28
R&M Expenses	40.79	40.92	26.07
A&G Expenses	15.52	12.79	18.29
Total O&M Expenses	262.43	271.98	248.64

5.4 Capitalisation

5.4.1 AEGCL submitted that the Capitalisation for FY 2025-26 has been estimated based on 6 months actual addition of assets and estimation of asset addition for the next 6 months. AEGCL requested the Commission to approve the proposed Capitalisation of Rs. 421.42 Crore for FY 2025-26. AEGCL has projected the entire funding of capitalisation of Rs 421.42 Crore from grants.

Commission's Analysis

5.4.2 The Commission had approved the Capitalisation of Rs. 260.00 Crore for FY 2025-

26 in the Tariff Order dated March 25, 2025.

- 5.4.3 AEGCL has estimated capitalisation of Rs.421.42 Crore in the APR for FY 2025-26. In reply to the Commission's query, AEGCL submitted that the actual capitalisation in H1 of FY 2025-26 is Rs. 230.68 Crore. Hence, the Commission has provisionally approved the Capitalisation of Rs. 421.42 Crore for the full year as submitted by AEGCL in the APR of FY 2025-26.
- 5.4.4 The Commission has considered the funding of entire Capitalisation through Grants as proposed by AEGCL, as shown in the following Table:

Table 28: Funding of capitalised works for FY 2025-26 as considered by the Commission (Rs. Crore)

Particulars	Approved in T.O. dt. 25.03.2025	Proposed by AEGCL	Approved after APR
Grant	260.00	421.42	421.43
Equity	-	-	-
Debt	-	-	-
Total Capitalisation	260.00	421.42	421.43

5.5 Depreciation

- 5.5.1 AEGCL submitted that Depreciation has been calculated considering the opening balance of assets and the capitalization estimated for FY 2025-26. AEGCL submitted that the Depreciation has been computed on assets excluding the assets funded through grants.
- 5.5.2 AEGCL requested the Commission to approve the proposed depreciation amounting to Rs. 81.45 Crore for FY 2025-26.

Commission's Analysis

- 5.5.3 The Commission has considered the opening GFA for FY 2025-26 equal to the closing GFA approved in True up of FY 2024-25, after excluding the assets of SLDC. The Commission has computed depreciation as per scheduled rates specified in the MYT Regulations, 2024.
- 5.5.4 As per Regulation 33 of the MYT Regulations, 2024, the total depreciation during the life of the asset shall not exceed 90% of the original cost of Asset. The Commission has computed the depreciation separately for assets added under each asset head

in each year. The Commission has disallowed the depreciation in excess of 90% of the original cost of asset under different asset heads.

5.5.5 In line with the approach adopted in the previous Orders and as specified in the MYT Regulations, 2024, the Commission has not considered the depreciation on assets funded through grants, consumer contribution or capital subsidy, for FY 2025-26.

5.5.6 The depreciation provisionally approved for FY 2025-26 in the APR is given in the Table below:

Table 29: Depreciation approved for FY 2025-26 (Rs. Crore)

Sl.	Particulars	Opening GFA	Addition during the year	Rate of depreciation	Depreciation as per MYT Regulations, 2021
1	Land under lease	47.68	222.79	-	
2	Building	77.74	-	3.34%	2.02
3	Hydraulic	2.64	-	5.28%	-
4	Other Civil Works	167.12	39.00	3.34%	6.23
5	Plant & Machinery	1603.93	100.00	5.28%	82.62
6	Lines & Cable Network	1468.96	56.30	5.28%	57.63
7	Vehicles	5.24	-	9.50%	0.08
8	Furniture & Fixtures	9.61	0.33	6.33%	0.49
9	Office Equipment	15.90	3.00	6.33%	0.91
10	Computer and accessories	1.81	-	15%	0.27
11	Grand Total	3400.63	421.42		150.25
12	Less: Depreciation for Grants/ Consumer Contribution				67.38
13	Net Total				82.87
14	Less: Depreciation towards CC				4.85
15	Net Depreciation after CC & Grants				78.02

5.5.7 The Commission provisionally approves Depreciation of Rs. 78.02 Crore after APR for FY 2025-26.

5.6 Interest and Finance Charges

5.6.1 The Commission had approved Interest and Finance Charges of Rs. 1.38 Crore for FY 2025-26 in the Tariff Order dated March 25, 2025. As against this, AEGCL has claimed Interest and finance Charges of Rs. 1.16 Crore in the APR for FY 2025-26.

Commission's Analysis

5.6.2 The Commission has approved Interest on loan capital for FY 2025-26 on normative basis as per MYT Regulations, 2024. The normative loan outstanding as on April 1, 2025 has been considered equal to the closing normative loan approved in the Truing up for FY 2024-25. The addition of loan has been considered as Nil based on the funding of capitalisation as approved by the Commission in this Order. The normative loan repayment has been considered equivalent to depreciation approved in this Order

5.6.3 The weighted average rate of interest has been considered equal to the interest rate considered in the truing up for FY 2024-25. Accordingly, weighted average interest rate has been considered as 8.75% for computation of interest on loan capital.

5.6.4 The Interest on loan capital as approved by the Commission for FY 2025-26 is shown in the following Table:

Table 30: Approved Interest on loan Capital for FY 2025-26 (Rs. Crore)

Sr. No.	Particulars	Approved in T.O. dt. 25.03.25	AEGCL Submission	Approved after APR
1	Net Normative Opening Loan	40.44	28.89	40.92
2	Addition of normative loan during the year		-	-
3	Normative Repayment during the year	82.40	81.45	78.02
4	Net Normative Closing Loan	-	-	-
5	Interest Rate	6.83%	8.00%	8.75%
6	Interest Expenses	1.38	1.16	1.79
7	Finance Charges	0.00	0.00	0.00
8	Total Interest and Finance Charges	1.38	1.16	1.79

5.6.5 The Commission provisionally approves Interest on loan Capital of Rs. 1.79 Crore after APR for FY 2025-26.

5.7 Return on Equity

5.7.1 The Commission approved the RoE of Rs. 116.15 Crore for FY 2025-26 in the MYT Order dated March 25, 2025. As against this, AEGCL has claimed RoE of Rs. 112.82

Crore for FY 2025-26, calculated at the rate of 13.50% as specified in the MYT Regulations, 2024.

5.7.2 AEGCL requested the Commission to approve the return on equity amounting to Rs 112.82 Crore for FY 2025-26.

Commission's Analysis

5.7.3 The Commission has approved RoE for FY 2025-26 as per MYT Regulations, 2024. The equity as on April 1, 2025 has been considered equal to the closing equity approved in the Truing-up for FY 2024-25. The addition of equity has been considered as Nil based on the funding of capitalisation approved by the Commission in this Order.

5.7.4 The RoE approved in the APR for FY 2025-26 is shown in the Table below:

Table 31: Return on Equity for FY 2025-26 approved by the Commission (Rs. Crore)

Sr. No.	Particulars	Approved in T.O. dt. 25.03.2025	AEGCL Submission	Approved after APR
1	Opening Equity Capital	860.36	835.71	826.63
2	Equity addition due to GFA addition	0.00	-	-
3	Less: Reduction during the year	0.00	-	-
4	Closing Equity	860.36	835.71	826.63
5	Average Equity	860.36	835.71	826.63
6	Rate of Return on equity	13.50%	13.50%	13.50%
7	Return on Equity	116.15	112.82	111.60

5.7.5 Accordingly, the Commission provisionally approves RoE of Rs. 111.60 Crore after APR for FY 2025-26.

5.8 Interest on Working Capital (IoWC)

5.8.1 The Commission approved IoWC of Rs. 14.78 Crore for FY 2025-26 in the MYT Order dated March 25, 2025. As against this, AEGCL has claimed IoWC of Rs. 16.78 Crore for FY 2025-26, calculated as specified in the MYT Regulations, 2024.

Commission's Analysis

5.8.2 The Commission has computed IoWC in accordance with the MYT Regulations, 2024. The rate of Interest has been considered equal to average SBI 1-year MCLR

rate for the last six months at the time of filing of the Petition, plus 300 basis points, i.e., 11.90%. For computation of working capital requirement, normative O&M expenses have been considered. Further, receivables have been considered equal to the revenue approved for FY 2025-26 in the Tariff Order for FY 2025-26, rather than revised ARR as considered by AEGCL.

5.8.3 The IoWC approved by the Commission in the APR for FY 2025-26 is shown in the following Table:

Table 32: Interest on Working Capital for FY 2025-26 as approved by the Commission (Rs. Crore)

Sr. No.	Particulars	Approved in MYT Order dt. 25.03.2025	AEGCL	Approved after APR
1	O&M expenses for 1 month	21.87	22.67	20.72
2	Maintenance spares @ 15% of O&M Expenses	39.36	40.80	37.30
3	Receivables for 45 days	63.52	78.75	75.49
4	Total Working Capital	124.75	142.21	133.51
5	Rate of Interest	11.85%	11.86%	11.90%
6	Interest on Working Capital	14.78	16.87	15.89

5.8.4 Accordingly, the Commission provisionally approves IoWC of Rs. 15.89 Crore after APR for FY 2025-26.

5.9 BST for Pension Fund

5.9.1 The Commission had approved BST for Pension fund at 18 paise per unit amounting to Rs. 253.83 Crore for FY 2025-26 in the Tariff Order dated March 25, 2025. AEGCL has claimed BST for Pension Fund of Rs. 246.41 Crore as per the energy estimated to be sent out to APDCL for FY 2025-26.

Commission's Analysis

5.9.2 The Commission approves BST for Pension Fund at 18 paise per unit on the energy estimated to be transmitted to APDCL, as shown in the following Table:

Table 33: Approved BST for Pension Fund for FY 2025-26 (Rs. Crore)

Particulars	Approved in T.O. dt. 25.03.2025	AEGCL	Approved after APR
Energy transmitted to APDCL (MU)			13304.22
BST for Pension Fund at 18 paise per unit	253.83	246.41	239.48

5.9.3 **Accordingly, the Commission provisionally approves BST for pension fund of Rs. 239.48 Crore in the APR for FY 2025-26.**

5.10 Non-Tariff Income

5.10.1 The Commission had approved the Non-Tariff Income at Rs. 119.80 Crore for FY 2025-26 in the MYT Order dated March 25, 2025. As against this, AEGCL has estimated Non-Tariff Income of Rs. 104.06 Crore for FY 2025-26.

Commission's Analysis

5.10.2 **The Commission provisionally considers NTI of Rs. 104.06 Crore**, as estimated by AEGCL. The actual Non-Tariff income will be allowed at the time of truing up, subject to prudence check.

5.11 Contribution to Contingency Reserves

5.11.1 AEGCL submitted that the Commission vide its Tariff Order dated 25.03.2025 has approved Contribution to Contingency Reserves of Rs. 3.53 Crore for FY 2025-26. AEGCL has estimated the Contribution to Contingency Reserve based on estimated GFA for FY 2025-26 at Rs. 3.40 Crore.

Commission's Analysis

5.11.2 AEGCL has been utilising these funds for appropriate purposes, with prior approval from the Commission. Hence, the Commission has approved the Contingency Reserve for FY 2025-26, as shown in the following Table:

Table 34: Contribution towards Contingency Reserves as approved after APR for FY 2025-26 (Rs. Crore)

Sl. No.	Particulars	AEGCL Submission	Approved after APR
1	Opening GFA for Previous year	3398.82	3400.63
2	Contribution to Contingency Reserves	0.10%	0.10%
3	Contingency Reserves	3.40	3.40

5.11.3 Accordingly, the Commission provisionally approves Contribution to Contingency Reserves of Rs. 3.40 Crore after APR for FY 2024-25.

5.11.4 Further, in order to have proper accounting for the balance Funds in the Contingency Reserve, the Commission has detailed the same in the Table below, after considering the interest income on the amount of Contingency Funds:

Table 35: Balance of Funds in Contingency Reserves at the end of FY 2025-26 (Rs. Crore)

Sl. No.	Particulars	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
1	Opening Balance	0.00	2.27	5.60	6.86
2	Addition of Contingency Reserve during year	2.73	3.01	3.25	3.40
3	Utilisation of Contingency Fund during year	0.55	0.00	2.52	0.00
4	Closing Balance	2.18	5.28	6.33	10.26
5	Average Balance	1.09	3.77	5.97	8.56
6	SBI MCLR (%)	7.80%	8.57%	8.88%	8.90%
7	Interest on Contingency Reserve Funds	0.09	0.32	0.53	0.76

5.12 ARR after Annual Performance Review of FY 2025-26

5.12.1 Considering the above heads of expense and revenue, the net ARR approved after APR for FY 2025-26 is shown in the following Table:

Table 36: ARR approved after APR for FY 2025-26 (Rs. Crore)

Sr. No.	Particulars	Approved in T.O. dt. 25.03.2025	Proposed by AEGCL	Approved after APR
1	O&M Expenses	262.43	271.98	248.64
a	Employee Cost	206.12	218.27	204.28
b	R&M Expenses	40.79	40.92	26.07
c	A&G Expenses	15.52	12.79	18.29
2	Depreciation	82.40	81.45	78.02
3	Interest and Finance Charges	1.38	1.16	1.79
4	Interest on Working Capital	14.78	16.87	15.89
5	BST for Pension Trust Fund	253.83	246.41	239.48
6	Return on Equity	116.15	112.82	111.60
7	Contribution to Contingency Reserve	3.53	3.40	3.40
8	Less: Non-Tariff Income	119.80	104.06	104.06
9	Aggregate Revenue Requirement	614.70	630.02	594.75

5.13 Revenue Gap/(Surplus) for FY 2025-26

5.13.1 AEGCL has claimed Revenue Gap of Rs. 15.32 Crore after APR for FY 2025-26.

Commission's Analysis

5.13.2 The Commission has computed the Revenue Gap/(Surplus) after APR for FY 2025-26 as shown in the following Table:

Table 37: Revenue Gap/(Surplus) after APR for FY 2025-26 (Rs. Crore)

Sr. No.	Particulars	Proposed by AEGCL	Approved after APR
1	Aggregate Revenue Requirement	630.02	594.75
2	Revenue from STOA/MTOA Charges	2.36	2.36
3	Net ARR	627.66	592.39
4	Revenue with Approved Tariff	612.34	612.34
5	Revenue Gap/(Surplus)	15.32	(19.95)

5.13.3 The APR reveals a Revenue Surplus of Rs. 19.95 Crore for FY 2025-26. It is only indicative, in the absence of Audited Annual Accounts for FY 2025-26. It will be considered during the Truing up process for FY 2025-26, after the Audited Annual Accounts are made available.

6 Revised ARR for AEGCL for FY 2026-27

6.1 Introduction

6.1.1 This Chapter deals with the approval of ARR of AEGCL for FY 2026-27 in accordance with the provisions of MYT Regulations, 2024.

6.2 Transmission Loss

6.2.1 AEGCL submitted that many new 220 kV substations are coming up under AIIB scheme, which are expected to be charged only after FY 2025-26. Secondly, at APDCL end also, majority of these voltage improvements at downstream levels are expected to be implemented by the end of FY 2026-27. However, AEGCL will make all efforts towards improving the loss reduction process.

6.2.2 AEGCL has projected the Transmission Loss for FY 2026-27, as detailed in the Table below:

Table 38: Transmission Losses Projected by AEGCL for FY 2025-26 to 2029-30 (MU)

Sl.	Particulars	As per MYT Order Dt. 25.03.2025	AEGCL Submission
1	Energy Injected		14557.37
2	Energy Sent Out to APDCL		13825.99
3	Energy Sent Out to OA Consumers		267.00
4	Total Energy Sent Out		14092.99
4	Transmission Loss		464.38
5	Transmission Loss (%)	3.19%	3.19%

Commission's Analysis

6.2.3 The Commission in the MYT Order dated March 25, 2025, has approved the Transmission Loss target of 3.19% for FY 2026-27, and AEGCL has also projected the Transmission Loss at 3.19% for FY 2026-27. The Commission has retained the Transmission Loss of 3.19% for FY 2026-27. AEGCL is expected to undertake necessary operational and technical measures to ensure that the actual Transmission Loss remains within the approved level.

6.3 Transmission Availability

6.3.1 AEGCL has projected the Transmission Availability of 98.50% for FY 2026-27.

Commission's Analysis

6.3.2 The MYT Regulations, 2024 specifies the Normative Transmission Availability of 98% for full recovery of transmission charges and 98.5% for incentive consideration. Also, the computation and payment of Transmission Charges has been linked to monthly Transmission Availability computed as per the MYT Regulations, 2024. The Commission notes that AEGCL has projected the trajectory of Transmission Availability equal to Normative Transmission Availability as specified in MYT Regulations, 2024. The computation of incentive/disincentive on account of Transmission Availability shall be undertaken at the time of truing up for FY 2026-27 in line with the MYT Regulations, 2024.

6.4 Operation and Maintenance Expenses

6.4.1 AEGCL submitted that O&M expenses for FY 2026-27 comprise the following heads:

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

6.4.2 The normative O&M expenses projected by AEGCL for FY 2026-27 are shown in the Table below:

Table 39: Normative O&M Expenses Projected by AEGCL for FY 2026-27 (Rs. Crore)

Sl.	Particulars	As per T.O. dtd 25.03.2025	AEGCL Submission
1	O&M Expenses	268.16	278.02
a	Employee Cost	219.54	231.20
b	R&M Expenses	31.98	33.56
c	A&G Expenses	16.64	13.26

6.4.3 Inflation Indices

6.4.4 AEGCL submitted that WPI for immediately preceding three years gives the WPI Inflation for the Base Year. Since, the WPI data is currently available till FY 2024-25, the Inflation factor could be computed till FY 2024-25. Hence, the resulting WPI

Inflation is considered for computational purpose throughout the Control Period. Hence, the resulting average WPI of 3.65% has been considered for projecting the O&M expenses for the Control Period.

6.4.5 AEGCL submitted that the average increase in the CPI for immediately preceding three years gives the CPI Inflation for Base Year. Since, the CPI data is currently available till FY 2024-25, the Inflation factor could be computed till FY 2024-25. Hence, the resulting CPI Inflation is considered for computational purpose throughout the Control Period. Hence, the resulting average CPI of 4.87% has been considered for projecting the O&M expenses for the Control Period.

Employee Expenses

6.4.6 AEGCL submitted that the base employee cost for FY 2026-27 has been computed considering the normative employee cost for FY 2025-26. The Gn (Growth Factor) of AEGCL has been considered as 1.00% as the number of employees are projected to increase in FY 2026-27, as shown in the Table below:

Table 40: Manpower Details Projected by AEGCL for FY 2026-27 (Nos.)

Sl.	Particulars	FY 2026-27
1	Manpower as on 1 st April (Opening Balance)	1650
2	Retirement during the Fiscal Year	23
3	Recruitment during the Fiscal Year	20
4	Manpower as on 31st March (Closing balance)	1647

6.4.7 The computation of normative Employee Expenses projected by AEGCL for FY 2026-27 is shown in the Table below:

Table 41: Normative Employee Expenses Projected by AEGCL for FY 2026-27 (Rs. Crore)

Sl.	Particulars	As per MYT Order dt. 25.03.2025	AEGCL Submission
1	Base Employee Cost (n-1)	206.12	218.27
2	Avg. CPI rate of preceding 3 years	5.46%	4.87%
3	Gn (growth factor for nth year)	1.00%	1.00%
4	Normative Employee Cost	219.54	231.20

R&M Expenses

6.4.8 AEGCL submitted that R&M expenses are directly related to the number of substations and lines, age of the assets, and their wear and tear during the period.

R&M expenses are generally incurred in order to ensure the maintenance of the transmission lines/systems.

Provision for Colony Maintenance of AEGCL

6.4.9 AEGCL requested the Commission to allot a separate coffer for improvement of its existing colonies associated with major Grid Substation. AEGCL reiterated that most of the residential buildings, interior roads, drains, security walls, etc., require major maintenance/ reconstruction. The Commission has allowed provision of Rs. 4.00 Crore against this head for FY 2026-27. AEGCL stated that it has prepared a detailed plan amounting to Rs. 7.11 Crore.

Provision for Upgradation of Substation Automation System (SAS) for FY 2026-27

6.4.10 AEGCL submitted that the SAS in 2 Grid Substations such as 220 kV Jawaharnagar and 132 kV Matia GSS, are very old and outdated. As such, the Substations are prone to operational reliability risks, potential system failures, and limited availability of technical servicing support, which may lead to supply interruptions in critical/VVIP areas and operational challenges, thereby necessitating timely upgradation. As such, a tentative amount of Rs. 1.08 Crore would be required for the said work for FY 2026-27.

Provision for Cyber Security for FY 2025-26 to FY 2029-30

6.4.11 AEGCL submitted the estimate of Rs. 1.80 Crore against the following heads under Provision for Cyber Security:

Sl.	Description	Amount (Rs. in Cr)
1	End Point Security	0.25
2	Cyber Security Awareness Programme	0.10
3	AEGCL Webmail License	0.30
4	Software and Hardware Procurement	0.15
5	Internet Connectivity	0.60
6	ISMS implementation and VAPT	0.40

6.4.12 The closing GFA for FY 2025-26 has been considered as opening GFA for FY 2026-27. The “K” factor of AEGCL has been considered as 0.63% as approved by the

Commission in the MYT Order dated 25.03.2025 for FY 2026-27.

6.4.13 The computation of normative R&M Expenses projected by AEGCL for the Control Period from FY 2026-27 is shown in the Table below:

Table 42: Normative R&M Expenses Projected by AEGCL for FY 2026-27 (Rs. Crore)

Sl. No	Particulars	As per MYT Order dt. 25.03.2025	AEGCL Submission
1	Opening GFA for previous year	3527.01	3,398.82
2	Closing GFA for previous year	3787.01	3,820.24
3	Average GFA for previous year	3657.01	3,609.53
4	K Factor	0.63%	0.63%
5	WPI Inflation	7.23%	3.65%
6	Normative R&M Expense	24.77	23.57
7	Provision for Colony Maintenance of AEGCL	4.00	7.11
8	Upgradation of SAS at various substation	-	1.08
9	Additional amount for Cyber Security	0.58	1.80
10	Annual Technical Support (ATS) Services for ERP Product	0.46	-
11	Application Maintenance Support (AMS) Services for ERP Solution	0.42	-
12	Recurring charges of DC-DR for ERP Database	1.76	-
	Total R&M Expenses	31.98	33.56

A&G Expenses

6.4.14 AEGCL has considered the normative A&G expenses for FY 2025-26 as base A&G expense for the FY 2026-27 and escalated the same by WPI escalation of 3.65%. The computation of normative A&G Expenses projected by AEGCL for FY 2026-27 is shown in the Table below:

Table 43: Normative A&G Expenses Projected by AEGCL for FY 2026-27 (Rs. Crore)

Sl.	Particulars	As per MYT Order dt. 25.03.2025	AEGCL Submission
1	A&G Expenses for previous year	15.52	12.79
2	Avg. WPI rate	7.23%	3.65%
3	Normative A&G Expenses	16.64	13.26

Commission's Analysis

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

6.4.16 For computation of employee expenses for FY 2026-27, the Commission has adopted the following approach:

- a) The Normative employee expenses approved for FY 2025-26 have been considered as base expenses;
- b) The base employee expenses for FY 2025-26 have been escalated by applicable CPI inflation for FY 2022-23 to FY 2024-25, which works out to 4.87%;
- c) Considering the projected increase in number of employees in FY 2026-27, growth factor of 1% has been considered.

6.4.17 The normative employee expenses approved for FY 2026-27 is shown in the following Table:

Table 44: Approved Employee Expenses for FY 2026-27 (Rs. Crore)

Particulars	As per MYT Order dt. 25.03.2025	AEGCL Submission	Approved for FY 2026-27
Base Employee Expenses	206.12	218.27	204.28
CPI Inflation	5.46%	4.87%	4.87%
Growth factor	1.00%	1.00%	1.00%
Normative Employee Expenses	219.54	231.20	216.38

6.4.18 For computation of normative R&M Expenses for FY 2026-27, the Commission has considered the following approach:

- a) WPI inflation has been computed for FY 2022-23 to FY 2024-25, which works out to 3.63%;
- b) K-factor has been considered as 0.63% as approved in the MYT Order dated March 25, 2025;
- c) Provision for Colony Maintenance has been allowed at Rs. 7.72 Crore for FY 2026-27. The Commission has considered 50% of the expenditure against three Work Orders for construction of G+2 Officers' Quarters for FY 2026-27, and the remaining 50% has been carried forward to FY 2027-28, in line with the stipulated completion period of 720 days. The 50% of admissible expenditure for FY 2026-27 does not include works such as boundary wall height extension, construction of parking shed, Grid tiles, water drain, overhead tank, boring, approach road, culvert, fencing and campus gate, as these expenses should be claimed under Capital expenditure, as appropriate;
- d) The Commission has allowed Rs. 0.60 Crore towards Cyber Security based on amount allowed for FY 2025-26. Further, expenses towards internet connectivity, webmail licence, and procurement of hardware and software should be claimed under regular R&M expenses or capital expenses, as appropriate;
- e) The Commission has allowed the amount of Rs. 6.46 Crore towards Provision for ERS, based on the competitively discovered amount as submitted by AEGCL. However, it is observed that AEGCL has already 8 towers and is procuring 2 more towers, where past 3 years trend shows that all ERS towers are not fully utilized. Hence, AEGCL should not seek approval for further ERS unless AEGCL is able to satisfy the Commission regarding the utilisation of existing ERS and the need for ERS;
- f) The Commission has already rejected the request for separate provisioning for Upgradation of SAS at various substations in the MYT Order, and the reiteration of the request by AEGCL cannot be considered in the ARR of FY 2026-27;
- g) **It is observed that AEGCL is seeking separate provisioning for an increasing number of expenses, and the claim for separate provisioning is itself equal to the normative R&M expenses. It is also observed that once such separate provisioning is approved, AEGCL is utilising such funds for expenses not strictly envisaged when such separate provisioning was approved. For instance, several new construction works are being claimed under Colony Maintenance, several unrelated expenses are being claimed under Cyber Security, etc. AEGCL has also earned efficiency gains of Rs. 8.27 Crore and Rs. 7.06 Crore in FY 2023-24 and FY2024-25, respectively, on account of**

actual R&M expenses being lower than normative R&M expenses; hence, the R&M budget is sufficient for undertaking such expenses. AEGCL is directed to desist from making claims for separate provisioning for various heads under R&M expenses.

6.4.19 The normative R&M expenses approved for the Control Period are shown in the following Table:

Table 45: Approved R&M Expenses for FY 2026-27 (Rs. Crore)

Particulars	As per MYT Order dt. 25.03.2025	AEGCL Submission	Approved for FY 2026-27
Opening GFA for previous year	3527.01	3,398.82	3,400.62
Closing GFA for previous year	3787.01	3,820.24	3,822.05
Average GFA for previous year	3657.01	3,609.53	3,611.33
K Factor	0.63%	0.63%	0.63%
WPI Inflation	7.23%	3.65%	3.63%
Normative R&M Expenses	24.77	23.57	23.58
Provision for Colony Maintenance of AEGCL	4.00	7.11	7.72
Expenditure for Emergency Restoration System	-	-	6.46
Upgradation of SAS at various substation	-	1.08	-
Additional amount for Cyber Security	0.58	1.80	0.60
Annual Technical Support (ATS) Services for ERP Product	0.46	-	-
Application Maintenance Support (AMS) Services for ERP Solution	0.42	-	-
Recurring charges of DC-DR for ERP Database	1.76	-	-
Net Normative R&M Expenses	31.98	33.56	38.35

6.4.20 For computation of A&G expenses for the Control Period, the Commission has adopted the following approach:

- a) The A&G expenses for FY 2026-27 have been approved by escalating the approved A&G for FY 2025-26 with applicable WPI escalation of 3.63%.

6.4.21 The approved A&G expenses for the Control Period are shown in the following Table:

Table 46: Approved A&G Expenses for FY 2026-27 (Rs. Crore)

Particulars	As per MYT Order dt. 25.03.2025	AEGCL Submission	Approved for FY 2026- 27
A&G Expenses for Previous Year	15.52	12.79	18.29
WPI Inflation	7.23%	3.65%	3.63%
Normative A&G Expenses	16.64	13.26	18.96

6.4.22 The summary of normative O&M expenses approved by the Commission for FY 2026-27 is shown in the Table below:

Table 47: Approved O&M Expenses for FY 2026-27 (Rs. Crore)

Particulars	As per MYT Order dt. 25.03.2025	AEGCL Submission	Approved for FY 2026- 27
Employee Expenses	219.54	231.20	216.38
R&M Expenses	31.98	33.56	38.35
A&G Expenses	16.64	13.26	18.96
O&M Expenses	268.16	278.02	273.68

6.5 Capitalisation

6.5.1 The Commission had approved capitalisation of Rs. 260.00 Crore for FY 2026-27 in the Order dated March 25, 2025. AEGCL has projected revised capitalisation of Rs. 1248.89 Crore in its Petition. AEGCL submitted that the funding of Capital Expenditure is envisaged through Grants, Equity, and Loans, as per funding pattern of the respective Schemes, as shown in the following Table:

Table 48: Capital Expenditure and Capitalisation submitted by AEGCL (Rs. Crore)

Particulars	As per MYT Order dt. 25.03.2025	AEGCL Submission
Grant		1181.61
Equity	260.00	67.29
Debt		-
Total Capitalization	260.00	1248.89

Commission's Analysis

- 6.5.2 In the past, the Commission has observed that AEGCL tends to estimate very high capitalisation for the ensuing year, though the actual capitalisation achieved at the end of the year is much lesser. Hence, the Commission does not find it prudent to allow such high estimate of capitalisation and burden the consumers through higher ARR and Tariff.
- 6.5.3 The Commission has hence, analysed the actual capitalization achieved by AEGCL in the past five years, i.e., FY 2020-21 to FY 2024-25, as shown in the Table below:

Table 49: Actual Capitalization for FY 2020-21 to FY 2024-25 (Rs. Crore)

Particulars	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
Actual Capitalisation	170	174	290	230	146

- 6.5.4 As seen from the above Table, based on the actual capitalization of last five years, the average capitalization over the last 5 years is Rs. 202 Crore, while the average capitalization over the last 3 years is Rs. 222 Crore.
- 6.5.5 However, it is observed that a majority of the schemes proposed for capitalisation in FY 2026-27 are executed by PGCIL and is likely to be completed on time. Hence, the Commission has considered annual Capitalisation of Rs. 1000.00 Crore for FY 2026-27 based on the scheme-wise capitalization.
- 6.5.6 It is clarified that AEGCL is at liberty to achieve capitalisation higher than the considered amount. The Commission will approve the actual Capitalisation at the time of truing up, subject to prudence check.
- 6.5.7 As regards funding of capitalisation, Regulation 32 of the MYT Regulations, 2024 specifies that the normative Debt:Equity ratio shall be considered as 70:30, after reducing the grant contribution. In case actual equity contribution is greater than 30% of GFA less Grant contribution, the equity in excess of 30% shall be considered as normative debt. In other words, the Grant contribution should first be reduced from the GFA addition, and the balance GFA shall be considered as funded by 70:30 debt:equity ratio.
- 6.5.8 The capitalisation and its funding considered by the Commission for FY 2026-27 is shown in the Table below:

Table 50: Capitalisation approved by the Commission for FY 2026-27 (Rs. Crore)

Particulars	As per MYT Order dt. 25.03.2025	AEGCL Submission	Approved for FY 2026-27
Grant		1,181.60	946.13
Equity	260.00	67.29	16.16
Debt			37.71
Capitalisation	260.00	1,248.89	1,000.00

6.6 Depreciation

6.6.1 AEGCL submitted that depreciation has been computed as per MYT Regulations, 2024 for FY 2026-27. Depreciation has been calculated taking into consideration the opening balance of assets for the respective year and the provisional capitalization. The addition of assets for FY 2026-27 has been projected considering capital investment plan for FY 2026-27. The estimated closing Gross Block of Fixed Assets for FY 2025-26 has been considered as the opening balance of assets in the beginning of FY 2026-27. Depreciation is calculated as per SLM at the rates specified in the MYT Regulations, 2024 considering depreciation to the extent of 90% of the Asset Value. The Depreciation of assets created through Grant has been reduced before arriving at Net depreciation.

6.6.2 AEGCL requested the Commission to approve the depreciation of Rs. 100.77 Crore for FY 2026-27.

Commission's Analysis

6.6.3 For computation of depreciation, the Commission has considered the closing GFA for FY 2025-26 as approved in this Order, as the Opening GFA for FY 2026-27. The capitalisation approved for FY 2026-27 has been considered as asset addition during the year. The Commission has considered the depreciation rates as specified in Appendix I (for existing assets) and Appendix II (for new assets) to the MYT Regulations, 2024.

6.6.4 As per the MYT Regulations, 2024, the total depreciation during the life of the asset shall not exceed 90% of the original cost of GFA. The Commission has computed the depreciation separately for assets added under each asset head in each year. The Commission has capped the depreciation on assets at 90% of the original cost of

asset under different asset heads.

6.6.5 In line with the approach adopted in the previous Orders and as specified in the MYT Regulations, 2024, the Commission has not considered the depreciation on assets funded through grants, consumer contribution or capital subsidy, for the Control Period.

6.6.6 In view of the above, the Commission has approved depreciation for the period for FY 2026-27 as per MYT Regulations, 2024, as given in the Tables below:

Table 51: Depreciation approved for FY 2026-27 (Rs. Crore)

Sl.	Particulars	Opening GFA	Addition during the year	Rate of depreciation	Depreciation Approved
1	Land & Rights	-	-		-
2	Land under lease	270.47			-
3	Building	77.74		3.34%	2.02
4	Hydraulic	2.64		5.28%	-
5	Other Civil Works	206.12	129.72	3.34%	9.05
6	Plant & Machinery	1,703.93	602.37	4.22%	95.74
7	Lines & Cable Network	1,525.26	253.02	4.22%	64.16
8	Vehicles	5.24	-	9.50%	0.05
9	Furniture & Fixtures	9.94	5.60	6.33%	0.67
10	Office Equipment	18.90	9.29	6.33%	1.48
11	Computer & Accessories	1.81			
12	Grand Total	3,822.05	1,000.00		173.18
13	Less: Depreciation for Grants/Consumer Contribution				92.29
14	Net Depreciation				80.89
15	Depreciation towards CC				5.43
16	Net Depreciation				75.45

6.7 Interest on Loan Capital

6.7.1 AEGCL has considered the closing net normative loan for FY 2025-26 as per its submissions, as the opening net normative loan for FY 2026-27. The normative repayment has been considered equal to the depreciation. The weighted average

interest rate has been considered as 8.00% for FY 2026-27.

6.7.2 Accordingly, AEGCL has projected the Interest and Finance Charges for FY 2026-27 as Nil Crore.

Commission's Analysis

6.7.3 The Commission has considered the opening net normative loan as on April 1, 2026 as Nil Crore, based on the closing net normative loan of FY 2025-26. The addition of loan has been considered equal to debt portion of capitalized works as approved by the Commission in this Order. The loan repayment has been considered equivalent to depreciation approved in this Order.

6.7.4 The weighted average rate of Interest of 8.75% applicable for FY 2025-26 has been considered for computing the normative interest for FY 2026-27. **The interest on loan capital as approved by the Commission for FY 2026-27 is shown in the following Table:**

Table 52: Approved Interest on Loan for FY 2026-27 (Rs. Crore)

Particulars	As per MYT Order dt. 25.03.2025	AEGCL Submission	Approved for FY 2026-27
Net Normative Opening Loan	-	-	-
Addition of normative loan during the year	-	-	37.71
Normative Repayment during the year	87.27	100.77	75.45
Net Normative Closing Loan	-	-	-
Interest Rate	-	8.00%	8.75%
Interest Expenses	-	-	-
Finance Charges	-	0.00	0.00
Total Interest and Finance Charges	-	-	-

6.8 Return on Equity

6.8.1 AEGCL submitted that the Return on Equity has been computed at 13.50% on average balance of equity based upon the opening balance of equity and normative additions during the year. Accordingly, AEGCL has projected the RoE as Rs. 117.36 Crore for FY 2026-27.

Commission's Analysis

6.8.2 The Commission has approved the RoE in accordance with the MYT Regulations,

2024. The equity as on April 1, 2026 has been considered equal to the closing equity approved in the APR for FY 2025-26. The addition of equity has been considered equal to equity portion of capitalised works as approved by the Commission in this Order.

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

Table 53: Return on Equity approved by the Commission for FY 2026-27 (Rs. Crore)

Particulars	As per MYT Order dt. 25.03.2025	AEGCL Submission	Approved for FY 2026-27
Opening Equity	860.36	835.71	826.63
Addition due to Capitalisation	-	67.29	16.16
Less: Reduction during the year	-	-	-
Equity (Closing Balance)	860.36	902.99	842.79
Average Equity	860.36	869.35	834.71
Rate of Return on Equity	13.50%	13.50%	13.50%
Return on Equity	116.15	117.36	112.69

6.9 Interest on Working Capital

6.9.1 AEGCL submitted that the normative IoWC has been computed in accordance with the MYT Regulations, 2024. The rate of interest provided on the working capital is the normative interest rate of 300 basis points above the average SBI 1-year MCLR prevalent during last available six months for the determination of tariff. Accordingly, AEGCL has projected the IoWC as Rs. 17.51 Crore FY 2026-27.

Commission's Analysis

6.9.2 The Commission has computed normative IoWC in accordance with the MYT Regulations, 2024. The rate of Interest has been considered equal to State Bank of India MCLR (One Year Tenor) prevalent during last 6 months plus 300 basis points i.e., 11.90%. For computation of working capital requirement, normative O&M expenses have been considered. Further, receivables have been considered equal to the ARR approved for FY 2026-27 in this Order. Normative IoWC approved by the Commission for FY 2026-27 is shown in the following Table:

Table 54: IoWC approved by the Commission for FY 2026-27 (Rs. Crore)

Sr. No.	Particulars	As per MYT Order dt. 25.03.2025	AEGCL Submission	Approved for FY 2026-27
1	O&M expenses for 1 month	22.35	23.17	22.81
2	Maintenance spares @ 15% of O&M Expenses	40.22	41.70	41.05
3	Receivables for 45 days	78.22	82.79	71.06
4	Total Working Capital	140.79	147.66	134.92
5	Rate of Interest	11.85%	11.86%	11.90%
6	Interest on Working Capital	16.68	17.51	16.06

6.10 BST for Pension Fund

6.10.1 AEGCL submitted that the special charges on account of Bulk Supply Tariff have been computed considering the Bulk Supply Tariff at 18 paise per unit of energy sent out to APDCL as approved by the Commission vide Order dated March 25, 2025, as shown in the Table below:

Table 55: Special charges - BST for FY 2026-27 as projected by AEGCL (Rs. Crore)

Sr No.	Particulars	As per MYT Order dt. 25.03.2025	AEGCL Submission
1	Energy Sent Out to APDCL (MU)	15233.09	13825.99
2	BST Charge (Rs./kWh)	0.18	0.18
3	Total	294.27	248.87

Commission's Analysis

6.10.2 The Commission approves BST for Pension Fund at 18 Paise per unit on the energy sent out to APDCL, as approved in the Tariff Order of APDCL, as shown in the following Table:

Table 56: BST for Pension Fund approved for FY 2026-27 (Rs. Crore)

Sr No.	Particulars	As per MYT Order dt. 25.03.2025	AEGCL Submission	Approved for FY 2026-27
1	Energy Sent Out to APDCL (MU)	15233.09	13825.99	14538.86
2	BST Charge (Rs./kWh)	0.18	0.18	0.18
3	Total (3=1*2/10)	294.27	248.87	261.70

6.11 Non-Tariff Income

6.11.1 AEGCL has projected the Non-Tariff income as Rs. 104.06 Crore for FY 2026-27.

Commission's Analysis

6.11.2 The Commission approves the Non-Tariff Income of Rs. 104.06 Crore for FY 2026-27 as submitted by AEGCL. The actual Non-Tariff income shall be considered at the time of truing up for FY 2026-27, after prudence check.

6.12 Contribution to Contingency Reserves for FY 2026-27

6.12.1 The Commission has approved Contribution to Contingency Reserve of Rs 3.79 crore for FY 2026-27 through the MYT Order dated March 25, 2025. However, based on projected asset addition, contribution towards contingency reserves is projected at Rs. 3.82 Crore for FY 2026-, as shown below:

Table 57: Contribution towards Contingency Reserves for FY 2026-27 (Rs. Crore)

Sl. No.	Particulars	As per MYT Order dt. 25.03.2025	AEGCL Submission
1	Opening GFA for the Previous year	3787.86	3820.24
2	% Factor	0.10%	0.10%
3	Contingency Reserves (1*2)	3.79	3.82

Commission's Analysis

6.12.2 Regulation 68.9.1 specifies as under:

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

the calculation of aggregate revenue requirement:

Provided that where the amount of such Contingency Reserve exceeds one (1) per cent of the gross fixed assets, no such appropriation shall be allowed, which would have the effect of increasing the reserve beyond the said maximum:

Provided further that the amount so appropriated may be invested in securities and fixed deposit. Interest earned shall be added to the Contingency Reserve.

Provided also that the Transmission Licensee shall maintain separate account for such reserve”

6.12.3 The Commission has approved the Contribution towards Contingency Reserves for FY 2026-27, in accordance with the MYT Regulations, 2024 based on approved opening GFA of that year, as shown in the Table below:

Table 58: Approved Contribution towards Contingency Reserves for FY 2026-27 (Rs. Crore)

S. No.	Particulars	As per MYT Order dt. 25.03.2025	AEGCL Submission	Approved for FY 2026-27
1	Opening GFA for the current year	3787.86	3820.24	3822.05
2	% Factor	0.10%	0.10%	0.10%
3	Contingency Reserves	3.79	3.82	3.82

6.12.4 Thus, **the Commission approves the Contribution towards Contingency Reserves as Rs. 3.82 Crore for FY 2026-27.**

6.13 Revenue from STO/MTOA Charges

6.13.1 AEGCL submitted that the Income from open access consumers has been projected based on actual of FY 2024-25 and six months actual for FY 2025-26. AEGCL has projected income from open access consumers as Rs. 2.36 Crore for FY 2026-27.

Commission’s Analysis

6.13.2 The Commission has considered the Revenue from STO/MTOA Charges as Rs. 2.36 Crore for each year of the Control Period, as projected by AEGCL. The actual Income from STO/MTOA shall be considered at the time of true-up for the respective year.

6.14 Summary of ARR for FY 2026-27

6.14.1 The summary of ARR as submitted by AEGCL and as approved by the Commission for FY 2026-27 is given in the Table below:

Table 59: ARR for FY 2026-27 as approved by the Commission (Rs. Crore)

Sr. No.	Particulars	As per MYT Order dt. 25.03.2025	AEGCL Petition	Approved by the Commission
1	O&M Expenses	268.16	278.02	273.68
a	<i>Employee Cost</i>	219.54	231.20	216.38
b	<i>R&M Expenses</i>	31.98	33.56	38.35
c	<i>A&G Expenses</i>	16.64	13.26	18.96
2	Depreciation	81.26	100.77	75.45
3	Interest and Finance Charges	0.00	0.00	-
4	Interest on Working Capital	16.68	17.51	16.06
5	BST for Pension Trust Fund	274.20	248.87	261.70
6	Return on Equity	116.15	117.36	112.69
7	Contribution to Contingency Reserve	3.79	3.82	3.82
8	Less: Non-Tariff Income/ Other Income	125.79	104.06	104.06
9	Aggregate Revenue Requirement	634.45	662.29	639.34
10	Revenue from STOA/MTOA Charges	2.36	2.36	2.36
11	Net Revenue Requirement	632.09	659.93	636.98

7 Transmission Tariff for FY 2026-27

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

7.1.1 AEGCL has computed the Revenue Surplus after True-up for FY 2024-25 along with the holding Cost as shown in the Table below. The Interest rate has been considered equal to the average State Bank of India MCLR (1-Year tenure) prevalent for the last available six months plus 300 basis points, as per the MYT Regulations, 2024.

Table 60: Cumulative Revenue Gap/(Surplus) (Rs. Crore)

Particulars	Amount
Revenue Surplus for FY 2024-25	48.16
Holding cost on Revenue Surplus for FY 2024-25	11.43
Total Surplus	59.59

Commission's Analysis

7.1.2 For computation of cumulative Revenue Gap/(Surplus), the Commission has considered the Revenue Gap/(Surplus) after truing up of FY 2024-25 as approved in this Order, along with Carrying/(Holding)Cost. The Revenue Gap/(Surplus) arising out of APR of FY 2025-26 has not been considered for recovery through tariff in FY 2026-27, in accordance with the MYT Regulations, 2024. The Revenue Gap/(Surplus) computed by AEGCL and approved by the Commission in this Order is shown in the Table below:

Table 61: Revenue Gap/(Surplus) for FY 2024-25 approved for recovery/adjustment in FY 2026-27 (Rs. Crore)

Sr. No.	Particulars	Tariff Order	AEGCL	Approved in this Order
1	Net ARR	668.27	620.11	617.40
2	Revenue from Transmission Charges	668.27	668.27	668.27
3	Revenue Gap/(Surplus)	-	(48.16)	(50.88)
4	Carrying/(Holding) cost	-	(11.43)	(12.11)

7.1.3 The Commission has computed the Carrying/ (Holding) cost as shown in the following Table:

Table 62: Carrying/ (Holding) Cost for Revenue Gap/(Surplus) for FY 2024-25 approved by the Commission (Rs. Crore)

Sr. No.	Particulars	FY 2024-25	FY 2025-26	FY 2026-27
1	Opening Balance	-	(50.88)	(50.88)
2	Recovery /(Addition) during year	(50.88)	-	(50.88)
3	Closing balance	(50.88)	(50.88)	-
4	Rate of Interest (%)	11.88%	11.90%	11.90%
5	Carrying /(holding) Cost	(3.02)	(6.06)	(3.03)
	Total Holding Cost		(12.11)	

7.1.4 The Commission has considered the recovery of total Holding cost, i.e., Rs. 12.11 Crore on Revenue Surplus for FY 2024-25. The Commission approves the cumulative Revenue Surplus of AEGCL as Rs. 62.98 Crore. This Surplus is to be refunded to APDCL in twelve monthly equal instalments of Rs. 5.25 Crore in FY 2026-27 as adjustment to the monthly bills.

7.2 Transmission tariff for FY 2026-27

7.2.1 AEGCL has considered the maximum Contracted Capacity as 3093.02 MW, by considering a 10% increase over Peak Load of 2811.84 MW as on 26th September 2025. AEGCL has proposed the Transmission Tariff for FY 2026-27 based on the cumulative Revenue Gap/(Surplus) after Truing up of FY 2024-25 and based on the projected ARR for FY 2026-27, as shown in the Table below:

Table 63: Transmission Tariff Proposed by AEGCL for FY 2026-27 (Rs. Crore)

Particulars	FY 2026-27
Stand-alone Aggregate Revenue Requirement	659.93
Transmission Charge (Rs. / kWh)	0.47
Transmission Access Charge (Rs/MW/day)	5,845.50

Commission's Analysis

7.2.2 In accordance with the MYT Regulations, 2024, the Commission has determined the Annual Transmission Charges and Transmission System Access Charges for FY 2026-27. The Annual Transmission Charges payable by APDCL and Transmission system access charges payable by other users of AEGCL transmission system are arrived at based on Net ARR of AEGCL and the energy handled by the transmission

system.

7.3 Annual Transmission Charges from APDCL

7.3.1 **The Annual Transmission Charges for FY 2026-27 shall be equal to Net ARR approved for recovery for FY 2026-27, i.e., Rs. 636.98 Crore.**

7.3.2 The Commission has determined the Annual Transmission Charges in terms of Rs./kW/ month and per unit charges. The Commission has considered the maximum Contracted capacity of 3,093.02 MW as submitted by AEGCL and estimated energy supplied to APDCL and Open Access consumers as 14,092.99 MU as approved in Tariff Order of APDCL for FY 2026-27.

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

7.3.4 AEGCL shall raise the bill for the transmission charge (inclusive of incentive) for a month based on its estimate of Transmission System Availability Factor for the month computed as per MYT Regulations, 2024. The adjustments, if any, shall be made on the basis of the Transmission System Availability Factor to be certified by the SLDC within 30 days from the last day of the relevant month.

7.3.5 The approved Transmission System Access Charges works out to Rs. 0.45/kWh for FY 2026-27, as shown in the Table below:

Table 64: Transmission Access Charges approved by the Commission for FY 2026-27

Sr. No.	Particulars	FY 2026-27
1	Net ARR for Transmission (Rs Crore)	636.98
2	Energy transmitted to APDCL (MU)	14,092.99
3	Transmission Access Charges (Rs./kWh)	0.45
4	Transmission Charges for LTOA/ MTOA (Rs./MW/day)	5,642.21

For short-term Open Access customers, the Transmission Charges shall be: Rs. 0.45/kWh.

Note:

1) The Commission has considered Annual Maximum Peak for FY 2026-27 as 3093.02 MW.

2) Any recovery on account of short-term/medium-term open access charges shall be considered as Non-Tariff Income.

7.4 Applicability of Tariff

7.4.1 The approved Transmission tariff for FY 2026-27 shall be effective from April 1, 2026 and shall continue until replaced/modified by Order of the Commission.

Sd/-
(Shri Upananda Kataki)
Member, AERC

Sd/-
(Lt. Gen. Rana Pratap Kalita (Retd.))
Chairperson, AERC

8 Directives

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

As regards the directives issued by the Commission in the MYT Order dated March 25, 2025, AEGCL has submitted the report to the Commission on compliance. The Commission has reviewed the compliance of directives submitted by AEGCL, and the status is as follows:

Status of compliance of directives in the Tariff Order dated March 25, 2025

Directive 1: Contingency Reserve

8.1.1 AEGCL should ensure that it utilises the balance Funds under the Contingency Reserve strictly in accordance with the provisions of the MYT Regulations, 2024, after receiving prior approval from the Commission and only for the intended purposes for which the Contingency Reserve has been created. AEGCL should submit the details of fund available and utilisation of the balance Funds under Contingency Reserve on a half-yearly basis, and submit the details of balance Funds under Contingency Reserve, along with every true-up Petition.

Also, AEGCL is strongly encouraged to invest the funds available in the Contingency Reserve in safe instrument like Government Securities so that the amount does not sit idle, and the value of the Fund shall keep increasing and be utilised as and when required.

AEGCL Submission

8.1.2 AEGCL submitted the details of fund available and utilization of the balance Funds under Contingency Reserve.

Commission's Views

8.1.3 The Commission notes the submission of the report. The status of the Contingency Reserve Funds has also been detailed in the relevant Chapter of this Order for ample clarity.

Directive 2: Contingency Reserve

8.1.4 AEGCL is directed to pursue with the GoA for release of more funds to make up the shortfall in the Pension Trust, so that the Fund can become self-sustaining and the

contribution through BST can be reduced further or even eliminated altogether in due course. Also, AEGCL should provide the details of the Pension Fund at the beginning of the year, fund received from Government of Assam and Special BST tariff received, interest accrued and funds disbursed during the year, balance Pension fund at the time of submission of report. AEGCL should ensure the report should be submitted half-yearly (by 30th September and by 31st March of the year) for each year of the next Control Period

AEGCL Submission

- 8.1.5 AEGCL submitted that the GoA has made Budgetary provision of Rs.150.14 Crore. for FY 2025-26 towards Contribution of ASEB Pension Fund. AEGCL has submitted proposal for release of Rs.150.14 Crore to the GoA vide letter no. AEGCL / ACT / PEN-TRUST / MISC / PT-VII / 54 dated 09/10/2025.

Commission's Views

- 8.1.6 The Commission notes the submission of AEGCL. AEGCL should continue to pursue the matter with the GoA.

Directive 3: Coordination Committee

- 8.1.7 It has been observed by the Commission that there are common planning and operational issues relating to power generation, transmission, and distribution, which have been adversely affecting optimum utilisation of the power system and power supply to consumers and which can be resolved by effective coordination between the three Companies namely, APGCL, AEGCL and APDCL.

- 8.1.8 The Commission, therefore, directs that the existing Coordination Committee consisting of senior Officers from APGCL, AEGCL, SLDC and APDCL shall convene quarterly meetings. The Minutes of Meeting of each Coordination Committee meeting shall be submitted to the Commission within 15 days of such meeting.

AEGCL Submission

- 8.1.9 AEGCL submitted that the 7th Internal Coordination Committee Meeting was held on 23rd May, 2025 and attached the minutes of the meeting.

Commission's Views

- 8.1.10 The Commission notes the submission of AEGCL. The Utilities should ensure quarterly meetings in this regard, and ensure proper compliance with the

Commission's directives in this regard.

Directive 4: CAG Report

8.1.11 AEGCL is directed to submit the CAG report of the Year along with True up petition for that year. If for any reason CAG report is not available with the Petitioner for that year during submission of True up petition, the Petitioner is directed to ensure a copy of the report is submitted to the Commission and is published in the website of the Petitioner for viewing of public whenever it becomes available

AEGCL Submission

8.1.12 AEGCL submitted that the CAG report shall be submitted to the Commission as soon as it is available.

Commission's Views

8.1.13 During the Public Hearing, AEGCL submitted that the CAG Report was received on December 25, 2025, and that the CAG Report would be submitted shortly. AEGCL is directed to ensure that henceforth, the CAG Report should be submitted as soon as it is received.

Fresh Directives

Directive 1: Constitution of Dedicated Cell

AEGCL should constitute a dedicated cell with appropriate employee strength comprising members having the necessary regulatory, financial, technical, and commercial expertise, in order to ensure appropriate focus on regulatory filings, so that the quality of the Petitions and responses are streamlined.

Sd/-
(Shri Upananda Kataki)
Member, AERC

Sd/-
(Lt. Gen. Rana Pratap Kalita (Retd.))
Chairperson, AERC

9 Annexure-1

9.1 Minutes of the 37th Meeting of the State Advisory Committee

Venue: AERC Conference Hall.

Day/Dated: Wednesday, 21st January 2026

List of members/special invitees: At Annexure-1

The 37th Meeting of the State Advisory Committee (SAC) was chaired by the Hon'ble Chairperson, AERC, Lt. Gen. Rana Pratap Kalita (Retd.).

At the onset, Hon'ble Chairperson, AERC welcomed all members and invitees to the 37th meeting of the State Advisory Committee of the Commission. Addressing the audience, Hon'ble Chairperson remarked that it was a privilege for him to chair this meeting for the first time after he took over as Chairperson, and he looked forward to collaboratively contribute towards development of power sector of Assam in consonance with the State's developmental aspirations.

He further acknowledged the tragic passing away of one very active member of the Committee, Champak Baruah, on October, 2025. He informed that the Commission had held a prayer meet with the officers and staff for eternal peace of the departed soul and extended condolences to the family. He once again expressed his condolences to late Baruah's family and friends.

The Hon'ble Chairperson, stated that the State Advisory Committee occupies a very important place in the regulatory framework of the power sector. It is a platform that brings together diverse perspectives—policy, technical, commercial, and consumer-centric—so that the regulatory process remains transparent, inclusive, and responsive to ground realities. The presence of the Members reflects the Committee's continued commitment to strengthening Assam's power sector through constructive dialogue and informed advice.

He further added that the electricity sector in Assam, like in many other states, is at a crucial juncture and is experiencing transformative changes. Assam is witnessing growing demand driven by economic development, urbanisation, rural electrification, and emerging sectors such as electric mobility and digital infrastructure. The highest power demand met in the state reached over 2,812 MW in 2025 — up from 1,956 MW in 2019, a rise of 856 MW in just six years—and this could be achieved due to improved

infrastructure, advanced load management, and stronger coordination among power generation, transmission, and distribution entities. As per reports available, the power demand is likely to nearly triple by 2035-36; and the utilities should be proactive to meet the challenge. At the same time, the sector faces challenges related to financial sustainability of utilities, quality and reliability of supply, loss reduction, integration of renewable energy, and protection of consumer interests.

The Hon'ble Chairperson observed that, the role of the Regulatory Commission is not merely that of an adjudicator of tariffs, but of a facilitator of balanced growth—ensuring affordability for consumers, viability for utilities, and long-term sustainability of the sector. And the inputs and recommendations of this Committee are invaluable in achieving that balance.

The Hon'ble Chairperson informed that the 37th State Advisory Committee meeting deliberations centre on the tariff petitions for FY 2026-27 submitted by APDCL, APGCL, AEGCL, and SLDC. While APGCL has requested for approval of Aggregate Revenue Requirement (ARR) of Rs.1287.84 Cr for FY 2026-27, AEGCL and SLDC has proposed ARR of Rs.659.93 Cr and Rs.16.05 Cr respectively. APDCL has requested for approval of standalone ARR of Rs 11279.78 Cr for FY 2026-27 and although there is a nominal revenue gap of Rs 20.21 Cr, no enhancement in retail tariff has been proposed by the Distribution Licensee. APDCL proposes to recover this gap through new policy interventions like green tariff, green energy open access etc. He further informed that the State Government has decided to continue with the existing subsidy structure for the FY 2026-27.

Concluding his address, the Hon'ble Chairperson mentioned that the power Companies would make detailed presentations on the tariff petitions and assured the Committee that the Commission remains committed to transparency, stakeholder consultation, and evidence-based decision-making.

He requested the SAC members to put forward their suggestions and concerns during the discussions

The important points discussed by the members during the course of the meeting are briefly recorded below.

Agenda 3: Brief presentation by AERC

A Power Point Presentation was made by Mrs Punam Rabha, Deputy Director, regarding Action Taken Report of the last 36th SAC meeting.

During deliberations on the presentation, the Members were informed that APDCL completed the construction of dedicated feeders for tea estates under various schemes such as SOPD 2018–19, SOPD 2019–20, and the UDAY Scheme, after which no funds have been sanctioned so far. It was further informed that, as on date, works related to a total of 159 tea gardens have been completed, while works for the remaining approximately 222 tea gardens are yet to be taken up.

Shri Abhijit Sharma, SAC Member, emphasised that tea industry production is being adversely affected due to prolonged issues of low voltage supply. The Hon'ble Chairperson, AERC, enquired whether there has been any further progress on the project or whether the project stands completed. In response, Shri Rakesh Kumar, IAS, MD, APDCL, informed that after completion of the said schemes, a few feeder works were executed on a cooperative basis, with 50% contribution from the tea industries and 50% contribution from APDCL. He further informed that the cost of construction per feeder is approximately Rs.50 lakhs and that, to cover the remaining 222 tea gardens, about 70–80 feeders would be required, as one feeder can cater to 2–3 gardens. Accordingly, a total expenditure of around Rs.50 crores may be required. He added that support from the Government would help APDCL in expediting the work.

The Hon'ble Chairperson advised APDCL to propose a roadmap for taking up the project, including the associated financial requirements. Shri Jayant Narlikar, IAS, Commissioner & Secretary to the GoA, enquired whether any budgetary proposal has been placed and whether any liability would be created. In reply, the MD, APDCL, stated that no liability would be created and that the budgetary proposal would be placed during the current year.

Shri Jojneswar Sharma and Shri Amarendra Goswami, SAC Members submitted that, although coordination exists between APDCL officials and the Electrical Inspectorate during electrical accidents, the main concern is that, in many cases, workers are engaged at sites without adequate safety kits. The Members emphasised that APDCL should accord priority to workers' safety and ensure that proper preventive measures are taken, including provision of safety equipment, issuance of safety manuals, and regular training to avoid such accidents. In response, the MD, APDCL, informed that proper training is already being conducted in the field and that, over time, a reduction in accident cases has been observed.

Shri Kumud Ch. Medhi, SAC Member, mentioned that electrical accidents do not occur only with human beings but also with animals, as in many cases transformers are not properly barricaded. In reply, the MD, APDCL, stated that transformers are being

barricaded and that approx. Rs.12 crores have been spent for this purpose. He further informed that strict instructions have been issued to all Deputy General Managers (DGMs), both in rural and urban areas, to ensure barricading of transformers. He added that, in case of fund constraints, low-cost barricading arrangements such as bamboo may be adopted in rural areas; however, no transformer would be left without proper barricading.

While deliberating on the Action Taken Reports, Mrs Rabha submitted that with regard to cumulative billing on certain days, APDCL has already made available daily and hourly consumption data on the mobile application so as to enhance consumer awareness. The MD, APDCL, further stated that the sudden spike due to cumulative addition of consumption is primarily a network-related issue. He informed that the matter has recently been discussed in meetings with the telecom service providers and the Ministry of Power, Gol, at Delhi and that, over time, additional telecom towers may be required to address the issue.

It was submitted before the SAC Members that, in order to encourage consumers to opt for rooftop solar power, particularly in view of the usual delays in receipt of Government subsidies, APDCL has facilitated loan arrangements with almost all major nationalised and private sector banks, such as SBI, PNB, Union Bank of India, Canara Bank, Bank of Baroda, HDFC Bank, ICICI Bank, etc., for installation of rooftop solar systems by consumers. The MD, APDCL, further informed that, as on date, approx. 80,000 rooftop solar installations have been completed in the State and that Assam currently stands at the 8th position in India. He added that Assam is likely to soon surpass Andhra Pradesh and Telangana, where the gap is only about 7,000–8,000 installations, and thereby attain the 6th position at the all-India level.

MD, APDCL, informed that due to large-scale solarisation, a major issue being faced by APDCL is that consumers stop drawing power from the grid during solar hours and instead inject excess power into the grid, while peak power has to be procured at higher costs during non-solar hours. As a result, the DISCOM is incurring financial losses. MD, APDCL, suggested that a Standard Operating Procedure guideline like policy to compensate DISCOMs for such losses may be advised to the Government for consideration at the Forum of Regulators (FOR) meeting.

Shri Saurabh Agarwal, SAC Member, enquired whether APDCL has submitted any comments on the draft Electricity Bills. In response, the Managing Director, APDCL, informed that the comments have been forwarded to the Government of Assam for

further processing. Ms. P. Sharma, Joint Director (Tariff), AERC, informed that AERC has also submitted its suggestions/comments directly to the Ministry.

Shri Abhijit Barooah, SAC Member, enquired that in view of the impending huge demand for power and substantial increase in investment required for future AEGCL projects, as to how such huge investment would be met. In response, Shri Jadav Saikia, IAS, Power Secretary, GoA, informed that AEGCL had initially proposed projects amounting to approx. Rs. 12,000 crore. He stated that if such an amount were to be approved under the EAP funding mechanism, the corresponding State share would also increase, and the State does not have sufficient funds to meet such a requirement. Accordingly, AEGCL has been advised to revise the project cost to Rs. 3,492 crore.

Shri Jayant Narlikar, IAS, further suggested that the three Companies may explore the option of arranging guarantees to access funds at cheaper rates, as it is difficult for the Government to provide funds for all projects. He also advised the Companies to explore alternative business models to support project financing.

Lastly, the SAC Members requested the Commission that the unfinished action items be carried forward for consideration in the next meeting as well. Hon'ble Chairperson, AERC assured that the same would be carried forward accordingly.

Agenda4: Brief presentation by APDCL on the Tariff Petition

A PowerPoint presentation was made by the Shri Rakesh Kumar, MD, APDCL on the APDCL's Petition for Truing Up for FY 2024-25, Annual Performance Review for FY 2025-26 & Revised Aggregate Revenue Requirement and Tariff for FY 2026-27.

MD, APDCL mentioned that the peak demand in Assam has reached to 2809MW in FY 2025-26. Gross Energy Purchased by APDCL is 15,556 MU with Long-Term of 14,191 MU (91%); Bilateral of 287 MU (1.84%); PX of 947 MU (6%), DSM of 131 MU (1%). He also added that the domestic consumers contribute only 41% of the revenue despite accounting for 49% of energy sales, indicating cross-subsidization, and commercial consumers contribute 20%, and industrial consumers contribute 25% of the total revenue mix.

Shri Nikunja Borthakur, SAC Member enquired whether APDCL has fulfilled its renewable energy targets. In response, MD, APDCL, stated that the renewable energy targets have been fully met.

MD, APDCL mentioned that the ACS-ARR gap is -0.24 Rs/kWh in FY 2024-25. The AT&C loss has come to 15.73%. The receivable days have been reduced to 87 days and the payable days has come to 33 days. The O&M expenses as % of GFA (excl. Smart meter OPEX) is 15%.

APDCL informed that in the True-up for FY 2024-25, the revenue gap was Rs. 377.27 Crore, and along with carrying cost of Rs. 89.76 Crore, the gross revenue gap is Rs. 467 Crore. The distribution loss achieved by APDCL is 15.44% against the approved loss of 14.50%.

Shri Amarendra Goswami, SAC Member, pointed out several issues relating to the Tariff Petition filed by APDCL. He submitted a representation for consideration during the process of tariff finalisation. In response, MD, APDCL, stated that a reply would be forwarded and that the issues would also be addressed during the hearing.

Dr. Satyajit Bhuyan, SAC Member, enquired about the distribution losses of APDCL. In response, the MD, APDCL, informed that APDCL has an extensive LT network of approximately 3 Lakh ckms, which contributes to higher distribution losses. Dr. Bhuyan further enquired regarding measures undertaken to reduce distribution losses. MD, APDCL, replied that at present major works are under implementation under RDSS and AIIB funding, against which approx. 200 new substations, 20,000 new transformers, 12,000 new HT networks, would be added for replacing the old networks to reduce technical losses. He further informed that with increased smart meters, commercial losses are now negligible.

Dr. Bhuyan, further enquired as to why the power purchase cost has been increasing over time. In response, the MD, APDCL, informed that the increase in power purchase cost is attributable to multiple factors, including higher rates discovered in most of the new power procurement tenders. He further stated that, in certain cases, cost overruns in generation projects have also contributed to the increase; for example, the Subansiri project was initially envisaged at a tariff of around Rs. 3 per unit, which has now increased to approx. Rs. 7.70 per unit. Furthermore, sometime to meet the high demand power procure at high prices from the market.

Dr. Bhuyan, also enquired about the tariff subsidy, to which MD, APDCL replied that existing tariff subsidy will continue as per the State Government order.

Shri Nikunja Borthakur, SAC Member, appreciated APDCL for the reduction in AT&C losses over time and enquired whether feeder-wise loss data is being maintained and

whether high-loss feeders are being prioritized. In response, the MD, APDCL, informed that feeder-wise loss data is being maintained and that high-loss areas are being taken up on a priority basis, with Detailed Project Reports (DPRs) being prepared accordingly.

Shri Abhijit Barooah, SAC Member enquired why the total expenditure claimed in True - up petition of Rs 11,098.99 Cr is less than actual expenditure of Rs 11,973.39 Cr MD, APDCL replied that one major component for this variation is due to operational cost related to Smart Meters. He further informed that smart meters are being installed under RDSS through OPEX mode, and APDCL has to pay to the smart meter operator on a per month per meter basis but the same is excluded in the True up, because there was a decision in the Cabinet that whatever cost is incurred shall be taken over by the Government Accordingly, APDCL has not claimed this expenditure to avoid double recovery—from consumers and also from the Government.

Shri Nikunja Borthakur, SAC Member enquired that there is an increase in interest & finance charges. MD, APDCL replied that the increase is primarily due to certain undecided amount received from M/s REC Ltd, which has now been considered as loan as a result of which approx. Rs 400 Crore has been converted to loan, and APDCL has to pay back both the interest and principle amount to M/s REC Ltd .

Dr. Bhupati Das, SAC Member, suggested that APDCL may explore additional sources of revenue under non-tariff income, such as leasing infrastructure for fibre optic cables, etc. MD, APDCL, replied that APDCL would consider the suggestion of exploring such opportunities.

MD, APDCL further informed that the estimated energy sales is 11,462 MU which is 6% less than figure approved by Hon'ble Commission. The projected standalone ARR for FY 2025-26 is Rs 11,610.23 Cr with estimated gap of Rs.158.84 Cr.

MD, APDCL mentioned that Standalone ARR FY 2026-27 during FY 2026-27 is estimated at Rs. 11279.78 Cr., leaving a shortfall of Rs. 20.21 Cr. over the cumulative requirement. It necessitates Rs. 1.5 paise/kWh hike over the existing tariff structure for recovery of the minor deficit of Rs. 20.21 crore in FY 2026-27. However, New policy interventions like green tariff, green energy open access are potential sources of additional revenue stream for the company which can be utilized to recover the miniscule gap over the entire fiscal year. With the above mentioned rates APDCL has proposed to continue existing tariff structure with no hike in effective rates for the next Financial Year.

Agenda 5: Brief presentation by AEGCL on the Tariff Petition

A PowerPoint presentation was made by the CGM, AEGCL on behalf of the MD, AEGCL on the AEGCL's Petition for Truing Up for FY 2024-25, Annual Performance Review for FY 2025-26 & Revised Aggregate Revenue Requirement and Tariff for FY 2026-27 and SLDC's Petition for Truing Up for FY 2024-25, Annual Performance Review for FY 2025-26 & Revised Aggregate Revenue Requirement and Tariff for FY 2026-27.

For AEGCL petition, AEGCL submitted that in the True-up for FY 2024-25, the Transmission Loss came down to 3.24% against the approved the Transmission loss of 3.23% by the Hon'ble Commission and the ARR after Sharing (Gains)/Losses and Incentive came to Rs.621.07 Cr against the approved amount of Rs. 672.85 Cr which led to a surplus of Rs.48.16 Cr.

In the Annual Performance Review for FY 2025-26, the Transmission Loss for the year projected to be 3.22% after assessing the first half the financial year. The Net Revenue Requirement for the FY 2025-26 is projected to be Rs.627.66 Cr against the approved amount of Rs. 612.34 Cr with a revenue gap of 15.32 Cr.

In the Aggregate Revenue Requirement for FY 2026-27, the Transmission Loss is estimated as 3.19% against the approved Transmission Loss of 3.19%. The Net Aggregate Revenue Requirement for the Financial year 2026-27 proposed by AEGCL is Rs.659.93Cr. against the approved amount of Rs.632.09Cr.

With this AEGCL submitted the proposed Transmission Charge at Rs. 0.47/ kWh.

For SLDC petition, SLDC submitted that Aggregate Revenue Requirement after sharing of (Gains)/Loss Rs.10.15 Cr against the approved amount of Rs. 15.04 Cr. with a revenue surplus of Rs. 4.89Cr. For APR SLDC projected the Aggregate Revenue Requirement to Rs. 14.53Cr with a revenue gap of Rs.2.78Cr. For ARR of FY 2026-27, SLDC proposed the Net Aggregate Revenue Requirement of Rs. 16.05Cr. With this, SLDC proposed the SLDC charges amounting to Rs.142.21 per MW per Day.

Shri Amarendra Goswami, SAC Member enquired whether AEGCL conducted health assessment of old Transformers which are more than 20 years in service. He suggested that AEGCL should check the healthiness of the old Transformers and accordingly should replace them for better performance of the Grid Substations. AEGCL replied the

assessment is being done by AEGCL often and augmentation are also being done under the AIIB funded scheme. Moreover, AEGCL is planning to replace 40 more Transformers with loan from Punjab and Sind Bank.

The members enquired regarding the use of the old Transformers after replacing them with new ones. AEGCL replied that those transformers are being reused in some other substations where load restrictions are expected. Recently, AEGCL reused a transformer with higher capacity by shifting from 132kV Srikona GSS to 132kV Karimganj GSS as some load constraints are expected in the upcoming summer season at 132kV Karimganj GSS.

Shri Saurabh Agarwal, SAC Member enquired regarding the reason behind the decrease of Non-Tariff Income in comparison to the figures approved by the Hon'ble Commission. In this regard, AEGCL informed that since many Open Access consumers have withdrawn due to the imposition of Deviation Charges on the Open Access Consumers which resulted in decline in the Non-Tariff Income of AEGCL.

Agenda 6: Brief presentation by APGCL on the Tariff Petition

A Power Point Presentation made by GM, APGCL on behalf of the MD, APGCL on Petition for Truing Up for FY 2024-25, Annual Performance Review for FY 2025-26 & Revised Aggregate Revenue Requirement and Tariff for FY 2026-27 and SLDC's Petition for Truing Up for FY 2024-25, Annual Performance Review for FY 2025-26 & Revised Aggregate Revenue Requirement and Tariff for FY 2026-27.

APGCL stated the present status and the performance of the existing power stations in the state. APGCL also highlighted the major challenges faced by APGCL while running their generating stations such as Fuel Availability and Supply Constraints, High and Volatile Fuel Cost, Low Plant Load Factor (PLF) etc.

Regarding the APGCL'S Tariff Petition for Truing-Up for FY 2024-25, Annual Performance Review for FY 2025-26, Revised Aggregate Revenue Requirement for FY 2026-27 & determination of Tariff for FY 2026-27.

APGCL mentioned that in the True Up for the FY 2024-25, a Net Revenue of Rs. 1316.02Cr and actual revenue gap of Rs. 14.92 Cr. The revenue gap with carrying cost is Rs. 18.46 Cr. The actual claimed Gross generation is 2241.58 MU.

In the APR for the FY 2025-26, APGCL has shown a ARR of Rs. 42.96 Cr and gap of Rs. 1.89 Cr for NTPS, ARR of Rs. 324.87 Cr and gap of Rs. 14.97 Cr for LTPS, ARR of Rs. 337.00 Cr and gap of Rs. 4.61 Cr for LRPP, ARR of Rs. 378.16 Cr and gap of Rs. 4.62 Cr for NRPP, ARR of Rs. 88.63 Cr and surplus of Rs. 10.32 Cr for KLHEP, overall ARR of Rs. 1171.62 Cr with Rs. 15.77 Cr gap and estimated gross generation of 2041.64 MU for APGCL.

In the ARR for the FY 2026-27, APGCL proposed total Revenue Requirement of Rs. 1287.84 Cr with this APGCL proposed a tariff of Rs. 6.49/kWh for the FY 2026-27 (fixed charge of Rs. 2.29/kWh and energy charge of Rs. 4.20/kWh).

The SAC members enquired regarding the status of the 120MW Lower Kopili Hydro Electric Project (LKHEP) and 25 MW Namrup Solar Project. It was informed by APGCL that dry commissioning of the Lower Kopili Project has already been conducted and the project is likely to be commissioned by April, 2026. Regarding the 25 MW Namrup Solar Project, it was informed that the project is scheduled to be completed within March 2026.

The Hon'ble Member (Technical), AERC enquired regarding the utilization of the gas available for the NTPS plant which is about to be decommissioned. APGCL informed that APGCL is planning either to divert the gas to LTPS plant which is near to NTPS or to develop a new gas-based plant within the NTPS campus. Hon'ble Member (Technical) suggested that a decision may be taken soon to avoid revenue loss to the Company.

Agenda 7: Additional Agenda

The Hon'ble Commission after the brief presentation by the three utilities i.e., APDCL, AEGCL and APGCL has asked the members of the State Advisory Committee to address additional issues for discussion, if any.

Shri Abhijit Sharma, SAC Member raised the issue related to solar generation by Tea Category consumers. He informed that energy is banked by the tea industry in the lean period between December to March but the banked energy is not allowed to be utilized in the peak season because of cumulative surplus and the energy banked is reset to zero on 1st April every year. He insisted that the benefits of the Clause 6.1.9 (b) of the Assam Integrated Clean Energy Policy, 2025 would be purposeful for the tea industry only if 12month period is converted to October-September instead of the April-March.

In this regard, Shri N.K. Deka, Joint Director (Engg.), AERC informed that since the policy has been introduced by the Govt of Assam therefore, AERC has no role in that matter and the matter has to be taken up with the Govt of Assam.

Adding to it, Mr. Jadav Saikia, Secretary to the Govt of Assam, Power Department informed that Assam Integrated Clean Energy Policy, 2025 was withdrawn by Govt of Assam with effect from May 2025. He informed that the Govt of Assam will look into the said matter if any new policy is being issued. Shri Abhijit Sharma, SAC Member, requested Mr Saikia to look into the matter personally for the interest of the Tea Category consumers.

There was no other matter discussed.

The meeting ended with the vote of thanks from the Secretary, AERC.

Sd/-
Secretary,
Assam Electricity Regulatory Commission

LIST OF MEMBERS, SPECIAL INVITEES AND OFFICERS PRESENT.

Members

1. Lt. Gen. Rana Pratap Kalita (Retd.), Hon'ble Chairperson, AERC
2. Shri Upananda Kataki, Hon'ble Member (Technical), AERC
3. Shri Jayant Narlikar, IAS Commissioner & Secretary GoA, Finance Dept. (Through Virtual Mode)
4. Shri Jadav Saikia, IAS Secretary, GoA, Power Dept
5. Shri Gakul Swargiyari, MD, AGCL
6. Shri Abhijit Sharma, Secretary, ABITA
7. Shri Amarendra Goswami, Electrical Consultant, Retd SE
8. Dr. Satyajit Bhuyan, Professor, AEC
9. Dr. Aditya Bihar Kandali, Principal(I/C), Dept. of EE, JIST
10. Shri Jojneswar Sharma, Ex DG Ministry of Defence
11. Shri Saurabh Agarwal, Chairman, FINER
12. Shri Abhijit Barooah, CII
13. Shri Kumud Ch.Medhi, NESSIA
14. Dr. Bhupati Das, Former MD, NRL
15. Shri Nikunja Borthakur, Advisor (CA) NRL
16. Shri Abhijit Sarma Barua, Consultant, AEDA

SPECIAL INVITEES

1. Shri Rakesh Kumar, IAS Chairman & Managing Director, APDCL

OFFICERS FROM APDCL, AEGCL&APGCL

APDCL

1. Shri Dwipen Moral, CGM (Com &EE), APDCL
2. Shri Rajiv Kr. Gogoi, GM(PP&EM) TRC, APDCL
3. Shri Rupjyoti Borah, DGM, APDCL
4. Mrs. Ronkita Baruah, AGM, APDCL
5. Mrs. Bonita Das, DM(TRC), APDCL
6. Mrs. Sisrikhya Dutta, DM(TRC), APDCL
7. Shri Aditya Barman, AM(F&A), APDCL

AEGCL and SLDC

1. Shri Balabhanta Basumatary, CGM, AEGCL
2. Mrs. Jayashree Devi, CGM, AEGCL
3. Shri Chandan Deka, CGM, SLDC
4. Shri Bikram Bordoloi, DGM, AEGCL
5. Mrs. Toshita Jigdung, DGM, AEGCL
6. Mrs. Tarali Deka, AGM(T), AEGCL

APGCL

1. Md. Zakir, CGM, APGCL
2. Mrs. Aklantika Saikia, GM, APGCL
3. Mrs. Pinky Deb, DGM (Audit), APGCL
4. Shri Pankaj B. Sarmah, DGM(P&P), APGCL
5. Shri Kalyanjyoti Barooah, AGM, APGCL
6. Shri Tapash Ch. Barman, DM, APGCL

OFFICERS FROM AERC

1. Shri Ashok Kumar Barman, IAS (Retd), Secretary
2. Ms. Panchamrita Sharma, Joint Director (Tariff & RA)
3. Shri Nipen Kr. Deka, Joint Director (Engg).
4. Mrs. Punam Rabha, Deputy Director (Tariff)
5. Shri Kishore Rajkumar, Deputy Director (IT)
6. Ms. Dipmoni Nath, Assistant Director (Engg),
7. Shri Dibbyajyoti Sarma, PS to Member Technical