

REGULATION NO. 5 OF 2005

Andhra Pradesh Electricity Regulatory Commission
(Constitution Terms and Conditions for Determination of Tariff for Transmission
of Electricity) Regulation, 2005

Amendment

1. First Amendment vide Regulation No. 1 of 2019, dated 16-02-2019
2. Second Amendment vide Regulation No. 7 of 2023, dated 11-10-2023

ANDHRA PRADESH ELECTRICITY REGULATORY COMMISSION

(Terms and Conditions for Determination of Tariff for Transmission of Electricity)
Regulation, 2005

(Regulation No. 5 of 2005)

INTRODUCTION

Section 61 of the Electricity Act, 2003, provides that the Appropriate Commission shall, specify the terms and conditions for determination of tariff, while Section 62 of Act empowers the Commission to determine the tariffs, *inter alia* for transmission of electricity and requires the Licensees to comply with such procedure as may be specified by the Commission for calculating the expected revenue from the tariff and charges which the Licensee is permitted to recover. The Commission formulated a draft Regulation specifying the Terms and Conditions for determination of Transmission Tariff including the procedure for calculating the expected revenue, published the same in A.P. Gazette on 18-10-05 and issued a press release seeking comments / suggestions from all stakeholders and the public at large and also placed it on the website of the Commission. Comments / suggestions were received from one person and the APTRANSCO (licensee). The Commission considered the comments / suggestions and has made modifications, as considered appropriate, and finalised the Regulation.

In exercise of powers conferred under clause (zd), (ze) and (zf) of Section 181 (2) read with Sections 61 and 62 of the Electricity Act 2003 (36 of 2003) and all other enabling powers in that behalf, the Andhra Pradesh Electricity Regulatory Commission hereby makes the following Regulation, namely:

PART –I

PRELIMINARY

1. SHORT TITLE, EXTENT AND COMMENCEMENT

- i. This Regulation may be called the Andhra Pradesh Electricity Regulatory Commission (Terms and conditions for determination of Transmission Tariff) Regulation, 2005.
- ii. This Regulation shall be applicable to any person engaged in the business of intra-State Transmission of electricity, within the territory of the State of Andhra Pradesh.

- iii. This Regulation shall come into force on the date of its publication in the Andhra Pradesh Gazette.

2. DEFINITIONS AND INTERPRETATION

- i) In this Regulation, unless the context otherwise requires:
- a) “Act” means the Electricity Act, 2003 (36 of 2003);
 - b) “Aggregate Revenue Requirement” (ARR) means the revenue required to meet the costs pertaining to the licensed business, for a financial year, which would be permitted to be recovered through tariffs and charges by the Commission;
 - c) “Base Year” means the financial year immediately preceding the first year of the Control Period;
 - d) “CERC” means the Central Electricity Regulatory Commission established under Section 76 of the Act;
 - e) “Commission” means the Andhra Pradesh Electricity Regulatory Commission;
 - f) “Conduct of Business Regulations” means the Andhra Pradesh Electricity Regulatory Commission (Conduct of Business) Regulations in force from time to time
 - g) “Consumer / User contributions” means any contributions made by those using or intending to use the Transmission network of a licensee. Any grant received by Licensees would also be treated as Consumer / User contribution;
 - h) “Control Period” means a multi-year period fixed by the Commission from time to time, usually 5 years, for which the principles for determination of ARR will be fixed, the first Control Period, however, being of the duration of 3 years;
 - i) “Financial year” means the period commencing on 1st April of a calendar year and ending on 31st March of the subsequent calendar year;
 - j) “Grid Code’ means the State Grid Code as approved by the Commission;

- k) “Non-Tariff Income” means income relating to the licensed business other than from tariffs for Transmission, and excludes any income from Other Business;
- l) “Licence” means a licence granted under Section 14 of the Act to transmit electricity within the State of Andhra Pradesh;
- m) “Licensee” means a person granted a licence as a Transmission Licensee under Section 14 of the Act for intra-state transmission of electricity within the State of Andhra Pradesh;
- n) “Open Access Agreement” means an agreement entered into under the provisions of the Open Access Regulation between a Transmission licensee and a User to avail of open access to the transmission licensee’s network for transmission of electricity and may also include Distribution Licensee as a party to such agreement;
- o) “Open Access Regulation” means the Andhra Pradesh Electricity Regulatory Commission (Terms and Conditions of Open Access) Regulation, 2005 (No. 2 of 2005);
- p) “Other Business” means any business engaged in by a Transmission Licensee under Section 41 of the Act for optimum utilization of the assets of the transmission business and shall include any business of the Licensee other than the Transmission business;
- q) “Regulated Rate Base” or “RRB” means the value of the gross fixed assets net of consumer contributions and accumulated depreciation;
- r) “State” means the State of Andhra Pradesh;
- s) “SLDC” or “State Load Dispatch Centre” means the centre established under Section 31 of the Act;
- t) “Transmission Business” means the business of transmitting electricity within the State of Andhra Pradesh;

(a) ¹Total Transmission Capacity means Transmission System Peak Demand including Open Access demand approved by the

¹ First Amendment vide Regulation No. 1 of 2019 dated 16-02-2019

Commission in the Multi Year Tariff (MYT) order.

- u) “User” or “Open Access User” means a person using or intending to use the transmission system of the Transmission Licensee in the State for receiving supply of electricity from a person other than the distribution licensee of his area of supply, and the expression includes a generating company and licensees, including Distribution Licensees for use of transmission system.
- ii) Words and expressions used and not defined in this Regulation but defined in the Act shall have the meanings as assigned to them in the Act.
- iii) All proceedings under this Regulation shall be governed by the Andhra Pradesh Electricity Regulatory Commission (Conduct of Business) Regulations.

3. EXTENT OF APPLICATION

- 3.1.** This Regulation shall apply to all Transmission Licensees in the State.
- 3.2.** The Commission shall determine the ARR for the Transmission Business of a Transmission Licensee, in accordance with the principles laid out in this Regulation.
- 3.3.** The ARR determined in accordance with 3.2 above will be the basis for the fixation of the Transmission Tariff/Charges for Electricity.

PART – II
APPROACH, FRAMEWORK, PROCEDURE AND FILINGS

4. GUIDELINES FOR COMPUTING AGGREGATE REVENUE REQUIREMENT

The Guidelines already issued by the Commission for computing the Aggregate Revenue Requirement / Expected Revenue from Charges (ARR / ERC) to the extent modified herein would continue to apply for the Transmission Business till such time as fresh Guidelines are issued.

5. SEGREGATION OF ACCOUNTS

Till such time as there is complete segregation of accounts between SLDC activity and Transmission activity, the Transmission Licensee shall apportion its costs between (i) SLDC activity and (ii) Transmission activity, based on an Allocation Statement that shall also contain the methodology adopted for the apportionment.

6. FILING PROCEDURE

6.1. Every Transmission Licensee shall file an application for approval of its ARR for each year of the Control Period, not less than 120 days before the commencement of the Control Period. This filing shall be in such form and in such manner as specified and in accordance with the Guidelines issued by the Commission. The Transmission Licensees may file such applications for ARR of the first Control Period within a period not less than 90 days before the commencement of the Control Period. The filing shall be for the entire Control Period.

6.2. ARR for Transmission Business:- The ARR filings shall contain the following :

(a) The Operation and Maintenance (O&M) costs which include employee- related costs, repairs & maintenance costs and administrative & general costs, estimated for the Base Year and the year prior to the Base Year in complete detail, together with the forecast for each year of the Control Period based on the norms proposed by the Transmission Licensee including indexation and other appropriate mechanisms in terms of the principles enunciated in this Regulation for O&M cost allowance;

(b) Regulated Rate Base (RRB) for the Base Year and each year of the Control Period, which requires submission of the working capital

requirement and a detailed scheme/project-wise Capital Investment Plan with a capitalisation schedule covering each year of the Control Period consistent with the Commission approved Resource Plan;

- (c) A proposal for appropriate capital structure and its cost of financing (interest cost and return on equity) for the purpose of computing Weighted Average Cost of Capital;
- (d) Range of Transmission losses (upper and lower) for each year of the Control Period for the purpose of incentive / penalties;
- (e) Details of depreciation, including Advance against depreciation if any required and capitalization schedule for each year of the Control Period;
- (f) Description of external parameters proposed for indexation;
- (g) Details of taxes on income;
- (h) Any other relevant expenditure;
- (i) Proposals for sharing of gains and losses;
- (j) Proposals for efficiency parameter targets;
- (k) Proposals for rewarding efficiency in performance; and
- (l) Any other matters considered appropriate.

7. FILING FOR PROPOSED TARIFF (FPT)

7.1 The FPT for determination of tariff/charges for Transmission of electricity, i.e. Transmission Tariff/Charges to recover the ARR of Transmission Business, shall be made along with the ARR filing.

7.2 The application for FPT shall contain the following:

- (i) The Transmission system or network usage forecast for each year of the

Control Period consistent with the Resource Plan;

- (ii) Proposals for computation of tariffs for Transmission of electricity for each of the years of the Control Period, including the losses to be charged in kind and the procedure therefore;
- (iii) Proposals for Non-Tariff Income with item-wise description and details;
- (iv) Proposals in respect of income from Other Business; and
- (v) Expected Revenue from the proposed Transmission Charges, Non-Tariff Income and Income from Other Business (es).

8. DISPOSAL OF APPLICATIONS

28.1 The Transmission Licensee shall, along with the ARR & FPT petition, submit a statement on the status of compliance with directives, if any, issued by the Commission in its previous tariff order.

8.2 On submission of a complete application accompanied by all requisite information and particulars, the Transmission licensee shall, within 3 (three) working days of an intimation given to him, publish a notice in at least 1 (One) English daily newspaper in English language and 1 (One) Telugu daily newspaper in Telugu language having wide circulation in the area to which the application pertains, outlining the proposed ARR & tariffs, as the case may be, and such other matters as may be stipulated by the Commission, and invite suggestions and objections from the public:

Provided that the Transmission licensee shall make available a hard copy of the complete application to any interested party, at such locations and at such rates as may be stipulated by the Commission:

Provided further that the Transmission licensee shall also place on its website, in downloadable spreadsheet format showing detailed computations, the application made to the Commission along with all regulatory filings, information and documents in the manner stipulated by the Commission:

² Second Amendment vide Regulation No. 7 of 2023 dated 11-10-2023

Provided further that the web link to the information mentioned in the second proviso above shall be easily accessible, archived for downloading and shall be prominently displayed on the Transmission Licensee's website.

Explanation - for the purpose of this Regulation, the term “downloadable spreadsheet format” shall mean one (or multiple, linked) spreadsheet software files containing all assumptions, formulae, calculations, software macros, and outputs forming the basis of the application.

8.3 The Commission shall, within 120 (one hundred and twenty) days from receipt of a complete application for tariff determination and after considering all suggestions and objections received from the public:

(a) issue a Tariff Order accepting the application with such modifications or such conditions as may be specified in that Order;

(b) reject the application for reasons to be recorded in writing if such application is not in accordance with the provisions of the Act and the rules and Regulations made thereunder or the provisions of any other law for the time being in force:

Provided that an applicant shall be given a reasonable opportunity of being heard before rejecting its application.

8.4 The Transmission Licensee shall publish the tariff approved by the Commission in at least 1 (One) English daily newspaper in English language and 1 (One) Telugu daily newspaper in Telugu language having wide circulation in the area of supply and shall place the approved tariff/tariff schedule on its website.

8.5 The tariffs so published shall be in force from the date specified in the said Order and shall unless amended or revised, continue to be in force for such period as may be stipulated therein. The Transmission Licensee shall raise the bills for the electricity transmitted or services rendered to its users in accordance with the notified tariff.”

9. RESOURCE PLAN

The Transmission Licensee shall for Commission’s approval, file a Resource Plan on 1st April of the year preceding the first year of the Control Period.

- 9.1.** The Resource Plan shall inter alia, contain the Load Forecast and a Transmission Plan (Capital Investment Plan) consistent with the requirements of the Guidelines on Load Forecast and Resource Plan as approved by the Commission from time to time:

Provided that the Resource Plan for the first Control Period may be filed along with the Multi-year filings for ARR of the first Control Period.

- 9.2.** The Commission shall approve the Resource Plan as per the Guidelines on Load Forecast, Resource Plan (Transmission Plan) and the Transmission Licensee shall adopt them in the Multi-Year filings for the Control Period.

10. MULTI-YEAR TARIFF FRAMEWORK AND APPROACH

- 10.1.** The multi-year tariff framework shall be based on the following approach, for calculation of ARR and expected revenue from tariff and charges.

- 10.2.** Base Year: - Values for the Base Year of the Control Period will be determined based on the audited accounts available, best estimate for the relevant years and other factors considered appropriate by the Commission, and after applying the tests for determining the controllable or uncontrollable nature of various items. The Commission will normally not revisit the performance targets even if the targets are fixed on the basis of base values of unaudited accounts.

- 10.3.** Targets: - Targets will be set for items that are deemed by the Commission as “controllable”. Trajectory for specific variables may be stipulated by the Commission where the performance of the applicant is sought to be improved upon through incentives and disincentives.

- 10.4.** Controllable and Uncontrollable items of ARR:- The expenditure of the Transmission Licensee considered as “controllable” and “uncontrollable” shall be as follows:

Transmission Business	
ARR Item	“Controllable”/ “Uncontrollable”
Operation & Maintenance expenses	Controllable
Return on Capital Employed	Controllable
Depreciation	Controllable
Taxes on Income	Uncontrollable
Non-tariff income	Controllable

- 10.5.** Pass-through of gains and losses on variations in “uncontrollable” items of ARR:-
The Transmission Licensee shall be eligible to claim variations in “uncontrollable” items in the ARR for a Control Period in the filings for the subsequent Control Period depending on the availability of data as per actuals with respect to effect of uncontrollable items:

Provided that the Commission shall allow the financing cost on account of the time gap between the time when the true-up becomes due and when it is actually allowed and the corrections shall not be normally revisited.

- 3“10.6 Sharing of Gains/Losses due to variations in “controllable” items of the ARR:** The Transmission licensees shall present variations in each controllable item with detailed reasoning. The aggregate gain/loss of the nth control period (Actuals of 4 years and provisional for 5th year) in controllable items of Transmission Business shall be a pass-through in the ARR of (n+1) control period at the appropriate ratio for each item as decided by the Commission. However, the transmission Licensee shall submit the gains/losses in each controllable item of the Transmission Business for the previous financial year by 30th November of the current financial year through an annual performance petition. The gains/losses in the controllable items of ARR on account of factors that are beyond the control of the Transmission Licensee shall be passed-through to the consumers similar to the uncontrollable items stated in clause 10.5 above.”

³ Second Amendment vide Regulation No. 7 of 2023 dated 11-10-2023

PART – III
PRINCIPLES FOR COMPUTATION OF AGGREGATE REVENUE REQUIREMENT

11. MAIN ITEMS OF ARR

The ARR of the Transmission Licensee (excluding SLDC) for each year of the Control Period shall contain the following items:

- a) Operation and maintenance expenses;
- b) Return on capital employed;
- c) Depreciation;
- d) Taxes on Income;
- e) Corrections for “uncontrollable” items and “controllable” items (indexed to ex parameters); and
- f) Any other relevant expenditure.

12. OPERATION AND MAINTENANCE EXPENSES

12.1. The licensee in its filings for the control period shall submit the consolidated O&M expenses for the Base Year of the Control Period and for the two years preceding the Base Year. The O&M expenses for the Base Year shall be determined based on latest audited accounts, best estimates of Licensee of the actual O&M expenses for relevant years and other factors considered relevant. The O&M expenses for the Base Year, if required, will be used for projecting the expenses for each year of the control period. The Commission will determine the admissible quantum of O&M expenses for each year of the control period on the basis of the following formula:

$$O\&M_{L_0} = 0.3 * O\&M_0 / LL_0$$

$$O\&M_{S_0} = 0.7 * O\&M_0 / SS_0$$

$$O\&M_{L_n} = O\&M_{L_{n-1}} * INDX$$

$$O\&M_{S_n} = O\&M_{S_{n-1}} * INDX$$

$$O\&M_n = O\&M_{L_n} * LL_n + O\&M_{S_n} * SS_n$$

Where,

$O\&M_{L_0}$ is the O&M cost per ckt-km (circuit-kilometers) of EHT (Extra High Tension)

lines for the Base Year of the first Control Period $O\&MS_0$ is the O&M cost per bay of substations for the Base Year of the first Control Period

Note: The O&M cost per ckt-km of lines and per substation bay for the Base Year of second and subsequent Control Periods shall be determined on the basis of actual O&M cost of lines and substations to be filed separately by the Licensee.

$O\&ML_n$ is O&M cost per ckt-km of EHT lines in n^{th} year

$O\&MS_n$ is O&M cost per Bay in n^{th} year

LL_n is the cumulative length of EHT lines in ckt-kms in n^{th} year

SS_n is the number of EHT Substation Bays in n^{th} year

INDX is the Inflation Factor

13.RETURN ON CAPITAL EMPLOYED

13.1.Return on Capital Employed (RoCE) for the RRB for the year ‘i’ shall be computed in the following manner:

$$RoCE = WACC * RRB_i$$

Where,

WACC is the Weighted Average Cost of Capital as fixed by the Commission for the Control period and expressed in terms of percentage;

RRB is the Regulated Rate Base (the asset base) approved by the Commission for each year of the Control period on which the Transmission Licensee shall be entitled to earn a return based on the Commission approved Weighted Average Cost of Capital (WACC).

i: i^{th} year of the Control Period, $i = 1, 2, 3$ for the first Control Period

- The WACC shall be computed in the following manner:

$$WACC = \left\{ \frac{D/E}{1+D/E} \right\} r_d + \left\{ \frac{1}{1+D/E} \right\} r_e$$

Where,

D/E is the Debt to Equity Ratio and shall be determined at the beginning of the Control Period after considering Transmission Licensee’s proposal, previous years’ D/E mix, market conditions and other relevant factors.

r_d is the Cost of Debt and shall be determined at the beginning of the Control Period after considering Transmission Licensee's proposals, present cost of debt, market conditions and other relevant factors.

r_e is the Return on Equity and shall be determined at the beginning of the Control Period after considering CERC norms, Transmission Licensee's proposals, previous years' D/E mix, risks associated with distribution & supply business, market conditions and other relevant factors

The Weighted Average Cost of Capital as determined above shall remain unchanged during the Control Period

- The Regulated Rate Base (RRB) for the purposes of computing the RoCE for a year of the Control Period will be computed in the following manner.

$$RRB_i = RRB_{i-1} + \Delta RAB_i + WC_i$$

Where,

RRB_i : Regulated Rate Base for the i^{th} year of the Control period

ΔRAB_i : Change in the Rate Base in the i^{th} year of the Control Period. This component would be the

Δ average of the value at the beginning and end of the year as the asset creation is spread across a year and is arrived at as follows:

$$\Delta RAB_i = (Inv_i - D_i - CC_i)/2$$

Where,

Inv_i : Investments projected to be capitalised during the i^{th} year of the Control Period and approved.

D_i : Amount set aside or written off on account of Depreciation of fixed assets for the i^{th} year of the Control Period.

CC_i : User Contributions pertaining to the ΔRAB_i and capital grants/subsidies received during i^{th} year of the Control Period for construction of service lines or creation of fixed assets.

RRB_{i-1} : Regulated Rate Base for the financial year preceding the i^{th} year of the Control period and shall be determined on the basis of approved

Capital Investment Plan referred to in clause 14.1 of this Regulation. For the first year of the Control Period, RRB_{i-1} will be the Regulated Rate Base for the Base Year i.e. RRB_0 . The values for the Base Year will be determined based on the latest audited accounts available, best estimates of the actuals pertaining to the relevant years and any other factors considered relevant by the Commission.

$$RRB_0 = OCFA_0 - AD_0 - CC_0$$

Where,

$OCFA_0$: Original Cost of Fixed Assets at the end of the Base Year available for use and necessary for the purpose of the licensed business

AD_0 : Amounts written off or set aside on account of depreciation and advance against depreciation, if any, of fixed assets pertaining to the regulated business at the end of the Base Year

CC_0 : Total contributions pertaining to the $OCFA_0$, made by the users towards the cost of construction of transmission lines by the Transmission Licensee and also includes the capital grants/subsidies received for this purpose, pertaining to the capitalised assets.

- WC_i : Working Capital Requirement in the i^{th} year of the Control Period and shall be considered equivalent of 45 days' Operations and Maintenance expenses as allowed for that year and the carrying cost of maintaining an appropriate inventory level of O&M stores.

14. INVESTMENT PLAN

- 14.1.** The Commission shall adopt the Capital Investment Plan approved as part of the Resource Plan in terms of clause 9 of this Regulation for the purpose of determining the Regulated Rate Base (RRB) at the commencement of the Control Period:

Provided that for the first Control Period, the Transmission Licensee shall file its Capital Investment Plan for the Control Period as part of its Multi-Year Filings for Commission's approval.

- 14.2.** The Transmission Licensee shall seek approval for individual schemes in the Capital Investment Plan at least 90 days before undertaking the investment in

accordance with the Guidelines on Investment Approval. The individual schemes/ projects submitted by the Transmission Licensee for Commission's approval must provide complete details including those relating to the cost and capitalization for each year of the Control Period.

- 14.3.** The Commission may provide corrections to the ARR of the Transmission Licensee for subsequent years of the Control Period to the extent of deviation from the investments approved as part of the Capital Investment Plan. The Transmission Licensee shall justify the deviations beyond 10 percent for each individual scheme/project and any other material deviations from the Capital Investment Plan including introduction of, or substitution of existing schemes / projects by, new scheme/project (s).

15. DEPRECIATION

Depreciation shall be computed in the following manner:

- 15.1.** For each year of the Control Period, depreciation shall be calculated on the amount of Original Cost of the Fixed Assets included in the RRB at the beginning of each year of the Control Period:

Provided that depreciation on assets funded by consumer /user contributions or through any capital subsidy/grant etc shall not be allowed in the revenue requirement of the Transmission Licensee.

- 15.2.** Depreciation allowance for each year of the Control Period shall be determined, generally based on the methodology, rates and other terms as decided by CERC from time to time.
- 15.3.** Depreciation shall be charged from the 1st April of the following year from the date the asset is put to use.

16. TAXES ON INCOME

- 16.1.** Taxes on Income, if any, on the income stream of the licensed business of the Transmission Licensee shall be treated as an expense and shall be recoverable through ARR.

- 16.2.** Taxes on Income actually payable and paid shall be included in the ARR, limited, however, to tax on Return on Equity component of the Return on Capital Employed, and excluding tax on profit, if any, in excess of such return (arising out of any reason, including efficiency of the Transmission Licensee or any explicit incentive provided in the ARR), penalties, interest on delayed payment of tax, etc., and duly adjusted for any refunds, etc. received for the previous periods.
- 16.3.** Tax incidence on income arising out of true-up of cost adjustments of previous year(s) due to un-controllable factors shall also be considered as pass-through, on actual basis, provided the tax so claimed and that already allowed for the year (s) which the true-up relates does not exceed the overall ceiling specified in clause 16.2 adjusted against the tax already provided in the previous year(s).

17. CORRECTIONS FOR “UNCONTROLLABLE” ITEMS AND “CONTROLLABLE” ITEMS AND SHARING OF GAINS/LOSSES OF “CONTROLLABLE” ITEMS

The Transmission Licensee shall file its proposals for pass-through as well as sharing of gains/losses on variations in “uncontrollable” items of ARR and “controllable” items (indexed to external parameters) in accordance with clause 10 of this Regulation.

18. INCENTIVE / PENALTY ON PERFORMANCE PARAMETERS

- 18.1.** An incentive/ penalty as may be determined by the Commission will be applicable for transmission losses. The transmission losses below the approved range shall earn an incentive and such incentive shall be added to the ARR relating to subsequent Control Period. Similarly increase in the actual Transmission losses beyond the approved range shall attract a penalty and such penalty shall be deducted from the ARR relating to subsequent Control Period.
- 18.2.** The Commission may, also, from time to time, specify any other performance parameters, including availability of Transmission System, quality targets, etc for which penalty or incentive may be required to be included in the application for ARR:

Provided that in the event of significant seasonal variations in losses, the Licensee may submit to the Commission the transmission loss levels for corresponding time periods during a year, for approval:

Provided further that the total amount of penalty levied, if any, by the Commission under the above provisions shall not exceed 10% of the Return on Equity.

19. NON -TARIFF INCOME

All income being incidental to transmission business and derived by the Licensee from sources, including but not limited to profit derived from disposal of assets, income from investments , rents, penalties for over/under-utilization of transmission system and any other miscellaneous receipts from Users, shall constitute Non-Tariff Income.

20 TRANSMISSION TARIFF

- 20.1** ⁴The transmission tariff payable by the users of the Transmission system shall be determined in accordance with the following formula:

$$TR = \text{Net ARR} / (12 * TTC)$$

Where,

TR: Transmission Rate in Rs./kW/month

Net ARR: Net ARR, as determined under clause 8.3.

TTC: Total Transmission Capacity in kW of the Transmission system.

- 20.2** Each Transmission User (including the distribution Licensees) shall have to execute an agreement in terms of the Open Access Regulation duly mentioning, inter alia, contracted capacity with the Licensee. Variations in revenue recovery over approved revenue requirement on account of variations in transmission usage will be adjusted in subsequent Control Period with financing cost at average rate of borrowing during the year to which the variations relate.

21 DETERMINATION OF TARIFF BY BIDDING PROCESS

- 21.1** Notwithstanding anything contains in this Regulation, the Commission shall adopt the transmission tariff if such tariff for any particular transmission system / network or part thereof has been determined through transparent process of bidding in accordance with the guidelines issued by the Central Government under section 63 of the Act.

⁴ First Amendment vide Regulation No. 1 of 2019 dated 16-02-2019

PART - IV
MISCELLANEOUS

22 PERIODIC REVIEWS

To ensure smooth implementation of the Multi-Year Tariff (MYT) Framework, the Commission may undertake periodic reviews of Transmission Licensees' performance during the Control Period, to address any practical issues, concerns or unexpected outcomes that may arise, and in general to assess the efficacy of Multi Year Tariff Principles.

23 END-OF-CONTROL-PERIOD REVIEW

23.1 Towards the end of the Control Period, the Commission will seek to review if the implementation of the principles laid down in this Regulation has achieved its intended objectives. While doing so, the Commission will take into account, among other things, the industry structure, sector requirements, consumer and other stakeholder expectations and Transmission Licensee requirements at that point in time. Depending on the requirements of the sector and to meet the objects of the Act, the Commission may revise the principles for the subsequent Control Period(s).

23.2 The end-of-the-first Control Period shall be the beginning for the second Control Period and the Transmission Licensee shall follow the same procedure as specified unless required otherwise by the Commission through appropriate orders /directions. The Commission shall analyze the performance of the Transmission Licensee with respect to the targets set out at the beginning of the second and the each subsequent Control Period and based on the actual performance, expected efficiency improvements and other relevant factors, prevalent, determine the initial values for the next Control Period.

24 POWER TO AMEND

The Commission may, at any time add, vary, alter, modify, delete or amend any provisions of this Regulation.

25 SAVING

25.1 Nothing in this Regulation shall be deemed to limit or otherwise affect the power of the Commission to make such orders as may be necessary to meet the ends of justice or to prevent abuse of the process of the Commission.

25.2 Nothing in this Regulation shall bar the Commission from adopting in conformity with the provisions of the Act, a procedure, at variance with any of the provisions of this Regulation, if the Commission, in view of the special circumstances of a matter or class of matters and for reasons to be recorded in writing, deems it necessary or expedient for dealing with such a matter or class of matters.

25.3 Nothing in this Regulation shall, expressly or by implication, bar the Commission from dealing with any matter or exercising any power under the Act for which no Regulations have been framed, and the Commission may deal with such matters, exercise such powers and discharge such functions in a manner it deems fit.

26 ⁵Issue of orders and practice directions:

Subject to the provisions of the Electricity Act, 2003 and this Regulation, the Commission may, from time to time, issue orders and practice directions about the implementation of the Regulation and procedure to be followed and various matters which the Commission has been empowered by this Regulation to specify or direct.

27 Power to Remove difficulties:

If any difficulty arises in giving effect to any of the provisions of this Regulation, the Commission may, by a general or special order, do or undertake or direct the Licensees to do or undertake things which in the opinion of the Commission are necessary or expedient for removing the difficulties.

28 Power to Relax

The Commission may, by general or special order, for reasons to be recorded in writing and after giving an opportunity of hearing to the parties likely to be affected, relax or waive any of the provisions of these Regulations on its own motion or on an application made to it by any interested person.

(BY ORDER OF THE COMMISSION)

**S.SURYA PRAKASA RAO,
SECRETARY**

⁵ Second Amendment vide Regulation No. 7 of 2023 dated 11-10-2023