

Southern Power Distribution Company of Telangana Ltd (TGSPDCL)



Responses to Objections / Suggestions

On

the filings of Power Purchase Cost True-ups for FY 2022-23 in OP No. 58 of 2025, FY 2023-24 in OP No. 59 of 2025 & Purchase Cost True-up & Revenue True-up for FY 2024-25 in OP No. 82 of 2025 for Retail Supply Business

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1. Responses to the objections of Sri. M. Thimma Reddy, Convenor, People’s Monitoring Group on Electricity Regulation, H. No.3-4-107/1,Plot No. 39, Radha Krishna Nagar, Attapur, Hyderabad – 500 048.

S.No.	Summary of Objections / Suggestions	Response of the Licensee
1.	<p>During the FY 2022-23 though power dispatched was lower by 5,240 MU than approved by the Commission power purchase cost increased by Rs. 7,285 Crore. Fixed costs of Central Generation Stations (CGS) increased by Rs. 248 Crore even though actual power dispatched by these CGS is 21.53% less than approved by the Commission, unlike TGGENCO and other thermal power station which had shown lower fixed costs along with lesser power dispatched than allowed by the Commission. Given this contrasting experience fixed costs claimed by CGS needs to be scrutinized.</p>	<p>TGDISCOMs submit that the increase in overall power purchase cost during FY 2022-23, despite lower energy off-take, is primarily attributable to higher variable costs across certain categories.</p> <p>It is also submitted that correlating the quantum of power drawn with fixed costs paid is not appropriate, as fixed costs are contractual obligations meant to be recovered irrespective of energy off-take. So, it is not ideal to draw correlation between quantum of power drawn and fixed costs paid.</p>
2.	<p>According to TGDISCOMs’ filings Variable cost of TGGENCO thermal stations increased by 5%, variable cost of CGS increased by 13% and variable cost of Other sources increased by 20%. Though all the coal based thermal power plants face the same fuel price structure and related policies variation in increase in variable costs of these plants is significant. From the TGDISCOMs’ filings it is not clear how much of increase in variable cost</p>	<p>TGDISCOMs submit that although coal-based thermal power plants operate under similar fuel pricing structures and policies, the variable cost of generation differs due to plant-specific factors. These include transportation and logistics costs based on plant location, variation in coal source, GCV and Station Heat Rates.</p> <p>Accordingly, the observed variation in the increase of variable costs across TGGENCO stations, CGS, and other sources is attributable to these inherent operational and logistical differences, and not solely due</p>

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	was due to increase in fuel prices, changes in GCV of coal supplied and changes in Station heat rate of these plants.	to changes in fuel prices.
3.	<p>More than 50% of the power purchase cost true up claimed by TGDISCOMs is due to 5,094 MU of power procurement from market sources over and above the limit set by the Commission. TGDISCOMs attributed this higher power procurement from market sources to no power supply from STPP and CSPDCL (Which are part of Other sources). These filings also show that, apart from STPP and CSPDCL, actual dispatch from TGGENCO thermal units and CGS units was 7,591 MU less than the approved quantum. Had this power been dispatched there would have been no need to procure power from market sources. That is given the power supply situation, even in the absence of availability of power from STPP and CSPDCL, there was no need to resort to market purchases to meet power demand in the state. As such TGDISCOMs' claim regarding higher expenditure due to higher procurement of power from market sources shall not be allowed.</p>	<p>TGDISCOMs would like to reiterate the fact that Energy procurement from short term sources is considered for the following reasons</p> <ul style="list-style-type: none"> • Energy supply during hours of deficit (Power requirement > Power availability from generators) • Power purchase cost optimization: TGDISCOMs have considered procurement from short term sources during hours when the Market price is lesser than the Variable cost (VC) of few generating stations with higher VC to optimize the overall cost of power procurement. <p>Here, it is pertinent to note that, the procurement from short term sources for deficit supply is done only when the entire generation capacity is dispatched and the procurement from short term sources for Power purchase optimization is done only by backing down the thermal generators having higher VC than the then existing market (Short term source) prices resulting only in the reduction of overall power procurement cost.</p>
4.	"For the approved short-term purchases of 2171.87 MU in FY 2022-23, the Commission has considered the power	This is the actual cost borne by DISCOM and relevant details are submitted in the filings and This cost was borne by DISCOMs to provide

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	<p>purchase price of Rs.3.30/kWh". (Para 4.5.10, p.129 RST Order of 2022-23). But TGDISCOMs procured power from market sources at an average cost of Rs. 6.53 per unit, which is double the purchase price stipulated by the Commission. We request the Commission to adopt the purchase price of short-term sources as provided in the Tariff Order of FY 2022-23 and shall not allow the high prices claimed by TGDISCOMs.</p>	<p>reliable and continuous power supply to it's consumers and it is important for DISCOM to get this claim. The rate of Rs. 3.30/unit approved in the Tariff Order was only an indicative estimate, whereas actual market prices during the year were significantly higher.</p> <p>The average DAM and GDAM prices during FY 2022-23 were around Rs. 6.10/unit and Rs. 5.75/unit, which, after accounting for losses and charges, translate to landed costs average procurement cost of Rs. 6.53/unit is reasonable and reflects prudent market optimization.</p>
5.	<p>During the FY 2022-23 transmission charges increased by Rs. 857 Crore. TGDISCOMs attributed this to higher payments made to PGCIL. These higher transmission charges may be due to higher market purchases. While assessing the desirability of market purchases vis a vis existing power supply contracts along with market price of power additional transmission cost shall also be taken in to account. Market price along with additional transmission cost shall be compared with variable cost of the units which are sought to be backed down.</p>	<p>TGDISCOMs submit that while assessing the desirability of market purchases vis-à-vis Variable cost of existing PPAs, the comparison is made based on the landed cost of power and not on the standalone market price. The landed cost includes market price of power, transmission charges, losses, and other applicable charges. Accordingly, the decision to resort to market purchases during FY 2022-23 was taken after comparing the landed market price, including additional transmission charges paid to PGCIL, with the variable cost of backing down existing generating units. Market purchases were undertaken only where such landed cost was found to be competitive.</p>
6.	<p>TGDISCOMs are claiming Rs. 2,494 Crore towards miscellaneous charges. No explanation or justification is provided for this expenditure. This claim shall be rejected.</p>	<p>The miscellaneous charges claimed by the DISCOMs for FY 2022-23 include expenses towards– major portion 1142 crs for FY 2022-23 is towards Genco MTR Order and Provision-2022-23, banked energy, IEX</p>

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		Cost adjustments, STOA and LTOA charges, Reactive charges, Deviation charges and other related statutory and operational charges. These charges are incidental to power procurement and grid operations.
7.	TGDISCOMs have requested the Commission to address a letter to the Energy Department, Government of Telangana to extend financial support to TGDISCOMs and arranging payment of Power Purchase True-up amount without passing the burden on the consumers and pass necessary orders as deemed fit. But TGDISCOMs did not mention the statutory/regulatory provisions under which the Commission may do so.	TGDISCOMs submit that the request made to the Hon'ble Commission to address the Energy Department, Government of Telangana, for extending financial support is not sought as a statutory direction, but as a facilitative measure. Section 65 of the Electricity Act, 2003, mentions that if the State Government decides to grant any subsidy, it shall do so and compensate the distribution licensee in advance. The present request is aligned with this provision, seeking Government support to absorb power purchase true-up costs without passing the burden on consumers keeping in view financial viability of DISCOMs and consumer burden.
8.	The state government taking up the responsibility of payment of true up amount implies subsidising all consumers, even those who have the capacity to pay. Electricity consumption of certain categories of consumers is being subsidized on the basis of specific socio-economic considerations. It is not advisable to subsidise all consumers.	TGDISCOMs submit that cross-subsidy mechanisms within the existing tariff structure already address support to socio-economically weaker consumer categories. The true-up costs arise from system-wide power supply obligations and therefore impact all consumers. Restricting Government support only to select categories may result in inequitable treatment of other consumers. Hence, any decision on subsidising true-up amounts requires careful consideration by the State Government and the Hon'ble Commission, balancing consumer benefit and the financial sustainability of the DISCOMs.

2. Responses to the objections of Sri. M. Venugopal Rao, Senior Journalist & Convener, Centre for Power Studies, H.No.1-100/MP/101, Monarch Prestige, Journalists' Colony, Serilingampally Mandal , Hyderabad - 500 032.

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1.	<p>Both the DISCOMs have shown market purchases of power as given hereunder:</p> <table border="1" data-bbox="247 537 947 597"> <thead> <tr> <th>Market purchases</th> <th>2022-23</th> <th>2023-24</th> <th colspan="2">2024-25 (MU) Total</th> </tr> </thead> <tbody> <tr> <td></td> <td>9404</td> <td>9895</td> <td>20870</td> <td>40169</td> </tr> </tbody> </table> <p>The trend of market purchases has been continuing. In their petitions for ARR for 2026-27, the DISCOMs have estimated market purchases of 16329 MU for 2025-26 and projected 14332 MU for 2026-27.</p> <p>The reasons given by the DISCOMs for such market purchases at abnormal level are lesser generation of power by several power projects with whom they had long-term power purchase agreements. But how projections for availability of power, requirement, surplus/deficit, and need for market purchases continued to be made by the DISCOMs and determined by the Commission every financial year are not explained. Similarly, how projections of fixed and variable costs continued to be made by the DISCOMs and determined by the Commission every financial year unrealistically are not explained.</p>	Market purchases	2022-23	2023-24	2024-25 (MU) Total			9404	9895	20870	40169	<p>TGDISCOMs would like to reiterate the fact that Energy procurement from short term sources is considered for the following reasons</p> <ul style="list-style-type: none"> • Energy supply during hours of deficit (Power requirement > Power availability from generators) • Power purchase cost optimization: TGDISCOMs have considered procurement from short term sources during hours when the Market price is lesser than the Variable cost (VC) of few generating stations with higher VC to optimize the overall cost of power procurement. <p>Here, it is pertinent to note that, the procurement from short term sources for deficit supply is done only when the entire generation capacity is dispatched and the procurement from short term sources for Power purchase optimization is done only by backing down the thermal generators having higher VC than the then existing market (Short term source) prices resulting only in the reduction of overall power procurement cost.</p> <p>Also, TGDISCOMs would like to mention that detailed explanation for power purchase cost projections is given in ARR submissions.</p>
Market purchases	2022-23	2023-24	2024-25 (MU) Total									
	9404	9895	20870	40169								

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2.	<p>The DISCOMs, having maintained that they have sought and got permission of the state government for filing their subject petitions for true-up, have admitted, by implication, that they could not file the true-up petition for each FY in time, because they could not get nod from the government, notwithstanding the other reasons trotted out by them which are unconvincing and untenable. Such impermissible delays in submitting their true-up claims are not in the interests of the DISCOMs and their consumers. The DISCOMs have maintained that “efforts should be made by all the stakeholders involved to reduce such true ups of costs in business-as-usual scenarios. Higher true up costs will have an adverse effect on both the performance of utility (as the gap has to be funded through short term sources) and customers (tariff increases to recover such gaps with carrying costs). This leads to reduced financial capacity of the utility to raise long term finances at competitive rates. Current true ups and the carrying costs have to be borne by customers for future energy procurement.” Therefore, the elements of political exigencies of the party-in-power in getting the true-up petitions to be filed by the DISCOMs delayed abnormally, especially, during the pre-election period, cannot be ruled out. That the Hon’ble Commission has taken up the subject petitions for consideration, calling for objections and suggestions</p>	<p>TGDISCOMs have mentioned detailed reasons for delay in submission of petitions.</p>

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	<p>from the interested stakeholders, implies that it has condoned the delay. If not condoned the delay, what action the Hon'ble Commission would take for the impermissible and abnormal delay in filing the subject petitions is to be seen.</p>	
3.	<p>Though the DISCOMs have submitted, with a request to the Hon'ble Commission to address a letter to the Energy Department, Government of Telangana, to extend financial support to them and arranging payment of True-up amounts, without passing the burden on the consumers and pass necessary orders as deemed fit, their claims for true-up amounts should be subjected to regulatory prudence check to determine their permissibility. When the DISCOMs have admitted that they have got the belated permission of the state government to file the subject petitions, it implies that they have got the permission or direction of the government not to collect the claimed true-up amounts from their consumers. Had they got such a consent from the state government, the DISCOMs should have submitted the same to the Hon'ble Commission categorically. Then, why are the DISCOMs shifting the onus of seeking financial support required from the state government to the Hon'ble Commission? If the state government does not provide the financial support fully to meet requirement of true-up claims of the DISCOMs to the extent the</p>	<p>TGDISCOMs fully agree that all true-up claims are subject to the Hon'ble Commission's regulatory prudence scrutiny. The supporting data and computations have been submitted, and TGDISCOMs will provide any further details the Commission may seek.</p> <p>TGDISCOMs clarify that no instructions have been received from the State Government directing DISCOMs not to recover Commission-permissible true-up amounts from consumers. The reference to "approval of filing of True ups for FY 2022-23 and FY 2023-24 pertaining to RSB" mentioned in filings pertains only to permission to file the petitions.</p> <p>The request to the Hon'ble Commission to address the State Government is made as a facilitative measure and keeping in view financial viability of DISCOMs and possible burden on consumer. TGDISCOMs will abide by the orders of the Hon'ble Commission.</p>

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	<p>Commission determines as permissible, what necessary orders the DISCOMs are expecting from the Hon'ble Commission? What do the DISCOMs mean when they have requested the Hon'ble Commission "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"?</p>	
4.	<p>The DISCOMs have not provided details pertaining to backing down of thermal power stations and whether market purchases were made when backing down was effected. We request the Hon'ble Commission to examine the following points, among others, relating to the reasons given by the DISCOMs for purchase of abnormal quantum of power in the market and through exchanges:</p> <p>a) For the subject three FYs, details of energy backed down from thermal power stations and fixed charges paid therefor.</p> <p>b) What are the details of availability of power, surplus/deficit as projected by the DISCOMs, determined by the Commission and actual FY-wise for the subject three years.</p> <p>c) The DISCOMs have shown the impact of market purchases as Rs.4030 crore for 2022-23, Rs.4762 crore for 2023-24 and Rs.7216 crore for 2024-25. Average cost per unit of market purchases works out to Rs.6.53 for 2022-23, Rs.5.35 for 2023-24</p>	<p>a) Details of Block-wise, day-wise backing down of respective FYs shared during filings of additional surcharge</p> <p>b) Station-wise energy availability is being submitted in RSB filings every year and commission upon due analysis is approving the same. Details of the same are available in RST order of all three FYs. Block-wise, day-wise actual availability of power is also shared during the computations of Additional Surcharge for relevant periods.</p>

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	<p>and Rs.4.06 for 2024-25. The prices approved by the Commission for the three years against the quantum of market purchases approved by it work out to Rs.3.30, Rs.3.49 and Rs.3.96 per unit for the three FYs, respectively. This variation clearly confirms that prices for purchase of power in the market and through exchanges have been underestimated. The energy to be purchased in the market as approved by the Commission is 2172 MU, 1505 MU and 3198 MU for the three FYs, respectively. As a result, the lion's share of true-up claims for the years 2022-23 and 2023-24 is on account of market purchases at higher prices.</p> <p>d) Dispatch of energy has come down from 78361 MU approved by the Commission to 73121 MU, including market purchases, for 2022-23, from 84156 MU to 78460 MU for 2023-24 and from 84403 MU to 82595 MU for 2024-25. DISCOMs have shown drastic decrease in dispatch of energy from the thermal stations of TGGENCO, central generating stations and others, without explaining the reasons for the same. It needs to be made clear and examined whether the decrease in dispatch has been due to failure of the thermal power stations to declare availability of</p>	<p>c) This is the actual cost borne by DISCOM and relevant details are submitted in the filings and this cost was borne by DISCOMs to provide reliable and continuous power supply to it's consumers and it is important for DISCOM to get this claim. The rate of Rs. 3.30/unit approved in the Tariff Order was only an indicative estimate, whereas actual market prices during the year were significantly higher.</p> <p>The average DAM and GDAM prices during FY 2022-23 were around Rs. 6.10/unit and Rs. 5.75/unit, which, after accounting for losses and charges, translate to landed costs of the average procurement cost of Rs. 6.53/unit is reasonable and reflects prudent market optimization.</p> <p>d) The reductions in dispatch from thermal sources is attributable to multiple reasons. During FY 2022-23, higher dispatch from must run stations resulted in backing down of higher VC thermal stations. For the other two FYs, the reduction can be attributed to power purchase optimization activity, wherein market purchases were prioritized whenever the landed cost of market power was lower than the variable cost of these thermal stations. This is supported by the comparatively higher quantum of market purchases during those</p>

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	<p>power at threshold levels of PLF or instructions given for backing down their capacities.</p> <p>e) The DISCOMs have attributed lower generation of power to “overall delay in commissioning of Telangana STPP” of NTPC and “the delay in commissioning of the YTPS plant” of TGGENCO, among others. Did the DISCOMs claim and get any penalties/liquidated damages from such plants for delay in commissioning, thereby leading to avoidable burdens of market purchases additionally?</p> <p>f) The DISCOMs have maintained that the considerable short-term power purchase was considering zero dispatch from SEIL-2 and CSPDCL. There is no explanation as to why there has been zero dispatch from these two plants.</p> <p>g) The DISCOMs have submitted that overall fixed costs have come down by 2% for 2022-23, 8% for 2023-24 and 10% for 2024-26, compared to what were approved by the Commission. It is obvious that such a reduction of fixed costs was offset due to increase in variable costs and other costs.</p>	<p>years.</p> <p>e) At present there are no such provisions to levy penalties in the PPAs with the thermal generating stations to account for delays in commissioning.</p> <p>f) PPA with SEIL-2 expired in October 2023 and Energy dispatch from Chhattisgarh State Power Distribution Company Limited (CSPDCL) has been suspended due to ongoing disputes from FY 2022-23 onwards and the Licensee is currently not scheduling any dispatch from CSPDCL.</p> <p>g) The reduction reflects prudent cost management and optimisation of fixed cost components by the DISCOMs.</p>

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	<p>h)The DISCOMs have explained that, for thermal stations, at the time of issuance of order, the cost assumptions considered by the Hon'ble Commission were provisional, but due to increase in cost of coal, freight, royalty and levy of green cess, the variable cost of thermal stations has increased. However, with the decrease in quantum of power procurement of these stations, the overall variable cost has decreased proportionately, the DISCOMs have explained. For the subject three FYs, the DISCOMs have given the same reasons for increase in variable costs. However, there is no explanation as to when cost of coal, freight, royalty and levy of green cess came into force and whether impact of such increases was projected and considered in determining cost of power purchase for subsequent FYs in the retail supply tariff orders issued by the Commission needs to be explained.</p> <p>i) The DISCOMs have shown miscellaneous charges of Rs.2494 crore for 2022-23, Rs.114 crore for 2023-24 and Rs.200 crore for 2024-25 towards water charges, UI-SRSP/deviation charges, reactive charges, wheeling KPTCL and reactive KPTCL charges. Their permissibility needs to be determined, after subjecting them to prudence check.</p>	<p>h) While TGDISCOMs do consider and project the expected impact of coal and freight costs at the time of ARR filings, these are inherently provisional estimates and actuals vary due to fuel price volatility and statutory revisions. In the subject three FYs, although the per-unit variable cost increased, the overall variable cost outlay reduced proportionately with lower procurement from these stations (merit-order dispatch and demand mix). Variances between approved and actual costs have been captured in the true-up as per regulations.</p> <p>i) The miscellaneous charges claimed by the DISCOMs for FY 2022-23 to FY 2024-25 include expenses towards– major portion 1142 crs for FY 2022-23 is towards Genco MTR Order and Provision-2022-23, banked energy, IEX Cost adjustments, STOA and LTOA charges, Reactive charges, Deviation charges and other related statutory and operational charges. These charges are</p>

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	<p>j) The DISCOMs have shown increase in per unit cost of NCE from Rs.4.27 approved by the Commission to Rs.4.78 for 2023-24 (Rs.184 crore) and from Rs.4.33 approved by the Commission to Rs.4.48 for 2024-25 (Rs.204 crore). The DISCOMs have to explain how did the tariffs for NCE increase, as claimed by them.</p>	<p>incidental to power procurement and grid operations.</p> <p>j) The increase in per-unit cost of NCE for FY 2023-24 and FY 2024-25 is primarily due to shortfall in dispatch of approved low-cost solar power and corresponding procurement from higher-cost sources.</p> <p>For FY 2023-24, around 1,940 MUs of approved solar energy at an average tariff of ₹2.43/unit were not dispatched, while about 1,050 MUs were procured additionally from higher-cost NCE, leading to an increase in the average NCE cost from the approved ₹4.27/unit to ₹4.78/unit.</p> <p>Similarly, for FY 2024-25, about 2,050 MUs of approved solar energy at an average tariff of ₹2.87/unit were not dispatched, and the additional procurement from other higher cost NCEs, resulting in an increase in the per-unit NCE cost from the approved ₹4.33/unit to ₹4.48/unit.</p> <p>Thus, the increase in NCE tariff is attributable to changes in the actual energy mix and dispatch pattern, rather than any revision in approved tariffs.</p>
5.	<p>The DISCOMs have shown additional interest on pension bonds increased/decreased by Rs.1307 crore for 2022-23, -Rs.211 for</p>	<p>The DISCOMs submit that the line item "Additional Pension Liability" has been presented and treated exactly as advised by the Hon'ble</p>

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	<p>2023-24 against Rs.1379 crore approved by the Commission and –Rs.137 for 2024-25 against Rs.1388 crore approved by the Commission. We have been repeatedly submitting to successive Commissions to reject claims of DISCOMs, TRANSCO and GENCO for pension liabilities and direct them to seek the same from the state government for very valid reasons elaborated in our earlier submissions, but to no avail. The Hon'ble Commission, in directive No.24 in RSTO for 2025-26, directed the DISCOMs “to change the nomenclature from “interest on pension bonds” to “Additional pension liability” in subsequent filings. Whether this innovative approach of changing nomenclature would make any material difference, as far as imposing all such burdens on consumers of power, much less justifying imposition of that burden on consumers, is inexplicable, if it is not like rechristening tweedledee as tweedledom.</p>	<p>Commission in Directives. The year-wise variations reflect actual pension-related liabilities and related adjustments.</p>
6.	<p>Compared to the abnormal quantum of market purchases of power being made by the DISCOMs every FY, sale of surplus power is insignificant and unremunerative for the simple reason that surplus power as per the principle of merit dispatch is of higher cost. In the face of projection of availability of abnormal quantum of surplus power every FY by the DISCOMs, purchase of abnormal quantum of power in the market shows:</p>	<p>The DISCOMs respectfully submit that the occurrence of surplus power is not continuous in nature. Such surplus, wherever observed, is only for limited durations, typically for about 2 to 3 hours in a day, arising due to variations in demand pattern, renewable generation profile, and grid balancing requirements. These transient instances of surplus cannot be construed as sustained excess capacity. The DISCOMs submit that power procurement and sale are carried out</p>

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	<p>i) continued failure to ensure balance between demand curve and power mix to the extent technically possible to see that unwarranted surplus/deficit is limited to prudent levels by entering into long-term PPAs with thermal, RE and other power stations prudently.</p> <p>ii) Notwithstanding the claims of the DISCOMs that “they would be making enormous effort to procure power from long term sources”, failures and helplessness at politico-bureaucratic level in the face of delay in execution of power plants with whom the DISCOMs had PPAs and lesser generation and supply of power and avoidable legal litigations that arose as a result of their hasty and imprudent decisions in entering into long-term PPAs, etc. That the trend of availability of generation capacity and projection of surplus power abnormally, even exceeding 5% reserve margin, is continuing is evident from the estimates made for 2025-26 and projections made for 2026-27. Till such imbalances are corrected over a period of time, avoidable burdens would continue to be imposed on the consumers for the failures of commission and omission of politico-bureaucratic and regulatory dispensations, without</p>	<p>based on merit order dispatch, demand variability, renewable must-run obligations. TGDISCOMs would like to reiterate the fact that Energy procurement from short term sources is considered for the following reasons</p> <ul style="list-style-type: none"> • Energy supply during hours of deficit (Power requirement > Power availability from generators) • Power purchase cost optimization: TGDISCOMs have considered procurement from short term sources during hours when the Market price is lesser than the Variable cost (VC) of few generating stations with higher VC to optimize the overall cost of power procurement. <p>The DISCOMs submit that power procurement planning is carried out primarily to meet projected demand reliably and maintain grid stability. Projections are prepared conservatively to ensure reliability of supply, grid security, and compliance with planning norms, and do not necessarily translate into avoidable financial burden on consumers.</p> <p>The DISCOMs are actively undertaking measures to optimise power procurement by aligning contracted capacity with actual demand, enhancing short-term and market-based procurement, and</p>

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	any accountability.	maximising scheduling flexibility. Further, surplus capacity, wherever available, is being leveraged through power exchanges and other optimisation mechanisms to mitigate fixed cost impact. Over a period of time, as demand growth materialises and procurement strategies are refined, the perceived imbalance between availability and requirement is expected to reduce, thereby minimising any potential burden on consumers.
7.	Unrelated to the contracted capacity, transmission charges, primarily inter-state transmission charges of PGCIL, have been increased by Rs.857 crore for 2022-23, Rs.737 crore for 2023-24 and Rs.199 crore for 2024-25. This is due to the irrational and imbalanced GNA regulations and orders of CERC against which petitions filed before appellate authorities by DISCOMs of some of the states are pending. What role TGDISCOMs are playing to contest the regulations and orders of CERC to protect larger consumer interest?	The TGDISCOMs are actively engaging with the issues arising out of the GNA framework through appropriate regulatory and legal channels. The DISCOMs are closely coordinating with other State DISCOMs and utilities that have challenged the relevant regulations and orders of the Hon'ble CERC before the appropriate appellate authorities. Further, the concerns of TGDISCOMs are being consistently represented before the Hon'ble CERC during stakeholder consultations and proceedings, highlighting the need for a more balanced and usage-linked transmission charge mechanism.
8.	While the energy dispatched has come down from the quantum approved by the Commission, the cost of power purchase has increased for the subject three FYs for the two DISCOMs as given below:	

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	<table border="1" data-bbox="247 326 1071 472"> <thead> <tr> <th rowspan="2">Year</th> <th colspan="2">Energy dispatched MU</th> <th rowspan="2">Difference</th> <th colspan="2">Cost of power purchase Rs.cr</th> <th rowspan="2">Difference</th> </tr> <tr> <th>Approved</th> <th>Actual</th> <th>Approved</th> <th>Actual</th> </tr> </thead> <tbody> <tr> <td>2022-23</td> <td>78361</td> <td>73121</td> <td>5240</td> <td>40149</td> <td>47433</td> <td>7285</td> </tr> <tr> <td>2023-24</td> <td>84156</td> <td>78460</td> <td>5606</td> <td>42311</td> <td>48895</td> <td>6584</td> </tr> <tr> <td>2024-25</td> <td>84403</td> <td>82595</td> <td>1808</td> <td>44515</td> <td>47009</td> <td>2494</td> </tr> </tbody> </table> <p data-bbox="247 500 1043 574">The following points, among others, need to be examined in view of the above variations:</p> <p data-bbox="247 643 1058 1003">a) Requirement of power is overestimated. As a result, availability of surplus power is underestimated. The above trends confirm that the estimates of the DISCOMs, TGERC and CEA for demand are turning out to be inflated. Hence, a realistic view has to be taken based on ground realities every FY and projections shown in resources plans be revised periodically. It is all the more imperative to take appropriate decisions when new PPAs are entered into and regulatory consents to the same are given.</p> <p data-bbox="247 1068 1058 1240">b) Though the overall quantum of power purchase has come down, cost of power purchase has increased. Though overall fixed cost under PPAs in force has come down, variable cost has increased.</p>	Year	Energy dispatched MU		Difference	Cost of power purchase Rs.cr		Difference	Approved	Actual	Approved	Actual	2022-23	78361	73121	5240	40149	47433	7285	2023-24	84156	78460	5606	42311	48895	6584	2024-25	84403	82595	1808	44515	47009	2494	<p data-bbox="1092 708 1923 1068">a) The DISCOMs submit that power requirement has not been overestimated but has been assessed prudently to meet projected demand and ensure grid stability, which are statutory obligations. While instances of surplus power may arise in certain periods, these are mainly due to seasonal demand variations, renewable energy intermittency, inflexibility of long-term PPAs, and changes in actual consumption patterns, and not because of inflated demand estimates.</p> <p data-bbox="1092 1133 1934 1305">b) Though the overall quantum of power purchase has reduced, the total cost has increased mainly due to higher variable costs, driven by escalation in fuel prices, freight charges etc., Details of plant wise energy quantum and costs has been submitted.</p>
Year	Energy dispatched MU		Difference	Cost of power purchase Rs.cr		Difference																												
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	<p>c) Need for market purchase, as well as its cost, is underestimated.</p> <p>d) As a result of unrealistic estimates and determination of various elements of variable costs, and abnormal increase in market purchases, true-up claims also have emerged abnormally.</p> <p>e) Such unrealistic estimates – overestimation of demand for power and underestimation of availability of power and surplus - have reduced need for subsidy from the government, especially, when the latter has decided not to enhance tariffs, but are leading to claims for true-up abnormally.</p> <p>f) Prices paid for market purchases need to be examined unit-wise and month-wise, not on an average per unit, to ascertain their permissibility. It also needs to be examined whether market purchases are made when power is available from sources under</p>	<p>c) The DISCOMs submit that market purchases were undertaken during time-blocks when market prices were relatively low, taking advantage of lower market prices. Such opportunities arise based on real-time market conditions, and hence the requirement and cost of market purchases cannot be accurately predicted in advance. Market prices are highly volatile and depend on multiple factors such as demand-supply balance, fuel prices, renewable generation, and grid conditions.</p> <p>d&e) The DISCOMs submit that true-up claims have increased mainly due to uncontrollable variations in fuel costs, market prices, renewable intermittency, and real-time demand–supply conditions. Projections were made based on the best information available at the time of ARR filing, and deviations are inherent in the system. True-up is a regulatory mechanism to reconcile such differences, not a result of unrealistic estimation. True-up claims arise from actual cost variations and are independent of subsidy decisions, all of which remain subject to prudence check by the Hon'ble Commission.</p> <p>f) The DISCOMs iterates that market purchases are based on real-time prices, demand requirements and is generally opted only when landed cost is less than variable cost of existing stations..</p>

S.No.	Summary of Objections / Suggestions	Response of the Licensee
	<p>PPAs in force by backing the latter and paying fixed charges for the same. It is to be examined whether surplus power when it is available is not required to meet demand. It is all the more necessary to examine these aspects, especially in the light of the claims made by the CMD of TGTRANSCO last year, claiming savings on account of backing down thermal power and purchasing power in the market. A copy of the statement is enclosed. However, in the subject petitions, the DISCOMs have not claimed or shown any savings on account of purchasing power in the market and through exchanges abnormally.</p> <p>g) The continuing trend of making market purchases abnormally, even while projecting availability of abnormal quantum of surplus power every FY, and its implications need to be analysed in detail and corrective steps be taken to arrest such an unwarranted trend.</p>	<p>g) The DISCOMs respectfully submit that the occurrence of surplus power is not continuous in nature. Such surplus, wherever observed, is only for limited durations, typically for about 2 to 3 hours in a day, arising due to variations in demand pattern, renewable generation profile, and grid balancing requirements.</p> <p>As submitted above, market purchases are made for two reasons, one to meet deficit and other for power purchase optimization.</p>
9.	<p>Though dispatch of energy has come down vis a vis what is determined by the Commission in the RSTOs, revenue on sale of power has decreased/increased vis a vis what is determined in the</p>	<p>TGDISCOMs submit that sales are recognized as uncontrollable item in MYT Regulation No. 2 of 2023. Although, overall sales of energy have deviated from the approved quantum by the Hon'ble</p>

S.No.	Summary of Objections / Suggestions	Response of the Licensee																									
	<p>RSTOs for two FYs as given below:</p> <table border="1" data-bbox="254 370 1045 581"> <thead> <tr> <th rowspan="2">DISCOM</th> <th rowspan="2">Year</th> <th colspan="2">Revenue in Rs.cr.</th> <th rowspan="2">Difference</th> </tr> <tr> <th>Approved</th> <th>actual</th> </tr> </thead> <tbody> <tr> <td rowspan="2">SPDCL</td> <td>2023-24</td> <td>34124.16</td> <td>31788.7</td> <td>2335.45</td> </tr> <tr> <td>2024-25</td> <td>34108.22</td> <td>34304.12</td> <td>-195.90</td> </tr> <tr> <td rowspan="2">NPDCL</td> <td>2023-24</td> <td>9086.15</td> <td>8973.67</td> <td>113.48</td> </tr> <tr> <td>2024-25</td> <td>9139.59</td> <td>9742.56</td> <td>-602.97</td> </tr> </tbody> </table> <p>If supply of power exceeds to categories of consumers who provide cross-subsidy increases and to subsidized consumers decreases, then revenue on sale of power to the DISCOMs increases vis a vis what is determined in the RSTOs and vice versa. Therefore, the DISCOMs have to give details of actual sales and revenue category-wise and slab-wise to substantiate their claims. Unrealistic estimates of demand for power by various categories of consumers lead to variations in revenue, thereby distorting estimates of revenue requirement, revenue deficit, need for subsidy from the government and/or tariff revision, later leading to claims for true-up/true-down</p>	DISCOM	Year	Revenue in Rs.cr.		Difference	Approved	actual	SPDCL	2023-24	34124.16	31788.7	2335.45	2024-25	34108.22	34304.12	-195.90	NPDCL	2023-24	9086.15	8973.67	113.48	2024-25	9139.59	9742.56	-602.97	<p>Commission in the Retail supply tariff orders (RSTOs), the impact on revenue from sale of power is primarily driven by the change in the mix of sales wrt consumer categories.</p> <p>In FY 2023-24, sales in cross-subsidized categories exceeded the approved levels, while sales in major cross-subsidizing categories are less than approved sales. This change in sales mix impacted revenue realization.</p> <p>The DISCOMs submit that the category-wise details of actual sales and revenue are duly reflected in the Annual Audited Accounts and are also made available on the official website.</p>
DISCOM	Year			Revenue in Rs.cr.			Difference																				
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SPDCL	2023-24	34124.16	31788.7	2335.45																							
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10.	<p>The DISCOMs have submitted that "it is pertinent to mention that the licensee had prayed before the Hon'ble Commission at various junctures to include the impact of supply of 24 hrs agricultural sales in the relevant regulations or review the approved sales viz., Review petition filed by the licensees on Tariff Order for FY17-18</p>	<p>The DISCOMs submit that the additional expenditure incurred for supply of power to agricultural consumers or any other category of consumers in excess of the quantum approved in the RSTOs is required to be considered under true-up, as it represents a variation between approved estimates and actuals, which is precisely the</p>																									

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	<p>and Petition filed for Amendment to Regulation 4 of 2005. However, the same has been declined by the Hon'ble Commission stating that submissions of the TGDISCOMs would be treated as suggestion/input as and when the Commission initiates the process of adding to or amending or varying regulation." NPDCL has further contended that it is facing a loss due to purchase of additional energy in order to meet the unanticipated demand from agricultural consumers, which the licensee requests the Hon'ble Commission to approve so that the licensee is not financially burdened unnecessarily. In any case, the DISCOMs have to claim additional subsidy for purchasing additional power in the market to meet demand of agricultural consumers exceeding the quantum of power determined by the Commission in the RSTOs. The additional expenditure incurred by the DISCOMs for supply of power to agriculture, determined by the Commission in the RSTOs and supplies exceeded by the DISCOMs, should not be clubbed with additional expenditure incurred for non-agricultural consumers in the overall true-up claims being made by the DISCOMs.</p>	<p>purpose of the true-up mechanism. During the year, the actual agricultural demand exceeded the levels approved by the Hon'ble Commission. This increase was on account of higher-than-anticipated agricultural consumption, which could not be accurately foreseen at the time of tariff determination due to uncertainty in monsoon conditions. While the projections submitted by the TGDISCOMs in the ARR filings were broadly aligned with the eventual actuals, the Hon'ble Commission approved demand only up to a limited extent. As these projections have subsequently materialised during the year, the corresponding costs are required to be duly considered and allowed through the true-up process.</p>
11.	<p>We request the Hon'ble Commission to examine the above-mentioned points, among others, and issue its orders after prudence check of the claims of the DISCOMs, directing the latter to seek and get financial support from the state government for</p>	<p>The DISCOMs respectfully submit that all true-up claims placed before the Hon'ble Commission are based on audited accounts in accordance with the applicable regulations. The DISCOMs will abide by the orders of the Hon'ble Commission keeping in view consumer</p>

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	<p>their true-up claims for the subject period as approved by the Commission. We also request the Hon'ble Commission to explore the ways to avoid or reduce scope for true-up claims to the extent possible in its regulatory process and direct the DISCOMs on how to make realistic projections, besides being prudent in entering into long-term PPAs and giving regulatory consents to the same to ensure balance between demand curve and power mix to the extent technically prudent.</p>	<p>interest and sector sustainability.</p> <p>With regard to minimising the scope of future true-up claims, the DISCOMs submit that true-ups arise largely due to factors that are uncontrollable and uncertain at the time of tariff determination, such as fuel prices, power market conditions, demand variability, renewable generation profile, hydrological conditions, and regulatory changes at the central level. Notwithstanding these limitations, the DISCOMs are continuously improving the robustness of demand and cost projections using historical trends, improved forecasting tools.</p>

3. Responses to the objections of Sri. I. Gopinath, Chief Executive Officer, SOUTH INDIAN CEMENT MANUFACTURERS' ASSOCIATION, Administrative Office: 3rd Floor, 36th Square, Plot no. 481, Road no. 36, Jubilee Hills, Hyderabad - 500034, Telangana, India | Phone: 040-35163394.

S.No.	Summary of Objections / Suggestions	Response of the Licensee
1.	<p>Requested the Hon'ble Commission to extend the deadline for submission of our comments/suggestions from 31st January 2026 to 15th February 2026.</p>	<p>Request for time extension consideration is under the purview of Hon'ble TGERC.</p>

4. Responses to the objections of Sri. T. Harish Rao, MLA, 33-Siddipet Assembly Constituency & Deputy Floor Leader, BRSLP.

S.No.	Summary of Objections / Suggestions	Response of the Licensee
1.	<p>True-Up Is Not An Automatic Pass-Through-Settled Law</p> <p>TGSPDCL has filed the present Petition seeking approval of Power Purchase Cost (PPC) and Revenue True-up for FY 2024-25. The magnitude of deviations claimed once again reflects serious deficiencies in demand forecasting, resource planning and power procurement strategy.</p> <p>It is respectfully submitted that: True-up is not a matter of right and cannot be allowed mechanically. True-up is intended only for uncontrollable and unforeseeable variations, and not for inefficiencies, avoidable deviations or planning failures.</p> <p>Repeated large true-up claims over successive years demonstrate systemic inefficiency rather than uncontrollable events.</p> <p>Hon'ble APTEL has consistently held that true-up cannot be used to compensate inefficiency or imprudent expenditure.</p>	<p>The DISCOM respectfully submits that true-up is not claimed as an automatic pass-through, but as a regulatory reconciliation mechanism for uncontrollable and unforeseeable variations, subject to the prudence check of the Hon'ble Commission. TGDISCOMs submit that variation in fuel cost is recognized as uncontrollable item in MYT Regulation No. 2 of 2023.</p> <p>The deviations in PPC and revenue for FY 2024-25 are mainly due to fuel cost variations, market price fluctuations, renewable intermittency, and real-time demand–supply conditions, all of which are beyond the control of the DISCOM. Projections in the ARR were made based on the existing prices available at the time of filing. Deviations are inherent and do not indicate inefficiency or planning failure.</p> <p>It may be noted that Hon'ble APTEL has upheld cases where true-up was claimed by the licensee after following the due scrutiny and prudence check.</p>
2.	<p>Failure Of Prudence Check Under Section 62 Of The Electricity Act, 2003</p> <p>The Hon'ble Supreme Court in UP Power Corporation Ltd. vs</p>	<p>TGDISCOMs submit that all Power Purchase Agreements were entered only after approval of the Hon'ble Commission.</p>

S.No.	Summary of Objections / Suggestions	Response of the Licensee
	<p>NTPC (2011) 12 SCC 400 has mandated that Regulatory Commissions must ensure:</p> <ul style="list-style-type: none"> • Least-cost power procurement • Protection of consumer interest • Exclusion of avoidable and imprudent costs <p>TGSPDCL has failed to establish that power procurement during FY 2024-25 was carried out on a least-cost basis or that adequate mitigation measures were adopted to control costs.</p>	<p>TGDISCOMs procured the power from existing contracted sources which was approved by the Hon'ble Commission in the Tariff order for FY 2024-25.</p> <p>TGLSDC ensures that the scheduling & dispatch of power are completely adhered to as per the State Grid Code issued by Hon'ble TGERC.</p>
3.	<p>Excessive Short-Term Power Procurement Imprudent And Disallowable</p> <p>The Petition reveals continued excessive dependence on short-term and market-based power procurement during FY 2024-25. The Objector submits that:</p> <p>Short-term market power is the costliest source and should be resorted to only as a last option.</p> <p>Repeated recourse to short-term procurement indicates chronic failure in long-term power planning and demand forecasting. TGSPDCL has failed to demonstrate that all cheaper long-term, tied-up and internal sources were fully exhausted prior to resorting to market purchases. As held by Hon'ble APTEL in multiple judgments, avoidable short-term power procurement arising out of planning failure is imprudent and cannot be allowed for pass-</p>	<p>TGDISCOMs would like to reiterate the fact that Energy procurement from short term sources is considered for the following reasons</p> <ul style="list-style-type: none"> • Energy supply during hours of deficit (Power requirement > Power availability from generators) • Power purchase cost optimization: TGDISCOMs have considered procurement from short term sources during hours when the Market price is lesser than the Variable cost (VC) of few generating stations with higher VC to optimize the overall cost of power procurement for the benefit of consumers. <p>Here, it is pertinent to note that, the procurement from short term sources for deficit supply is done only when the entire generation</p>

S.No.	Summary of Objections / Suggestions	Response of the Licensee
	through to consumers.	capacity is dispatched and the procurement from short term sources for Power purchase optimization is done only by backing down the thermal generators having higher VC than the then existing market (Short term source) prices resulting only in the reduction of overall power procurement cost.
4.	<p>Variable Cost Escalation-Commercial Risk:</p> <p>TGSPDCL has attributed increased PPC to escalation in variable cost on account of coal price increase, freight, royalty, green cess and forex variation.</p> <p>It is submitted that:</p> <p>Fuel price and forex risks are known commercial risks inherent to thermal power procurement.</p> <p>TGSPDCL has not placed on record any evidence of fuel optimization, coal blending, alternate sourcing, hedging or cost-minimization efforts.</p> <p>Automatic pass-through of such escalation defeats tariff certainty and consumer protection.</p> <p>Hon'ble APTEL has categorically held that fuel price risk is not an automatic pass-through and must be subjected to prudence scrutiny.</p>	<p>While TGDISCOMs factor in and project the likely impact of coal and freight costs at the time of ARR filings, such projections are necessarily provisional in nature. Actual costs vary on account of fuel price volatility and statutory revisions. Accordingly, the differences between approved and actual costs have been accounted for through the true-up process in accordance with the regulations of the Hon'ble Commission, and the true-up mechanism does not constitute an automatic pass-through.</p>
5.	<p>Merit Order Violation and Sub-Optimal Dispatch</p> <p>The Petition indicates deviations in generation mix and scheduling</p>	<p>TGDISCOMs respectfully submit that merit-order principles were</p>

S.No.	Summary of Objections / Suggestions	Response of the Licensee
	<p>during FY 2024-25.</p> <p>The Objector submits that:</p> <p>Cheaper sources such as hydel and allocated CGS power were not optimally utilized.</p> <p>Costly thermal and market power was procured without adequate justification.</p> <p>Failure to adhere to merit order principles and optimal scheduling disentitles the utility from recovery of excess costs, as held by Hon'ble APTEL.</p>	<p>duly followed during scheduling considering cheaper sources as well as for the computation of true-up for FY 2024-25.</p> <p>The station-wise costs referred to by the Objector are summary outcomes and not indicators of dispatch sequence. They do not imply any deviation from merit-order dispatch.</p> <p>Procurement from the power market was resorted to only in limited and justified circumstances:</p> <p>(i) to meet unavoidable supply deficits such as renewable intermittency, and</p> <p>(ii) for cost optimization, where the landed cost of market purchases was lower than the variable cost of available generating stations.</p>
6.	<p>24x7 Agricultural Supply - State Policy Cost</p> <p>TGSPDCL has once again cited 24x7 agricultural supply as a contributing factor for increased PPC and revenue gap.</p> <p>It is respectfully submitted that:</p> <p>24x7 free or subsidized agricultural supply is a State Government policy decision.</p> <p>Financial implications of such policy must be fully compensated by the State Government through explicit budgetary support.</p> <p>Such costs cannot be passed on to consumers through tariff, true-</p>	<p>The DISCOMs submit that the additional expenditure incurred for supply of power to agricultural consumers and other consumer categories, over and above the sales quantum approved in the RSTOs, is required to be addressed through true-up, as the same represents a deviation between approved and actual sales.</p> <p>The DISCOMs have adhered to the policy directions of the Government of Telangana in ensuring 24x7 power supply to agricultural consumers, and the consequent increase in agricultural consumption is not within the control of the licensees.</p>

S.No.	Summary of Objections / Suggestions	Response of the Licensee
	<p>up or regulatory assets.</p> <p>This principle has been consistently upheld by the Hon'ble Supreme Court, Hon'ble APTEL and this Hon'ble Commission</p>	<p>In view of the above, the DISCOMs request the Hon'ble Commission to approve the actual agricultural sales and the related true-up costs.</p>
7.	<p>Revenue True-Up Claim - Strict Scrutiny Required</p> <p>TGSPDCL has sought approval of Revenue True-up for FY 2024-25.</p> <p>The Objector submits that:</p> <p>Revenue deviations largely arise from inaccurate demand estimation, category-wise migration, billing inefficiencies and collection shortfall.</p> <p>Revenue risk is inherent to the retail supply business and cannot be entirely socialized.</p> <p>Before approving any revenue true-up, the Commission must examine billing efficiency, collection efficiency, demand projections and tariff design</p>	<p>The revenue variation is primarily attributable to changes in the category-wise sales mix. After due process, the Hon'ble Commission has allowed the revenue true-up/ true-downs attributable to variation in sales mix, since sales mix variation is outside the control of the licensee.</p> <p>For FY 2024-25, the revenue position indicates a revenue true-down, as the actual revenue earned is higher than the revenue approved by the Hon'ble Commission. Accordingly, the DISCOMs are not seeking any additional recovery; instead, the excess revenue is proposed to be passed on to consumers or adjusted against other true-up claims, which is beneficial to consumers at large.</p>
8.	<p>COMMISSION CANNOT ACT AS A CONDUIT TO GOVERNMENT</p> <p>Any prayer seeking direction to the Hon'ble Commission to approach the State Government for funding is legally untenable.</p> <p>The Commission is an independent statutory authority and cannot be used as a conduit between the Licensee and the Government</p>	<p>The DISCOMs respectfully submit that the prayer is not intended to seek any direction requiring the Hon'ble Commission to act as a conduit for securing financial assistance from the State Government.</p> <p>The submission is only to highlight that, in terms of the prevailing policy framework and past practice, certain costs—particularly those arising from policy directives or factors beyond the control of the</p>

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	for financial support.	<p>licensees—are appropriately addressed through State Government support.</p> <p>The Hon'ble Commission, while exercising its independent statutory functions, has the authority to recognize such policy-related costs and indicate the appropriate mechanism for their recovery, including through budgetary support from the State Government, wherever applicable. The prayer, therefore, neither impinges upon the independence of the Hon'ble Commission nor seeks to alter its statutory role, but is merely aimed at ensuring that the financial burden on consumers is minimized and that costs attributable to policy decisions are addressed through the appropriate institutional mechanism.</p>
9.	<p>TELANGANA-SPECIFIC REGULATORY PRECEDENTS</p> <p>The Hon'ble TGERC and the erstwhile APERC have consistently held that:</p> <p>Imprudent power purchase costs are not admissible for pass-through.</p> <p>Policy-driven subsidies must be compensated by the Government.</p> <p>True-up is not meant to neutralize inefficiencies.</p> <p>These binding precedents squarely apply to the present Petition for FY 2024-25</p>	<p>The objections raised have already been addressed in the foregoing submissions.</p>

S.No.	Summary of Objections / Suggestions	Response of the Licensee
10.	<p>CONSUMER INTEREST - PARAMOUNT CONSIDERATION</p> <p>Section 61(d) of the Electricity Act mandates safeguarding consumer interest. Allowing repeated large true-ups will:</p> <p>Cause tariff shock</p> <p>Inflate regulatory assets and carrying cost</p> <p>Penalize consumers for inefficiencies beyond their control</p>	<p>The licensee submits that consumer interest and recovery of prudently incurred costs needs to go hand-in-hand. Electricity Act recognizes this principle –</p> <p>Section 61 (d): “The Appropriate Commission shall, subject to the provisions of this Act,……</p> <p>specify the terms and conditions for the determination of tariff, and in doing so, shall be guided by the following, namely ...</p> <p>(d) safeguarding of consumers’ interest and at the same time, recovery of the cost of electricity in a reasonable manner”;</p> <p>Hence, the licensees pray that the Hon’ble Commission consider the prudently incurred costs and allow the recovery of the same.</p>
11.	<p>PRAYER</p> <p>In view of the foregoing submissions, the Objector respectfully prays that the Hon'ble Commission may be pleased to:</p> <ul style="list-style-type: none"> • Reject or substantially reduce the PPC true-up claim for FY 2024-25. 	<p>Power Purchase True-up for FY 2024-25 has been claimed in accordance with the regulations, based on actual costs, and limited only to uncontrollable variations.</p> <p>Short-term power procurement/ Market Purchases during the year was undertaken prudently, to meet deficits and for cost optimization where market prices were lower than variable costs.</p>

S.No.	Summary of Objections / Suggestions	Response of the Licensee
	<ul style="list-style-type: none"> • Disallow imprudent short-term power procurement costs. • Exclude agricultural policy-driven costs from consumer recovery. • Subject revenue true-up to strict prudence and efficiency checks. • Prevent creation of avoidable regulatory assets. • Issue appropriate directions to TGSPDCL for robust long-term power procurement planning. <p>Pass such other order(s) as deemed fit in the interest of justice and consumers.</p>	<p>Agricultural consumption more than approved quantum represents a variation between approved and actuals, arising due to factors such as monsoon variability and demand, and is therefore proposed for consideration under true-up, as per regulations.</p> <p>Details of the claims are submitted to Hon'ble commission for approval.</p> <p>TGDISCOMs respectfully submits that no avoidable regulatory assets are being sought to be created through present petitions. The true-up/down claims are restricted only to actual, uncontrollable variations between approved and actuals, in line with regulations.</p> <p>TGDISCOMs consistently followed a structured long-term power procurement plan through Hon'ble Commission approved PPAs, while actively optimizing its power procurement mix to align with demand patterns and resource availability.</p>

5. Responses to the objections of Sri. Ramisetty Venkata Subba Rao, H.No.12-13-657, Lane No.1, Street No.14, Nagarjuna nagar, Tarnaka, Secunderabad – 500017.

S.No.	Summary of Objections / Suggestions	Response of the Licensee																								
1.	<p>Section 2: Fuel Cost Adjustment (Fca) Mechanism – Systematic Non-Compliance, Regulation: MYT Regulation No. 2 of 2023, Clauses 13.1–13.12</p> <p>Core Requirement vs. TGSPDCL Conduct</p> <table border="1" data-bbox="205 570 823 935"> <thead> <tr> <th>Requirement</th> <th>Regulation</th> <th>Mandate</th> <th>TGSPDCL Status</th> </tr> </thead> <tbody> <tr> <td>Monthly FCA Computation</td> <td>Clause 13.1–13.3</td> <td>Compute monthly; cap \pm ₹0.30/kWh</td> <td>NOT IMPLEMENTED</td> </tr> <tr> <td>Publication Timeline</td> <td>Clause 13.3(d)</td> <td>Within 45 days of month-end</td> <td>NOT PERFORMED</td> </tr> <tr> <td>Billing Integration</td> <td>Clause 13.8</td> <td>Levy in month N+3 billing</td> <td>NOT APPLIED</td> </tr> <tr> <td>True-Up Precondition</td> <td>Clause 13.11(c)</td> <td>Cannot claim FCA if true-up not filed</td> <td>CIRCUMVENTED</td> </tr> <tr> <td>Disallowance Clause</td> <td>Clause 13.3(d)</td> <td>Late FCA disallowed from pass-through</td> <td>IGNORED</td> </tr> </tbody> </table> <p>TGSPDCL's Systematic Failure</p> <p>No Monthly FCA Levy: TGSPDCL has NOT computed, published, or levied monthly FCA as required. Instead, it seeks to recover accumulated fuel/power purchase variations through True-up petitions filed years after year-end.</p> <p>No Contemporaneous Publication: FCA amounts are NOT published within 45 days of month-end. Delay renders historical FCA claims inadmissible per Clause 13.3(d).</p>	Requirement	Regulation	Mandate	TGSPDCL Status	Monthly FCA Computation	Clause 13.1–13.3	Compute monthly; cap \pm ₹0.30/kWh	NOT IMPLEMENTED	Publication Timeline	Clause 13.3(d)	Within 45 days of month-end	NOT PERFORMED	Billing Integration	Clause 13.8	Levy in month N+3 billing	NOT APPLIED	True-Up Precondition	Clause 13.11(c)	Cannot claim FCA if true-up not filed	CIRCUMVENTED	Disallowance Clause	Clause 13.3(d)	Late FCA disallowed from pass-through	IGNORED	<p>TGDISCOMs are diligently adhering to the current MYT regulations 1 of 2023 in calculating FCA and will continue do so. The TGDISCOMs have addressed letters to the GoTG for approval for collection of FCA amount regularly every month as per the provisions in the MYT Regulation.</p> <p>TGDISCOMs have clearly stated in their submissions that no Power Purchase true-up is being claimed for FY 2023-24 and FY 2024-25, and have requested the Hon'ble Commission to pass necessary orders accordingly. This clearly demonstrates the TGDISCOM's adherence to the regulatory framework and compliance with the directions of the Hon'ble Commission.</p> <p>It is further submitted that as per regulations, Power Purchase true-up for FY 2022-23 is allowed since disallowance based on FCA levying is not applicable for FY 2022-23.</p> <p>If the Hon'ble commission updates/modifies to the treatment of FCA, DISCOMs shall abide by the directions of the Hon'ble Commission.</p>
Requirement	Regulation	Mandate	TGSPDCL Status																							
Monthly FCA Computation	Clause 13.1–13.3	Compute monthly; cap \pm ₹0.30/kWh	NOT IMPLEMENTED																							
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S.No.	Summary of Objections / Suggestions	Response of the Licensee
	<p>Ex-Post True-Up Substitution:</p> <ul style="list-style-type: none"> • FY 2022-23 variations sought via True-up filed 2025 (3 years after year-end) • FY 2023-24 variations sought via True-up filed 2025 (2 years after year-end) • FY 2024-25 variations sought in FY 2025-26 ARR without real-time FCA filings <p>Commission's Earlier Warning: TGERC RST Order FY 2025-26, paras 3.3.8–3.3.11 explicitly noted concerns and rejected lump-sum FCA filings for non-compliance with stipulated timelines.</p> <p>Blocked FCA Recovery Impact:</p> <ul style="list-style-type: none"> • FY 2022-23: ₹150–200 Cr unrecovered • FY 2023-24: ₹120–180 Cr unrecovered • FY 2024-25: ₹100–150 Cr unrecovered • Total Blocked FCA: ₹370–530 Crore now improperly attempted to be loaded into FY 2026-27 ARR <p>Recommendation: TGERC must:</p> <ol style="list-style-type: none"> 1. Suspend acceptance of all lump-sum fuel/variable cost adjustments claimed outside FCA mechanism 2. Direct immediate operationalization of monthly FCA levy effective January 2026 3. Disallow ₹370–530 Crore cumulative FCA backlog from FY 	

S.No.	Summary of Objections / Suggestions	Response of the Licensee
	2026-27 ARR 4. Require TGSPDCL to establish automated monthly FCA computation and publication system	

6. Responses to the objections of Sri. PV Subba Reddy, Convenor, Bharatiya Agro Economic & Research Centre 2-2-24/P, D D colony, Baghamberpet, Hyderabad 500013.

S.No.	Summary of Objections / Suggestions	Response of the Licensee
1.	High cost Rs 6.53 of market purchases vs approved cost Rs 3.39 needs scrutiny	<p>TGDISCOMs would like to reiterate the fact that Energy procurement from short term sources is considered for the following reasons</p> <ul style="list-style-type: none"> • Energy supply during hours of deficit (Power requirement > Power availability from generators) • Power purchase cost optimization: TGDISCOMs have considered procurement from short term sources during hours when the Market price is lesser than the Variable cost (VC) of few generating stations with higher VC to optimize the overall cost of power procurement. <p>The rate of Rs. 3.3/unit approved in the Tariff Order was only an indicative estimate, whereas actual market prices during the year were significantly higher.</p>

S.No.	Summary of Objections / Suggestions	Response of the Licensee
		<p>The average DAM and GDAM prices during FY 2022-23 were around Rs. 6.10/unit and Rs. 5.75/unit, which, after accounting for losses and charges, translate to landed costs average procurement cost of Rs. 6.53/unit is reasonable and reflects prudent market optimization.</p>
2.	<p>Miscellaneous expenses of Rs 2494 Cr are unexplained. The schedules may be provided.</p>	<p>The miscellaneous charges claimed by the DISCOMs for FY 2022-23 to FY 2024-25 include expenses towards – banked energy, IEX Cost adjustments, STOA and LTOA charges, Reactive charges, Deviation charges and other related statutory and operational charges. major portion 1142 crs for FY 2022-23 is towards MTR Order and Provision-2022-23.</p> <p>These charges are incidental to power procurement and grid operations.</p>
3.	<p>To procure economically, Reliance on govt subsidy is a concern, defeats very purpose of act, true up. Understates cost dynamics, excluding contingencies, future true up impose retrospective liabilities.</p>	<p>TGSPDCL respectfully submits that government subsidy support does not undermine actual power procurement nor defeat the true-up mechanism. Power procurement and cost projections are made independent of subsidy considerations, based on approved procurement plans, PPAs, and the best information available at the time of ARR filing.</p> <p>Electricity Act 2003 recognizes the role of subsidies. Extract of relevant clauses is given below –</p>

S.No.	Summary of Objections / Suggestions	Response of the Licensee
		<p>Section 65 (Provision of Subsidy by State Government): “If the State Government requires the grant of any subsidy to any consumer or class of consumers in the tariff determined by the State Commission under section 62, the State Government shall, notwithstanding any direction which may be given under section 108, pay, in advance and in such manner as may be specified, the amount to compensate the person affected by the grant of subsidy in the manner the State Commission may direct, as a condition for the licence or any other person concerned to implement the subsidy provided for by the State Government: Provided that no such direction of the State Government shall be operative if the payment is not made in accordance with the provisions contained in this section and the tariff fixed by State Commission shall be applicable from the date of issue of orders by the Commission in this regard.” Hence the licensee submits that the procurement is as per the provisions of the Act.</p>
4.	<p>The employee costs are more by 15 % than approved. All segments of distribution are higher than approved by Commission. The Justification by facts or given instead reason that commission approved lower is untenable.</p>	<p>The Hon'ble Commission has approved O&M expenses by applying escalation on the average of the true-up expenses for the immediate preceding control period, and this if further escalated for 3 years as per clause No. 81 of Regulation No. 2 of 2023. However, the approved amount so derived is lower than the actual expenditure</p>

S.No.	Summary of Objections / Suggestions	Response of the Licensee
		<p>incurred during FY 2023-24. O&M cost escalation is based on CPI/WPI indices in accordance with Regulation 81.3 based on actuals for FY 2024-25. This revision is primarily on account of actual employee cost, repairs & maintenance activities, and administrative expenses, projected based on CPI/WPI.</p> <p>The Hon'ble Commission has approved Employee cost for FY 2024-25 by applying escalation on the average of the true-up expenses for the immediate preceding control period, and this if further escalated for 3 years as per clause No. 81 of Regulation No. 2 of 2023. However, the approved amount so derived is lower than the actual expenditure incurred during FY 2023-24.</p> <p>The revised O&M expenses projected for FY 2026-27 is computed based on actual costs and inflation. We request the Commission to consider these variations as we have filed our submission in accordance with MYT Regulations, 2023 (2 of 2023).</p>
5.	<p>SPDCL balance sheet as of 31/3/24 accumulated losses are 40,380 Cr against paid up capital of Rs.12017 cr only with huge 28362 Cr negative net worth.</p> <p>Even considering the short.& long term borrowings and capital ,still the accumulated losses are more.</p> <p>The interest burden on short term increased 808 Crs suggests prudent management of borrowings In view of the precarious</p>	<p>TGDISCOMs submits that, in order to reduce the financing cost burden, DISCOMs are actively engaging with lenders to renegotiate existing loan terms, including seeking reduction in interest rates, and exploring restructuring options wherever feasible, with the objective of lowering the overall cost of debt. These efforts are ongoing to ensure that the interest burden on consumers is minimized and the</p>

S.No.	Summary of Objections / Suggestions	Response of the Licensee
	<p>financials of discoms, the companies are not financially viable entities to carry on the huge essential public utility services. Structural financial crisis due to high purchase cost, subsidy burden</p>	<p>financing structure becomes more sustainable. In case of any reduction in interest rates achieved through these negotiations or restructuring will be fully reflected and claimed appropriately during the True-up.</p>
6.	<p>The data on accidents, month wise also not submitted. The accidents are on the rise and precious lives are lost case wise reasons are to be provided.</p>	<p>Our claim includes (a) statutory and ex-gratia payments arising from force majeure/public safety events not attributable to the utility; and (b) amounts mandated under lawful directions where no fault of the licensee is established. According to the guidelines of the Hon'ble Commission of Proceedings No. TSERC/Secy/86 of 2015, Dt:28-12-2015, para no.3 is extracted as below.</p> <p><i>“After careful consideration of the information submitted and issues raised by the DISCOMs, the Commission hereby enhances the ex-gratia sum payable, as a safety measure, in the case of a fatal accident resulting in death of a non-departmental person and / or of an animal owing to electrocution and other issues connected therewith are dealt hereunder.”</i></p> <p>Therefore, TGDISCOMs are paying the compensation/ex-gratia amount to every Electrical accident to non-departmental person and / or of an animal with Department fault or without Department fault in every year and this expenditure is booked under compensations</p>

S.No.	Summary of Objections / Suggestions	Response of the Licensee
		<p>account under A&G expenses in the licensee books of accounts. The details of case-by-case cause of accident and the payments made against each case are already submitted to the Hon'ble Commission.</p>
7.	<p>Demand growth is significant pressure on infra and costs. Requires capex expediency.</p>	<p>TGDISCOMs submits that the strong demand growth places significant load on existing network assets, requiring timely and targeted capital investment to maintain reliability, safety, and supply quality. The proposed capex is therefore essential and not discretionary, aimed at strengthening substations, feeders, and network capacity to meet rising peak demand and avoid overloads or service disruptions.</p> <p>In case of TGSPDCL, the additional capex primarily pertains to Underground cabling works, SCADA expansion and automation, New substations and capacity augmentation, required to meet summer peak loads and to address loading of existing transformers and feeders.</p> <p>The UG cabling works were not envisaged at the time of filing the MYT Petition due to evolving demand patterns, accelerated urbanisation, and emergent reliability issues.</p>

7. Response to Power Foundation of India

S.No.	Summary of Objections / Suggestions	Response of the Licensee
PFI Comments/Suggestions: TGSPDCL True-Up Petition FY 2024-25 for Retail Supply Business		
1.	<p>4)PFI notes that TG DISCOMs have filed Power Purchase Cost & Revenue True-Up Petitions for FY 2022-23, FY 2023-24 & FY 2024-25. These True-Up Petitions are incomplete since important elements like Sales, Energy Balance, Transmission Losses, Distribution Losses have not been filed. Moreover, in the absence of complete True-up, Revenue Gap/ Surplus has not been calculated. Claiming Power Purchase True-Up without submitting the Sales and Energy Balance is a non-scientific & non-transparent wayof determining the Power Purchase Cost and defeats the purpose of True-Up Exercise.</p>	<p>TGDISCOMs filed power purchase cost true up for FY 2022-23in accordance with "APERC (Terms and Conditions for determination of Tariff for Wheeling and Retail Sale ofElectricity) Regulation, 4 of 2005" and its first amendment Regulation I of 2014 (adoptedby TGERC)and Power purchase cost true up for FY 2023-24 and revenue true up for FY 2024-25 in accordance TGERC (Multi Year Tariff) Regulation, 2 of 2023.</p> <p>These filings have been made strictly in line with the regulatory formats and requirements prescribed by the Hon'ble Commission. Details relating to sales, energy balance, and T&D losses are provided in the ARR filings of respective years.</p>
2.	<p>5)It is pertinent to mention that the last True-Up Order issued by Hon'ble TGERC is for FY 2018-19 dated 23/03/2023. Till date True-Up Orders for FY 2019-20, FY 2020-21, FY 2021-22, FY 2022-23, FY 2023-24 & FY 2024-25 are pending. The samecomment was submitted by PFI in the ARR Petition for FY 2025-26. Hon'ble TGERC addressed the said comment in the</p>	<p>TGDISCOMs submit that the Power Purchase True-Up/True-Down claims for FY 2016-17 to FY 2021-22, along with the provisional True-Up for FY 2022-23, were filed before the Hon'ble Commission on 16.12.2022. The Hon'ble Commission approved the same in the RST Order for FY 2023-24 dated 24.03.2023.</p>

S.No.	Summary of Objections / Suggestions	Response of the Licensee
	<p>Tariff Order for FY 2025-26 dated 29/04/2025.</p> <p>"3.3 TRUE UP/ DOWN AND FCA PETITIONS</p> <p><i>Commission's analysis & findings</i></p> <p><i>3.3.8 The Commission has noted the concerns of the stakeholders in respect of the consequences that resulted in running into losses of the petitioners on account of not properly filing the True-up/True-down petitions and not collecting Fuel Cost Adjustment (FCA) as per stipulated regulations. The petitioners have failed to explain as to why they could not file their claims in respect of FCA adjustments quarterly as stipulated in the Regulation which has resulted in huge backlogs thereby the TGDISCOMs are not in a position to claim the FCA either from the government or from the consumers.</i></p> <p><i>... 3. 3.11 The Commission directs the TGDISCOMs to strictly comply with Regulation 2 of 2023 and ensure that all future True-up, ARR, Tariff Proposals, and FCA claims are filed within the stipulated timelines. Any deviation from the prescribed schedule will be viewed seriously and may attract regulatory action."</i></p>	
3.	<p>6) Thereafter, TG DISCOMs in Petition I.A. No. 28 of 2025 prayed before the Commission that they may be granted time for filing of petition of power purchase True-Ups of FY 2022-23 and FY 2023-24 pertaining to retail supply business alongwith condonation of delay application within due course of time. Hon'ble TGERC vide Order dated 2/05/2025 granted time extension for</p>	<p>TGDISCOMs couldn't file True-up petitions in view of all the reasons stated in the petition. The marginal delay in filing was thus procedural and transitional in nature, neither deliberate nor reflective of any service deficiency.</p> <p>However, TGDISCOMs have ensured the timely filing of the ARR for</p>

S.No.	Summary of Objections / Suggestions	Response of the Licensee
	<p>two months. Relevant extract from the said Order is as follows.</p> <p><i>"13. Therefore, keeping in view of the exigencies as submitted by the petitioner this Commission extends the time for filing the true-up petitions. 14. Accordingly, this petition is allowed and petitioners/TGDISCOMs are directed to file the true-up petitions for FY 2022 - FY 2023 and FY 2023 - FY 2024 within two months from the date of this order"</i></p> <p>7) Even after being granted time extension of two months, the True-Up Petitions for FY 2022-23 & FY 2023-24 have been filed on 29/11/2025 i.e, 5 months of delay.</p> <p>8) As per TGERC (Multi Year Tariff) Regulation, 2023, the DISCOMs need to file or True-Up annually. Relevant extract from the Regulations is as follows:</p> <p><i>"6 Procedure for filing Petition</i></p> <p><i>6.1 The petitions under MYT by the generating entity, transmission licensee/ STU, SLDC and distribution licensee shall be filed as per the timelines specified in this Regulation...</i></p> <p><i>c) Multi Year Tariff petition shall be filed by 30th November of the year preceding the first year of the Control Period by distribution licensee (for retail supply business) comprising:</i></p> <p><i>i. True-up of preceding year;</i></p> <p><i>ii. Aggregate Revenue Requirement for each year of the</i></p>	<p>FY 2026–27 and will continue to do so for all future regulatory submissions.</p>

S.No.	Summary of Objections / Suggestions	Response of the Licensee
	<p><i>Control Period;</i></p> <p><i>iii. Revenue from retail sale of electricity at existing tariffs & charges and projected revenue gap for the first year of the Control Period;</i></p> <p><i>iv. Proposal of consumer category wise</i></p> <p><i>f) After first year of the Control Period and onwards, the annual petitions by distribution licensee (for retail supply business) shall comprise of:</i></p> <p><i>i. True-up of preceding year;</i></p> <p><i>ii. Revised Aggregate Revenue Requirement for ensuing year of the Control Period;</i></p> <p><i>iii. Revenue from retail sale of electricity at existing tariffs & charges and projected revenue gap for ensuing year of the Control Period;</i></p> <p><i>iv. Proposal of consumer category wise retail supply tariff and charges for ensuing year of the Control Period.”</i></p>	
4.	<p>9) Further, the same Regulations have also stipulated a penal mechanism to enforce timely submission of True-Up Petitions. Relevant extract from the Regulations is as follows.</p> <p><i>"29 Return on Equity</i></p> <p><i>29.1 Return on Equity shall be computed in rupee terms, on the equity base determined in accordance with clause 27.</i></p>	<p>TGDISCOMs submit that, for the reasons detailed in the petition, the True-Up petitions could not be filed earlier. The marginal delay in submission was procedural and transitional in nature, and was neither intentional nor indicative of any deficiency in service.</p> <p>TGDISCOMs further submit that all future filings will be made strictly</p>

S.No.	Summary of Objections / Suggestions	Response of the Licensee
	<p><i>29.2 Return on Equity shall be computed at the following base rates:</i></p> <p><i>Provided that in case of delay in submission of tariff/true-up filings by the generating entity or licensee or SLDC, as required under this Regulation, rate of RoE shall be reduced by 0.5% per month or part thereof"</i></p>	<p>in accordance with Regulation No. 02 of 2023 and in adherence to the timelines prescribed under the Telangana Electricity Regulatory Commission Regulations.</p>
5.	<p>10) Moreover, the need for timely issuance of Tariff Orders and True-up Orders has been decided by Hon'ble APTEL in its judgement dtd. 11/11/2011 in OP No. 1 of 2011, as follows:</p> <p><i>"57. This Tribunal has repeatedly held that regular and timely trueing-up expenses must be done since:</i></p> <p><i>(a) No projection can be so accurate as to equal the real situation.</i></p> <p><i>(b) The burden/ benefits of the past years must not be passed on to the consumers of the future.</i></p> <p><i>(c) Delays in timely determination of tariff and trueing-up entails:</i></p> <p><i>(i) Imposing an underserved carrying cost burden to the consumers, as is also recognised by para 5.3 (h) (4) of National Tariff Policy.</i></p> <p><i>(ii) Cash flow problems for the licensees.</i></p> <p><i>65. In view of the analysis and discussion made above, we deem it fit to issue the following directions to the State</i></p>	<p>TGDISCOMs acknowledges the need for timely issuance of Tariff orders and True up orders.</p> <p>TGDISCOMs also acknowledge that while the Hon'ble APTEL has empowered SERCs to initiate suo-motu proceedings in the absence of utility filings, the Hon'ble Commission would still require complete and accurate data from the DISCOMs to ensure a fair and accurate determination.</p> <p>Given the technical and regulatory complexities involved, it is preferable that DISCOMs file the True-Up petitions themselves. This ensures completeness, transparency, and avoids avoidable delays, supporting a more accurate and cost-reflective tariff determination process.</p> <p>TGDISCOMs iterate that the True-up filings for FY 2022-23, FY 2023-24 and FY 2024-25 have been made in accordance with regulations issued by Hon'ble commission.</p>

S.No.	Summary of Objections / Suggestions	Response of the Licensee
	<p><i>Commissions:</i></p> <p><i>(i) Every State Commission has to ensure that Annual Performance Review, true-up of past expenses and Annual Revenue Requirement and tariff determination is conducted year to year basis as per the time schedule specified in the Regulations.</i></p> <p><i>(ii) It should be the endeavour of every State Commission to ensure that the tariff for the financial year is decided before 1st April of the tariff year...</i></p> <p><i>(iii) In the event of delay in filing of the ARR, truing-up and Annual Performance Review, one month beyond the scheduled date of submission of the petition, the State Commission must initiate Suo-moto proceedings for tariff determination in accordance with Section 64 of the Act read with clause 8.1 (7) of the Tariff Policy.</i></p> <p><i>(v) Truing up should be carried out regularly and preferably every year...".</i></p> <p>11) From above, it is noted that Hon'ble APTEL has even decided that SERCs can initiate Suo-moto proceedings and collect the data and information and give suitable directions and then determine the Tariff even in the absence of the application filed by the utilities by exercising the powers under the provisions of the Act as well as the Tariff Regulations.</p>	

S.No.	Summary of Objections / Suggestions	Response of the Licensee
	<p>12) Thus, timely issuance of Tariff and True-up Orders that too cost-reflective results in timely passing of escalated cost in the power sector supply chain thereby maintaining adequate cash flow with the utilities, thus enabling them to supply uninterrupted quality supply to the consumers. It further avoids Creation of Regulatory Assets, burden of Carrying Cost and Tariff shock at once to the endconsumers.</p> <p>13) In view of above, it is noted that TG DISCOMs have filed incomplete Petitions for True-Up of FY 2022-23, FY 2023-24 & FY 2024-25. They have filed for True-Up of Power Purchase Cost & Revenue only. Power Foundation of India (PFI) therefore, urges Hon'ble TGERC to conduct True-Up of FY 20223-23, FY 2023-24 & FY 2024-25 on suo-motu basis by 31st March 2026 as mandated by Hon'ble APTEL (stipulated above). This will avoid the issue of creation of Regulatory Assets, burden of Carrying Cost and Tariff shock to the end consumers.</p>	
6.	<p>B. POOR COLLECTION EFFICIENCY</p> <p>14) PFI notes that Collection Efficiency for FY 2024-25 is only 88.87%. One major reason for such poor collection efficiency is the exceptionally low Revenue Realization from Government</p>	<p>TGDISCOMs submit that collection efficiency is under continuous monitoring, and sustained measures are being undertaken to enhance revenue realisation. In cases where consumers fail to pay CC bills within the stipulated timelines, appropriate action is initiated in accordance with the Terms and Conditions of Supply.</p>

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	<p>Departments as tabulated below.</p> <p style="text-align: right;">(Rs. Cr.)</p> <table border="1" data-bbox="264 418 953 521"> <thead> <tr> <th>Govt. Dept. Dues</th> <th>FY 2022-23</th> <th>FY 2023-24</th> <th>FY 2024-25</th> </tr> </thead> <tbody> <tr> <td>Amount Billed</td> <td>5,965</td> <td>6,937</td> <td>7,799</td> </tr> <tr> <td>Amount Received</td> <td>1,778</td> <td>2,758</td> <td>1,838</td> </tr> <tr> <td>Collection Efficiency</td> <td>30%</td> <td>40%</td> <td>24%</td> </tr> </tbody> </table> <p>15) Moreover, Tariff Subsidy amounting to Rs. 803 Cr. has been written off in FY 2024- 25. Relevant extract from the Audited Accounts is as follows.</p> <table border="1" data-bbox="264 727 953 984"> <thead> <tr> <th colspan="3">19 - SHORT TERM LOANS & ADVANCES</th> </tr> <tr> <th>Particulars</th> <th>As at March 31, 2025</th> <th>As at March 31, 2024</th> </tr> </thead> <tbody> <tr> <td>a. Unsecured, considered good</td> <td></td> <td></td> </tr> <tr> <td>Loans & Advances to employees</td> <td>4.48</td> <td>7.43</td> </tr> <tr> <td>Refunds available with Revenue Departments</td> <td>29.10</td> <td>27.32</td> </tr> <tr> <td>Advance to O&M Suppliers</td> <td>2.09</td> <td>1.83</td> </tr> <tr> <td>Government Receivables</td> <td>4,618.36</td> <td>5,286.22</td> </tr> <tr> <td>Provision for Government Receivables - Additional Power</td> <td>(3,877.87)</td> <td>(3,877.87)</td> </tr> <tr> <td>Other Loans & Advances - Receivables from Vendors</td> <td>0.56</td> <td>0.23</td> </tr> <tr> <td>Total</td> <td>776.72</td> <td>1,445.16</td> </tr> <tr> <td colspan="3">b. Tariff Subsidy amounting to Rs.803.45 Crores being receivable from the Govt since 2014-15 to 2019-20 is now considered un-recoverable and the same has written off in 2024-25</td> </tr> </tbody> </table> <p>16) According to Form 9a submitted by TGSPDCL, total arrears of Rs. 50,000 and more pending for six months are a staggering Rs. 20,464 Cr. as on 30/03/2025. This translates to - 50% of the ARR of TGSPDCL.</p>	Govt. Dept. Dues	FY 2022-23	FY 2023-24	FY 2024-25	Amount Billed	5,965	6,937	7,799	Amount Received	1,778	2,758	1,838	Collection Efficiency	30%	40%	24%	19 - SHORT TERM LOANS & ADVANCES			Particulars	As at March 31, 2025	As at March 31, 2024	a. Unsecured, considered good			Loans & Advances to employees	4.48	7.43	Refunds available with Revenue Departments	29.10	27.32	Advance to O&M Suppliers	2.09	1.83	Government Receivables	4,618.36	5,286.22	Provision for Government Receivables - Additional Power	(3,877.87)	(3,877.87)	Other Loans & Advances - Receivables from Vendors	0.56	0.23	Total	776.72	1,445.16	b. Tariff Subsidy amounting to Rs.803.45 Crores being receivable from the Govt since 2014-15 to 2019-20 is now considered un-recoverable and the same has written off in 2024-25			<p>As stated in the filings, TGDISCOMs are persistently pursuing the State Government and various Government Departments for settlement of outstanding dues.</p> <p>TGDISCOMs reaffirm their commitment to improving and strengthening their financial position and shall continue to take all necessary steps in this regard.</p> <p>With respect to the suggestion to consider 100% Collection Efficiency, TGDISCOMs submit that the present ARR filing is already premised on 100% collection efficiency, and earnest efforts will be made to achieve the same.</p>
Govt. Dept. Dues	FY 2022-23	FY 2023-24	FY 2024-25																																																
Amount Billed	5,965	6,937	7,799																																																
Amount Received	1,778	2,758	1,838																																																
Collection Efficiency	30%	40%	24%																																																
19 - SHORT TERM LOANS & ADVANCES																																																			
Particulars	As at March 31, 2025	As at March 31, 2024																																																	
a. Unsecured, considered good																																																			
Loans & Advances to employees	4.48	7.43																																																	
Refunds available with Revenue Departments	29.10	27.32																																																	
Advance to O&M Suppliers	2.09	1.83																																																	
Government Receivables	4,618.36	5,286.22																																																	
Provision for Government Receivables - Additional Power	(3,877.87)	(3,877.87)																																																	
Other Loans & Advances - Receivables from Vendors	0.56	0.23																																																	
Total	776.72	1,445.16																																																	
b. Tariff Subsidy amounting to Rs.803.45 Crores being receivable from the Govt since 2014-15 to 2019-20 is now considered un-recoverable and the same has written off in 2024-25																																																			

S.No.	Summary of Objections / Suggestions	Response of the Licensee																																																																											
	<p>Format - 9(a)</p> <table border="1" data-bbox="260 370 961 685"> <thead> <tr> <th colspan="3">Arrears of consumers over Rs.50,000 pending for over six months</th> </tr> <tr> <th>Category</th> <th>SC Nos.</th> <th>Rs.Lakhs</th> </tr> </thead> <tbody> <tr> <td colspan="3">As on 31.03.2025</td> </tr> <tr> <td colspan="3">LT Supply</td> </tr> <tr> <td>LT-I Domestic</td> <td>1800</td> <td>1,799.01</td> </tr> <tr> <td>LT-II Non-Domestic/Commercial</td> <td>5337</td> <td>6,524.80</td> </tr> <tr> <td>LT-III Industry</td> <td>1171</td> <td>2,335.31</td> </tr> <tr> <td>LT-IV Cottage Industries</td> <td>6</td> <td>7.57</td> </tr> <tr> <td>LT-V agricultural</td> <td>919</td> <td>1,110.57</td> </tr> <tr> <td>LT-VI Street Lighting & PWS Schemes</td> <td>20309</td> <td>44,499.41</td> </tr> <tr> <td>LT-VII General Purpose</td> <td>549</td> <td>698.36</td> </tr> <tr> <td>LT-VIII Temporary Supply</td> <td>103</td> <td>94.20</td> </tr> <tr> <td>LT-IX Electric Charging Stations/Battery Swap</td> <td>1</td> <td>0.51</td> </tr> <tr> <td>LT Supply Total</td> <td>30395</td> <td>57,168.45</td> </tr> <tr> <td colspan="3">HT Supply</td> </tr> <tr> <td>HT-I Industry</td> <td>1128</td> <td>657,488.46</td> </tr> <tr> <td>HT-II Others</td> <td>441</td> <td>53,974.35</td> </tr> <tr> <td>HT-III Airports, Railway stations and Bus stations</td> <td></td> <td></td> </tr> <tr> <td>HT-IV Irrigation & CPWS</td> <td>311</td> <td>1,263,860.07</td> </tr> <tr> <td>HT-V Railway Traction</td> <td>6</td> <td>1,396.26</td> </tr> <tr> <td>HT-VI Townships & Residential Colonies</td> <td>7</td> <td>99.84</td> </tr> <tr> <td>HT-VII Temporary Supply</td> <td>58</td> <td>12,494.30</td> </tr> <tr> <td>HT-IX Electric Charging Stations/Battery Swap</td> <td>1</td> <td>0.51</td> </tr> <tr> <td>HT Supply Total</td> <td>1951</td> <td>1,989,313.79</td> </tr> <tr> <td>LT-HT Supply Total</td> <td>32346</td> <td>2,046,381.43</td> </tr> </tbody> </table> <p>17) PFI requests Hon'ble TGERC to consider Collection Efficiency as 100% while approving the total Revenue for FY 2024-25. The difference between the actual Revenue Collected and the Revenue considering 100% Collection Efficiency should be borne by the Govt. of Telangana in the form of Subsidy.</p>	Arrears of consumers over Rs.50,000 pending for over six months			Category	SC Nos.	Rs.Lakhs	As on 31.03.2025			LT Supply			LT-I Domestic	1800	1,799.01	LT-II Non-Domestic/Commercial	5337	6,524.80	LT-III Industry	1171	2,335.31	LT-IV Cottage Industries	6	7.57	LT-V agricultural	919	1,110.57	LT-VI Street Lighting & PWS Schemes	20309	44,499.41	LT-VII General Purpose	549	698.36	LT-VIII Temporary Supply	103	94.20	LT-IX Electric Charging Stations/Battery Swap	1	0.51	LT Supply Total	30395	57,168.45	HT Supply			HT-I Industry	1128	657,488.46	HT-II Others	441	53,974.35	HT-III Airports, Railway stations and Bus stations			HT-IV Irrigation & CPWS	311	1,263,860.07	HT-V Railway Traction	6	1,396.26	HT-VI Townships & Residential Colonies	7	99.84	HT-VII Temporary Supply	58	12,494.30	HT-IX Electric Charging Stations/Battery Swap	1	0.51	HT Supply Total	1951	1,989,313.79	LT-HT Supply Total	32346	2,046,381.43	
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7.	<p>A. HUGE UNMETERED SALES</p> <p>18) TGSPDL in the ARR Petition for FY 2026-27 has projected huge unmetered Sales of 15,428 MU, 24% of the total Sales. These unmetered Sales are pertaining to the Agricultural consumers. PFI had also submitted a similar comment on the ARR Petition for FY 2025-26.</p> <p>19) The unmetered Agriculture Sales as claimed for FY 2026-</p>	<p>With respect to LT V (Agriculture) sales, TGDISCOMs have followed the methodology adopted by the Hon'ble Commission. Agricultural sales for FY 2026-27 have been estimated based on 12 hours of daily supply and 180 operational days per year, using the connected load indicated in the ARR filings. Details of existing and expected load is also mentioned in the filings.</p> <p>Load and Sales Projections for FY 2026 27</p>																																																																											

S.No.	Summary of Objections / Suggestions	Response of the Licensee																																	
	<p>27 have been estimated to increase by around 9% over the Agriculture Sales in FY 2025-26.</p> <p>Further, TG DISCOMs have also considered increase in number of unmetered agricultural connections in FY 2026-27 as shown below:</p> <p style="text-align: center;"><i>Agriculture Sales Billing Determinants for FY 2025-26 & FY 2026-27</i></p> <table border="1" data-bbox="262 602 953 704"> <thead> <tr> <th>Particulars</th> <th>FY 2025-26</th> <th>FY 2026-27</th> <th>Y-o-y Increase</th> <th>Increase (%)</th> <th>Ref</th> </tr> </thead> <tbody> <tr> <td>Connections (nos)</td> <td>1500174</td> <td>1560174</td> <td>60000</td> <td>4%</td> <td>Form-2</td> </tr> <tr> <td>Contracted Demand (MW)</td> <td>5644</td> <td>6122</td> <td>478</td> <td>8%</td> <td>Form-3</td> </tr> <tr> <td>Sales (MU)</td> <td>14140</td> <td>15428</td> <td>1288</td> <td>9%</td> <td>Form-4</td> </tr> </tbody> </table>	Particulars	FY 2025-26	FY 2026-27	Y-o-y Increase	Increase (%)	Ref	Connections (nos)	1500174	1560174	60000	4%	Form-2	Contracted Demand (MW)	5644	6122	478	8%	Form-3	Sales (MU)	14140	15428	1288	9%	Form-4	<table border="1" data-bbox="1108 321 1633 521"> <thead> <tr> <th>Particulars</th> <th>SPDCL</th> </tr> </thead> <tbody> <tr> <td>Load Projections (hp)</td> <td>82,05,026</td> </tr> <tr> <td>Load Projections (MW)</td> <td>6121</td> </tr> <tr> <td>Sales Projections (MU) (Load in MW*12*180/10^3)</td> <td>15425</td> </tr> </tbody> </table> <p>It is submitted that although the number of connections and the connected load generally exhibit a steady and linear growth trend, actual agricultural consumption does not increase in a similar manner. Agricultural energy sales are largely dependent on seasonal variations, prevailing weather conditions, and the actual irrigation requirements at the field level, resulting in fluctuating consumption patterns.</p>		Particulars	SPDCL	Load Projections (hp)	82,05,026	Load Projections (MW)	6121	Sales Projections (MU) (Load in MW*12*180/10^3)	15425
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8.	<p>21) PFI notes from the above table that TGSPDCL has proposed addition in new unmetered connections in FY 2026-27, which implies that the DISCOM itself is proposing to provide new connections which will be unmetered in FY 2026-27. However, this is in violation of the MoP Electricity (Rights of Consumers) Rules, 2020 dtd. 31/12/2020, which states that no connection shall be given without a meter and such meter shall be the smart prepayment meter or pre-payment meter. Relevant extract of the said Rules is as follows:</p> <p><i>"S. Metering - (1) No connection shall be given without a meter and such meter shall be the smart prepayment meter or pre-payment meter. Any exception to the smart meter or prepayment</i></p>	<p>it is submitted that the projections for FY 2026-27 indicating addition of certain agricultural service connections categorized as "unmetered" are in line with the prevailing State Government policy and the existing tariff framework applicable to agricultural consumers.</p> <p>With regard to the reference made to the Electricity (Rights of Consumers) Rules, 2020 dated 31.12.2020, it is respectfully submitted that the said Rules provide the general framework relating to consumer rights and metering. However, agricultural service connections in the State are presently governed by specific policy directions of the State Government under which supply to agriculture is being extended in accordance with approved norms.</p>																																	

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	<p><i>meter shall have to be duly approved by the Commission. The Commission, while doing so, shall record proper justification for allowing the deviation from installation of the smart pre-payment meter or prepayment meter."</i></p> <p>22) PFI further observed that as per CEA Report on "Status of Metering in the Country", only 18% of the Rural Distribution Transformer (DT) in case of TG South DISCOM are metered as on 31/03/2025. In the past, Hon'ble TGERC has repeatedly directed TG DISCOMs to achieve 100% of the Agricultural DTR Metering, however, TG DISCOMs have failed to meter all Agricultural DTs as is evident from the CEA Report.</p>	<p>It is further submitted that the classification of certain agricultural services as "unmetered" in the ARR projections is primarily for billing and subsidy accounting purposes under the prevailing tariff structure. The same does not imply any deliberate violation of statutory provisions. The DISCOM is implementing metering in a phased manner in accordance with directions issued by the appropriate authorities and subject to availability of approved schemes, regulatory approvals, and funding support.</p> <p>Therefore, the mere projection of new agricultural connections under the existing unmetered category for FY 2026-27 cannot be construed as a violation of the aforesaid Rules. The DISCOM remains committed to complying with all applicable statutory provisions and regulatory directions as may be issued from time to time by the appropriate authorities.</p> <p>The DISCOMs have proposed to undertake segregation of agricultural feeders under the RDSS program to enable better monitoring and accurate accounting of agricultural consumption subject to approval from GOI.</p>
9.	<p>23) Distribution Losses, Metering, Billing and Collection are controllable parameters on the part of DISCOMs and therefore, True-up should not be allowed for masked inefficiencies on account of DISCOMs. Due to lack of metered connections and huge unmetered Sales, Proper Energy Accounting and Actual</p>	<p>It is submitted that the True-up exercise is undertaken strictly in accordance with the provisions of Tariff Regulations framed by the State Commission. The True-up process is a statutory mechanism intended to reconcile approved projections with actual audited performance. The Hon'ble Commission prudently examines the</p>

S.No.	Summary of Objections / Suggestions	Response of the Licensee
	<p>Distribution losses cannot be ascertained. Thus, the inefficiencies of TG DISCOMs are borne by honest metered consumers.</p>	<p>deviations and allows only those variations that are justified, duly supported by audited accounts and verified data.</p> <p>As regards metering and energy accounting, it is submitted that 100% feeder metering have already been completed to improve energy audit and loss estimation. Even in the case of agricultural services categorized as unmetered for billing purposes, consumption assessment is carried out based on approved norms, load studies, and sample metering, as per the methodology approved by the Commission. Therefore, the assertion that actual distribution losses cannot be ascertained is factually incorrect.</p> <p>TGDISCOMs submit that the True-Up mechanism already limits recognition of agricultural sales strictly to the levels approved by the Hon'ble Commission, which are significantly lower than the actual sales incurred.</p>
10.	<p>24) Further, TG DISCOMs have not given detailed calculations on how unmetered sales have been estimated. PFI notes than in ARR Petitions for FY 2026-27 of other Sates, like Madhya Pradesh, detailed norms considered for projecting the unmetered Sales are provided. Relevant extract from MP DISCOMs' ARR Petition for FY 2026-27 is as follows.</p>	<p>TGDISCOMs submit that LT-V (Agriculture) unmetered sales have been estimated strictly in line with the methodology approved by the Hon'ble Commission. Agricultural sales for FY 2026-27 have been projected using a load-based approach, considering 12 hours of daily supply for 180 days, along with the connected load figures provided in the ARR filings.</p>

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	<p style="text-align: center;"><i>Revised ARR for FY 2026-27 and Tariff Proposal for FY 2026-27</i></p> <p>3.2.6.1 For Temporary Metered & Temporary Permanent Connections, the estimation of Consumers and Load has been carried out on Monthly basis instead of directly applying the growth rate to annual figures. For unmetered temporary agriculture consumers under this category, the assessed consumption is considered as per the norms stipulated by Hon'ble Commission in the Tariff order for FY 2025-26. The same is shown as below.</p> <p style="text-align: center;">Table 22: Phase Wise Assessment for Un-metered Temporary Agriculture Connections</p> <table border="1" data-bbox="361 483 762 578"> <thead> <tr> <th rowspan="3">Phase</th> <th colspan="2">Figures in Unit</th> </tr> <tr> <th>Urban</th> <th>Rural</th> </tr> <tr> <th>2024-25</th> <th>2024-25</th> </tr> </thead> <tbody> <tr> <td>Three Phase</td> <td>220</td> <td>185</td> </tr> <tr> <td>Single Phase</td> <td>230</td> <td>205</td> </tr> </tbody> </table> <p>3.2.6.2 The month-wise segregation of norms for assessed consumption of unmetered permanent agricultural connections are as shown below:</p> <p style="text-align: center;">Table 23: Phase Wise Assessment for Unmetered Permanent Agriculture Connections</p> <table border="1" data-bbox="382 656 747 906"> <thead> <tr> <th rowspan="2">Figures in Unit</th> <th colspan="2">Three Phase</th> <th colspan="2">Single Phase</th> </tr> <tr> <th>Urban</th> <th>Rural</th> <th>Urban</th> <th>Rural</th> </tr> </thead> <tbody> <tr><td>Months</td><td></td><td></td><td></td><td></td></tr> <tr><td>April</td><td>95</td><td>95</td><td>95</td><td>95</td></tr> <tr><td>May</td><td>95</td><td>95</td><td>95</td><td>95</td></tr> <tr><td>June</td><td>95</td><td>95</td><td>95</td><td>95</td></tr> <tr><td>July</td><td>95</td><td>95</td><td>95</td><td>95</td></tr> <tr><td>Aug</td><td>95</td><td>95</td><td>95</td><td>95</td></tr> <tr><td>Sept</td><td>95</td><td>95</td><td>95</td><td>95</td></tr> <tr><td>Oct</td><td>170</td><td>170</td><td>180</td><td>180</td></tr> <tr><td>Nov</td><td>170</td><td>170</td><td>180</td><td>180</td></tr> <tr><td>Dec</td><td>170</td><td>170</td><td>180</td><td>180</td></tr> <tr><td>Jan</td><td>170</td><td>170</td><td>180</td><td>180</td></tr> <tr><td>Feb</td><td>170</td><td>170</td><td>180</td><td>180</td></tr> <tr><td>March</td><td>170</td><td>170</td><td>180</td><td>180</td></tr> </tbody> </table> <p>25) Impact of proper Energy Accounting, which is achieved through metering, is huge. Assuming that we have real numbers of Power Purchase Quantum at State Periphery and the same is allowed in totality because it is serving both metered and unmetered consumer is entirely wrong. Power Purchase Quantum has been done to meet two things</p> <p>- (i) consumption and (ii) losses (Transmission & Distribution Loss). Unmetered consumption is an estimated figure and could be used</p>	Phase	Figures in Unit		Urban	Rural	2024-25	2024-25	Three Phase	220	185	Single Phase	230	205	Figures in Unit	Three Phase		Single Phase		Urban	Rural	Urban	Rural	Months					April	95	95	95	95	May	95	95	95	95	June	95	95	95	95	July	95	95	95	95	Aug	95	95	95	95	Sept	95	95	95	95	Oct	170	170	180	180	Nov	170	170	180	180	Dec	170	170	180	180	Jan	170	170	180	180	Feb	170	170	180	180	March	170	170	180	180	<p>It is submitted that the Power Purchase Quantum at the State periphery is not approved or allowed in a mechanical or unconditional manner. Under the regulatory framework of the Electricity Act, 2003, the Hon'ble Commission approves power procurement based on detailed load forecasts, sales projections, loss levels, and prudence checks.</p> <p>Agricultural consumption, though categorized as unmetered for billing purposes in certain segments, is not arbitrarily assumed. It is assessed based on:</p>
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S.No.	Summary of Objections / Suggestions	Response of the Licensee															
	<p>to mask DISCOM losses. Further analysis might lead to the conclusion that losses are higher rather than unmetered consumption. For instance, in the table below, it can be seen that for the same Power Purchase Quantum of 140 MU, the Distribution Loss can vary drastically.</p> <table border="1" data-bbox="260 565 957 646"> <thead> <tr> <th>Scenario</th> <th>Metered Sales (MU)</th> <th>Unmetered Sales (MU)</th> <th>Distribution Losses (MU)</th> <th>Power Purchase Quantum (MU)</th> </tr> </thead> <tbody> <tr> <td>Scenario 1</td> <td>100</td> <td>30</td> <td>10</td> <td>140</td> </tr> <tr> <td>Scenario 2</td> <td>100</td> <td>25</td> <td>15</td> <td>140</td> </tr> </tbody> </table>	Scenario	Metered Sales (MU)	Unmetered Sales (MU)	Distribution Losses (MU)	Power Purchase Quantum (MU)	Scenario 1	100	30	10	140	Scenario 2	100	25	15	140	<ul style="list-style-type: none"> • Connected load and number of services, • Hours of supply, • Feeder-wise energy input, • Sample metering studies, • Norms approved by the Commission, and <p>The hypothetical illustration that the same power purchase quantum (e.g., 140 MU) can yield drastically different distribution loss levels does not reflect the actual regulatory process. Loss determination is not a residual or discretionary figure; it is computed after detailed energy balance analysis. Any abnormal variation in loss levels is examined by the Hon'ble Commission against approved targets, and deviations are treated as controllable or uncontrollable, as per the applicable Regulations.</p> <p>Accordingly, the estimation of unmetered agricultural sales is neither arbitrary nor masking losses, rather, it is derived from a methodology that is duly approved by the Commission, linked to connected load and supply parameters, and field conditions.</p>
Scenario	Metered Sales (MU)	Unmetered Sales (MU)	Distribution Losses (MU)	Power Purchase Quantum (MU)													
Scenario 1	100	30	10	140													
Scenario 2	100	25	15	140													
11.	26) Further, some of the key parameters highlighting the	The submissions made by PFI are denied:															

S.No.	Summary of Objections / Suggestions	Response of the Licensee
	<p>negative performance of TGSPDCL DISCOMs are as follows:</p> <p>a) TGSPDCL is a loss-making utility and has been rated at 'C-' as per 14th Integrated Rating for FY 2024-25.</p> <p>b) AT&C Loss for FY 2024-25 is 18.51%, higher than All India Average of 15.04%</p> <p>c) ACS-ARR Gap (on Cash basis) stands at Rs. 1.14/kWh for FY 2024-2527)</p> <p>27) In view of the above, PFI submits in case of such huge unmetered Sales, Distribution losses of TGSPDCL cannot be ascertained accurately, and proper Energy Accounting cannot be done. PFI requests the Hon'ble Commission to direct DISCOMs to submit action plan for metering at least 100% Agricultural Distribution Transformers at first level and to submit the action plan to meter all the unmetered agricultural sales in maximum 5 years. Further penal action u/s 142 of Electricity Act, 2003 maybe taken for non-compliance with the directions of the Commission.</p>	<ol style="list-style-type: none"> 1. With regard to the Integrated Rating ('C-'): the Integrated Rating exercise is a composite assessment covering multiple financial and operational parameters. The rating is not a standalone indicator of operational inefficiency of the DISCOM. 2. With regard to AT&C Loss of 18.51% vis-à-vis All-India Average: The comparison with All-India Average (15.04%) is not appropriate without considering structural differences in consumer mix and network characteristics. TGSPDCL services a substantial agricultural and rural consumer base, with dispersed load and long LT network, which inherently impacts technical losses. Loss levels are determined and monitored in accordance with targets approved by the Hon'ble Commission. The DISCOM has been undertaking continuous loss-reduction measures 3. With regard to ACS-ARR Gap (Rs. 1.14/kWh on cash basis): The gap is examined by the Hon'ble Commission during ARR and True-up proceedings and addressed in accordance with regulatory principles. <p>The DISCOMs have proposed to undertake segregation of</p>

S.No.	Summary of Objections / Suggestions	Response of the Licensee
		agricultural feeders under the RDSS program to enable better monitoring and accurate accounting of agricultural consumption subject to approval from GOI.
12.	<p>B. REVISED POWER PURCHASE EXPENSES</p> <p>B.1 Higher Cost of Central Generating Stations</p> <p>28) PFI notes while computing Variable Cost & Fixed Cost of Central Generating Stations TGSPDCL has considered escalation of 5% & 3% respectively on H1 FY 2025-26 actuals. However, no reasoning has been provided by TGSPDCL for arbitrarily considering such escalations.</p>	TGDISCOMs have considered a 3% escalation in the fixed cost and a 5% escalation in the variable cost of Central Generating Stations (CGS) for FY 2026-27, based on the trend of cost increases witnessed in previous years and to reasonably account for the expected rise in costs during the ensuing year.
13.	<p>29) It is submitted that the Central Government, vide MoF Notification No.9 /2025-Central Tax (Rate) dated 17/09/2025, has increased the GST rate on coal from 5% to 18%; and vide Notification No. 2/2025-Compensation Cess (Rate) dated 17/09/2025, has abolished the Compensation Cess of Rs. 400/MT, with effect from 22/09/2025. The abolition of the Compensation Cess and the increase in the GST rate on coal have impact on the cost of coal to be procured by the generating companies. Hon'ble CERC vide its suo-moto order dated 1/10/2025, has mentioned that changes due to GOI notifications dated 17/09/2025, squarely fall within the ambit of a change in law event and will be applicable</p>	<p>The projections of Variable Cost (VC) for TGGENCO thermal stations have been made after duly considering the impact of reduction in coal cost by Singareni Collieries Company Limited, as well as the effect of changes in taxation, including the increase in GST rate from 5% to 18% and the abolition of the ₹400 Compensation Cess.</p> <p>After factoring in the above elements, the projected Variable Cost for TGGENCO stations for the ensuing year is lower than the actual VC incurred during FY 2024-25.</p>

S.No.	Summary of Objections / Suggestions	Response of the Licensee
	<p>to all PPAs having a composite scheme and covered under Section 63 of the Act, except in case of the generating companies having captive coal mines.</p> <p>30) It is expected that rationalisation of GST rates on coal from 5% to 18% and removal of compensation cess of Rs. 400 per ton, will reduce the cost of generation for coal-based power generators. Further, Ministry of Coal estimated that impact of the new reform on coal pricing and the power sector is a substantial reduction in overall tax burden, with coal grades G6 to G17 seeing decreases in the range of Rs. 13 .40 per tonne to Rs. 329.61 per tonne. For the power sector, the average reduction is estimated to be around Rs. 260 per tonne, translating into a cut of 17-18 paise per kWh in the cost of generation.</p>	
14.	<p>31) Therefore, it will not be prudent to escalate the ARR of FY 2026-27 and allow upfront loading in Tariff, due to increased Power Purchase Cost, for the consumers of Telangana. Moreover, Hon'ble Commission has already approved the monthly Fuel and Power Purchase Adjustment Surcharge (FPPAS), which recovers the variation in Power Purchase & Transmission cost through automatic route.</p>	<p>The Fuel Cost Adjustment (FCA) mechanism adjusts only the variation between the power purchase cost approved by the Commission and the actual cost incurred. If the ARR projections are understated, the shortfall will subsequently surface as a higher FCA recovery. It is therefore prudent to approve realistic and reasonable power purchase cost projections upfront, rather than defer recovery through larger ex-post FCA adjustments.</p>
15.	<p>32) PFI has computed the Power Purchase Cost for FY 2026-</p>	<p>The power purchase cost projected for FY 2026-27 is based on</p>

S.No.	Summary of Objections / Suggestions	Response of the Licensee																							
	<p>27 considering energy charge rate & fixed cost the same as H1 FY 2026-27 actuals.</p> <p style="text-align: center;"><i>Power Purchase Cost/or TGSPDCL from CGS Stations</i></p> <table border="1" data-bbox="264 472 947 553"> <thead> <tr> <th rowspan="2">Stations</th> <th colspan="3">Claimed (Rs. Cr.)</th> <th colspan="4">PFI Working (Rs. Cr.)</th> </tr> <tr> <th>Fixed Cost</th> <th>Variable Cost</th> <th>Total Cost</th> <th>Fixed Cost</th> <th>Variable Cost</th> <th>Total Cost</th> <th>Difference</th> </tr> </thead> <tbody> <tr> <td>CGS</td> <td>2,484</td> <td>4,994</td> <td>7,477</td> <td>2,412</td> <td>4,756</td> <td>7,167</td> <td>(310)</td> </tr> </tbody> </table> <p>33) PFI requests Hon'ble TGERC to consider the same Power Purchase Cost (FC and VC) for CGSs as H1 FY 2026-27 actuals. Any difference in Actual and Allowed Power Purchase Cost will be automatically factored in Fuel and Power Purchase Adjustment Surcharge (FPPAS) mechanism for FY 2026-27. It will not be prudent to escalate the ARR of FY 2026-27 and allow upfront loading in Tariff, due to increased Power Purchase Cost, for the consumers of Telangana. The difference in claimed Power Purchase Cost and as computed by PFI may be borne by the Govt. of Telangana in the form of subsidy.</p>	Stations	Claimed (Rs. Cr.)			PFI Working (Rs. Cr.)				Fixed Cost	Variable Cost	Total Cost	Fixed Cost	Variable Cost	Total Cost	Difference	CGS	2,484	4,994	7,477	2,412	4,756	7,167	(310)	<p>contractual commitments, demand projections, cost trends, and reasonable forward-looking assumptions. The same is subject to prudence scrutiny by the Hon'ble Commission.</p> <p>Accordingly, the request to freeze CGS fixed and variable cost at H1 FY 2025-26 actual levels and to shift any variation either to FPPAS or to Government subsidy is not justified.</p>
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16.	<p>C. REVISED NET DISTRIBUTION ARR</p> <p>34) TGSPDCL in the ARR Petition for Distribution Wheeling Business for FY 2026-27 submitted net Distribution ARR (comprising of O&M expenses, Depreciation, Interest and finance charges on Loan and Return on Equity) of Rs. 5,996 Cr.</p>	<p>The revised O&M expenses, Depreciation, Interest and Finance Charges, and Return on Equity projected for FY 2026-27 have been calculated strictly in accordance with MYT Regulations, 2023. TGDISCOMs have already addressed the very same objections during the Distribution Business public hearing. We therefore</p>																							

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	<p>35) However, based on the applicable Regulatory provisions PFI has worked out net Distribution ARR of Rs. 5,558 Cr. for TGSPDCL. The detailed submission of PFI has been made in its letter dtd. 16/01/2025 sent to Hon'ble Commission in this regard. The Summary of claimed and PFI working of net Distribution Wheeling Cost for FY 2026-27 is as follows:</p> <p style="text-align: center;">(Rs. Cr.)</p> <table border="1" data-bbox="264 646 961 964"> <thead> <tr> <th>Sr. No.</th> <th>Particulars</th> <th>Claimed by DISCOM</th> <th>Proposed by PFI</th> <th>Difference</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Operation & Maintenance (O&M) Expenses (1a+1b+1c)</td> <td>4072</td> <td>4072</td> <td>0</td> </tr> <tr> <td>1a</td> <td>Employee Expenses</td> <td>3638</td> <td>3638</td> <td></td> </tr> <tr> <td>1b</td> <td>Administrative & General (A&G) Expenses</td> <td>199</td> <td>199</td> <td></td> </tr> <tr> <td>1c</td> <td>Repair & Maintenance (R&M) Expenses</td> <td>235</td> <td>235</td> <td></td> </tr> <tr> <td>2</td> <td>Return on Equity (RoE)</td> <td>434</td> <td>380</td> <td>(54)</td> </tr> <tr> <td>2a</td> <td>Less: Additional 2% RoE on account of SOP</td> <td></td> <td>54</td> <td></td> </tr> <tr> <td>3</td> <td>Interest on Loan</td> <td>840</td> <td>840</td> <td>0</td> </tr> <tr> <td>4</td> <td>Interest on Working Capital</td> <td>150</td> <td>150</td> <td>0</td> </tr> <tr> <td>5</td> <td>Depreciation</td> <td>1034</td> <td>650</td> <td>(384)</td> </tr> <tr> <td>5a</td> <td>Depreciation from Consumer Contributed Assets</td> <td></td> <td>384</td> <td></td> </tr> <tr> <td>6</td> <td>Aggregate Revenue Requirement (ARR)</td> <td>6,530</td> <td>6,092</td> <td>(438)</td> </tr> <tr> <td>7</td> <td>Less: Non-Tariff Income</td> <td>532</td> <td>532</td> <td>0</td> </tr> <tr> <td>8</td> <td>Other Income</td> <td>1</td> <td>1</td> <td></td> </tr> <tr> <td>9</td> <td>Net ARR</td> <td>5,996</td> <td>5,558</td> <td>(438)</td> </tr> </tbody> </table> <p>36) PFI requests Hon'ble TGERC to consider the submission made by PFI and accordingly allow net Distribution Wheeling ARR considering the PFI working shown above.</p> <p>C.REVISED O&M EXPENSES, DEPRECIATION, FINANCE CHARGES AND RoE FOR RETAIL SUPPLY BUSINESS</p> <p>37) Based on the detailed submission made vide letter dtd. 16/01/2025 to Hon'ble Commission with respect to Distribution</p>	Sr. No.	Particulars	Claimed by DISCOM	Proposed by PFI	Difference	1	Operation & Maintenance (O&M) Expenses (1a+1b+1c)	4072	4072	0	1a	Employee Expenses	3638	3638		1b	Administrative & General (A&G) Expenses	199	199		1c	Repair & Maintenance (R&M) Expenses	235	235		2	Return on Equity (RoE)	434	380	(54)	2a	Less: Additional 2% RoE on account of SOP		54		3	Interest on Loan	840	840	0	4	Interest on Working Capital	150	150	0	5	Depreciation	1034	650	(384)	5a	Depreciation from Consumer Contributed Assets		384		6	Aggregate Revenue Requirement (ARR)	6,530	6,092	(438)	7	Less: Non-Tariff Income	532	532	0	8	Other Income	1	1		9	Net ARR	5,996	5,558	(438)	<p>request the Hon'ble Commission to consider the submissions made by TGDISCOMs for approval.</p>
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S.No.	Summary of Objections / Suggestions	Response of the Licensee																											
	<p>Wheeling Business ARR wherein PFI hadworked out revised O&M expenses, Depreciation, Finance Charges and RoE applicable for TGSPDCL for FY 2026-27, the revised applicable expenses for Retail Supply Business, i.e., 10% of the Total ARR, is as follows:</p> <p style="text-align: center;"><i>Summary of Retail Supply expenses for FY 2026-27 for TGSPDCL (Rs. Cr.)</i></p> <table border="1" data-bbox="268 565 932 717"> <thead> <tr> <th rowspan="2">Particulars (for Retail Supply, 10% of total)</th> <th colspan="3">TGSPDCL</th> </tr> <tr> <th>Claimed</th> <th>PFI Working</th> <th>Difference</th> </tr> </thead> <tbody> <tr> <td>Operation and Maintenance expenses</td> <td>452</td> <td>452</td> <td>0</td> </tr> <tr> <td>Depreciation</td> <td>115</td> <td>72</td> <td>(43)</td> </tr> <tr> <td>Interest and finance charges on Loan</td> <td>93</td> <td>93</td> <td>0</td> </tr> <tr> <td>Return on Equity</td> <td>48</td> <td>42</td> <td>(6)</td> </tr> <tr> <td>Total Expenditure</td> <td>708</td> <td>660</td> <td>(49)</td> </tr> </tbody> </table> <p>38) PFI requests Hon'ble TGERC to consider the above expenses pertaining to Retail Supply Business as worked out by PFI while computing the ARR of TGSPDCL for FY 2026-27.</p>	Particulars (for Retail Supply, 10% of total)	TGSPDCL			Claimed	PFI Working	Difference	Operation and Maintenance expenses	452	452	0	Depreciation	115	72	(43)	Interest and finance charges on Loan	93	93	0	Return on Equity	48	42	(6)	Total Expenditure	708	660	(49)	
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17.	<p>D. SUMMARY OF ARR FY 2026-27</p> <p>1) As stipulated above, summary of PFI Comments on ARR of FY 2026-27 for TGSPDCL Retail Supply Business is as follows, Hon'ble Commission is requested to kindly consider the same.</p>	<p>TGDISCOMs reiterate that, with respect to the replies furnished to the preceding queries, the submissions have been made strictly in accordance with the applicable Regulations. The Commission is therefore requested to take the said submissions on record and consider them appropriately.</p>																											

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18.	<p>Prayers before Hon'ble TGERC:</p> <p>1)To consider the comments / suggestions of Power Foundation of</p>	<p>The issues raised herein have already been addressed in the preceding submissions.</p>																																																																																																																													

S.No.	Summary of Objections / Suggestions	Response of the Licensee
	<p>India (PFI) on the FY 2024-25 True-Up Petition of TGSPDCL Retail Supply Business.</p> <p>2)To conduct True-Up of FY 20223-23. FY 2023-24 & FY 2024-25 on suo-motu basis by 31st March 2026 as mandated by Hon'ble APTEL.</p> <p>3)To consider Collection Efficiency as 100% while approving the Revenue for FY 2024-25</p> <p>4)To consider the comments / suggestions of Power Foundation of India (PFI) on the ARR Petitions FY 2026-27 of TGDISCOMs.</p> <p>5)To direct TGDISCOMs to submit action plan for 100% Agricultural Distribution Transformers at first level and to submit the action plan to meter all the unmetered agricultural sales in maximum 5 years. Further to take penal action u/s 142 of Electricity Act, 2003 for non-compliance with the directions of the Commission.</p> <p>6)To not consider any escalation in Fixed Cost & Energy Charge Rate whiledetermining the Power Purchase Cost of Central Generating Stations as a result of Gol Notification dated 17/09/2025 w.r.t. removal of Coal Cess and increase in GSTon coal.</p> <p>7)To consider comments submitted by PFI on Distribution Wheeling Business Petitions submitted vide Letter dated 16/01/2026.</p>	

S.No.	Summary of Objections / Suggestions	Response of the Licensee
	8)The inefficiency of DISCOM should not be passed through in the ARR and may be borne by the Govt. of Telangana in the form of additional subsidy of Rs. 797 Cr. for FY 2026-27.	

8. Response to The Federation of Telangana Chambers of Commerce and Industry, Regd office:11-6-841, Federation House, Federation Marg, Red Hills, Hyderabad - 500004

S.No.	Summary of Objections / Suggestions	Response of the Licensee
Comments on TGDICOM's True-Up Filing for FY 2022–23		
1.	<p>The Hon'ble Commission, vide its Order dated 2 May 2025, granted an extension to the Petitioner and directed it to file the True-up Petitions for FY 2022–23 and FY 2023–24 within two months from the date of the said Order. However, the Licensees filed the Petition only on 10 November 2025, which is beyond the stipulated timeline.</p> <p>It is to be noted that TG DISCOMs have filed Power Purchase Cost & Revenue True-Up Petitions for FY 2022-23, FY 2023-24 & FY 2024-25. These True-Up Petitions are incomplete since important elements like Sales, Energy Balance, Transmission Losses, Distribution Losses have not been filed. Moreover, in the absence of complete True-up, Revenue Gap / Surplus has not been calculated. Claiming Power Purchase True-</p>	<p>TGDISCOMs filed power purchase cost true up for FY 2022-23in accordance with "APERC (Terms and Conditions for determination of Tariff for Wheeling and Retail Sale of Electricity) Regulation, 4 of 2005" and its first amendment Regulation I of 2014 (adoptedby TGERC).</p> <p>These filings have been made strictly in line with the regulatory formats and requirements prescribed by the Hon'ble Commission. Details relating to sales, energy balance, and T&D losses are provided in the ARR filings of respective years.TGDISCOMs acknowledges the need for timely issuance of Tariff orders and True up orders.</p>

S.No.	Summary of Objections / Suggestions	Response of the Licensee
	<p>Up without submitting the Sales and Energy Balance is a non-scientific & non-transparent way of determining the Power Purchase Cost and defeats the purpose of True-Up Exercise.</p> <p>It is pertinent to mention that the last True-Up Order issued by Hon'ble TGERC is for FY 2018-19 dated 23/03/2023. Till date True-Up Orders for FY 2019-20, FY 2020-21, FY 2021-22, FY 2022-23, FY 2023-24 & FY 2024-25 are pending. The same comment was submitted by PFI in the ARR Petition for FY 2025-26. Hon'ble TGERC addressed the said comment in the Tariff Order for FY 2025-26 dated 29/04/2025.</p> <p>“3.3 TRUE UP/ DOWN AND FCA PETITIONS</p> <p><i>Commission’s analysis & findings</i></p> <p><i>3.3.8 The Commission has noted the concerns of the stakeholders in respect of the consequences that resulted in running into losses of the petitioners on account of not properly filing the True-up/True-down petitions and not collecting Fuel Cost Adjustment (FCA) as per stipulated regulations. The petitioners have failed to explain as to why they could not file their claims in respect of FCA adjustments quarterly as stipulated in the Regulation which has resulted in huge backlogs thereby the TGDISCOMs are not in a position to claim the FCA either from the government or from the consumers.</i></p> <p><i>... 3.3.11 The Commission directs the TGDISCOMs to strictly comply with Regulation 2 of 2023 and ensure that all future True-up, ARR, Tariff Proposals, and FCA claims are filed within the stipulated</i></p>	<p>TGDISCOMs submit that, for the reasons detailed in the petition, the True-Up petitions could not be filed earlier. The marginal delay in submission was procedural and transitional in nature, and was neither intentional nor indicative of any deficiency in service.</p> <p>TGDISCOMs further submit that all future filings will be made strictly in accordance with Regulation No. 02 of 2023 and in adherence to the timelines prescribed under the Telangana Electricity Regulatory Commission Regulations.</p> <p>TGDISCOMs are diligently adhering to the current MYT regulations 1 of 2023 in calculating FCA and will continue do so.</p> <p>The TGDISCOMs have addressed letters to the GoTG for approval for collection of FCA amount regularly every month as per the provisions in the MYT Regulation.</p> <p>TGDISCOMs have clearly stated in their submissions that no Power Purchase true-up is being claimed for FY 2023-24 and FY 2024-25 and have requested the Hon'ble Commission to pass necessary orders accordingly.</p>

S.No.	Summary of Objections / Suggestions	Response of the Licensee
	<p><i>timelines. Any deviation from the prescribed schedule will be viewed seriously and may attract regulatory action.”</i></p> <p>Thereafter, TG DISCOMs in Petition I.A. No. 28 of 2025 prayed before the Commission that they may be granted time for filing of petition of power purchase True-Ups of FY 2022-23 and FY 2023-24 pertaining to retail supply business alongwith condonation of delay application within due course of time. Hon’ble TGERC vide Order dated 2/05/2025 granted time extension for two months. Relevant extract from the said Order is as follows.</p> <p><i>“13. Therefore, keeping in view of the exigencies as submitted by the petitioner this Commission extends the time for filing the true-up petitions. 14. Accordingly, this petition is allowed and petitioners/TGDISCOMs are directed to file the true-up petitions for FY 2022 – FY 2023 and FY 2023 – FY 2024 within two months from the date of this order”</i></p> <p>Even after being granted time extension of two months, the True-Up Petitions for FY 2022-23 & FY 2023-24 have been filed on 29/11/2025 i.e, 5 months of delay.</p> <p>Further, as per TGERC (Multi Year Tariff) Regulation, 2023, the DISCOMs need to file or True-Up annually. Relevant extract from the Regulations is as follows:</p> <p><i>“6 Procedure for filing Petition</i></p>	<p>This clearly demonstrates the TGDISCOM's adherence to the regulatory framework and compliance with the directions of the Hon’ble Commission.</p> <p>It is further submitted that as per regulations, Power Purchase true-up for FY 2022-23 is allowed since disallowance based on FCA levying is not applicable for FY 2022-23.</p> <p>TGDISCOMs acknowledge that while the Hon’ble APTEL has empowered SERCs to initiate suo-motu proceedings in the absence of utility filings, the Hon’ble Commission would still require complete and accurate data from the DISCOMs to ensure a fair and accurate determination.</p> <p>Given the technical and regulatory complexities involved, it is preferable that DISCOMs file the True-Up petitions themselves.</p> <p>This ensures completeness, transparency, and avoids avoidable delays, supporting a more accurate and cost-reflective tariff determination process.</p> <p>TGDISCOMs re-iterate that the True-up filings for FY 2022-</p>

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	<p>6.1 <i>The petitions under MYT by the generating entity, transmission licensee/STU, SLDC and distribution licensee shall be filed as per the timelines specified in this Regulation...</i></p> <p><i>c) Multi Year Tariff petition shall be filed by 30th November of the year preceding the first year of the Control Period by distribution licensee (for retail supply business) comprising:</i></p> <p><i>i. True-up of preceding year;</i></p> <p><i>ii. Aggregate Revenue Requirement for each year of the Control Period;</i></p> <p><i>iii. Revenue from retail sale of electricity at existing tariffs & charges and projected revenue gap for the first year of the Control Period;</i></p> <p><i>iv. Proposal of consumer category wise</i></p> <p><i>f) After first year of the Control Period and onwards, the annual petitions by distribution licensee (for retail supply business) shall comprise of:</i></p> <p><i>i. True-up of preceding year;</i></p> <p><i>ii. Revised Aggregate Revenue Requirement for ensuing year of the Control Period;</i></p> <p><i>iii. Revenue from retail sale of electricity at existing tariffs & charges and projected revenue gap for ensuing year of the Control Period;</i></p> <p><i>iv. Proposal of consumer category wise retail supply tariff and charges for ensuing year of the Control Period.</i></p> <p>9) Further, the same Regulations have also stipulated a penal</p>	<p>23, FY 2023-24 and FY 2024-25 have been made in accordance with regulations issued by Hon'ble commission.</p>

S.No.	Summary of Objections / Suggestions	Response of the Licensee
	<p>mechanism to enforce timely submission of True-Up Petitions. Relevant extract from the Regulations is as follows.</p> <p><i>“29 Return on Equity</i></p> <p><i>29.1 Return on Equity shall be computed in rupee terms, on the equity basedetermined in accordance with clause 27.</i></p> <p><i>29.2 Return on Equity shall be computed at the following base rates:</i></p> <p><i>Provided that in case of delay in submission of tariff/true-up filings by the generating entity or licensee or SLDC, as required under this Regulation, rate of RoE shall be reduced by 0.5% per month or part thereof.”</i></p> <p>Moreover, the need for timely issuance of Tariff Orders and True-up Orders has been decided by Hon'ble APTEL in its judgement dtd. 11/11/2011 in OP No. 1 of 2011, as follows:</p> <p><i>“57. This Tribunal has repeatedly held that regular and timely truing-up expenses must be done since:</i></p> <p><i>(a) No projection can be so accurate as to equal the real situation.</i></p> <p><i>(b)The burden/benefits of the past years must not be passed on to the consumers of the future.</i></p> <p><i>(c) Delays in timely determination of tariff and truing-up entails:</i></p> <p><i>(i) Imposing an underserved carrying cost burden to the consumers, as is also recognised by para 5.3 (h) (4) of National Tariff Policy.</i></p>	

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	<p><i>(ii) Cash flow problems for the licensees.</i></p> <p><i>65. In view of the analysis and discussion made above, we deem it fit to issue the following directions to the State Commissions:</i></p> <p><i>(i) Every State Commission has to ensure that Annual Performance Review, true-up of past expenses and Annual Revenue Requirement and tariff determination is conducted year to year basis as per the time schedule specified in the Regulations.</i></p> <p><i>(ii) It should be the endeavour of every State Commission to ensure that the tariff for the financial year is decided before 1st April of the tariff year...</i></p> <p><i>(iii) In the event of delay in filing of the ARR, truing-up and Annual Performance Review, one month beyond the scheduled date of submission of the petition, the State Commission must initiate Suo-moto proceedings for tariff determination in accordance with Section 64 of the Act read with clause 8.1 (7) of the Tariff Policy.</i></p> <p><i>(v) Truing up should be carried out regularly and preferably every year..."</i></p> <p>From above, it is noted that Hon'ble APTEL has even decided that SERCs can initiate Suo-moto proceedings and collect the data and information and give suitable directions and then determine the Tariff even in the absence of the application filed by the utilities by exercising the powers under the provisions of the Act as well as the Tariff Regulations.</p>	

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	<p>Thus, timely issuance of Tariff and True-up Orders that too cost-reflective results in timely passing of escalated cost in the power sector supply chain thereby maintaining adequate cash flow with the utilities, thus enabling them to supply uninterrupted quality supply to the consumers. It further avoids Creation of Regulatory Assets, burden of Carrying Cost and Tariff shock at once to the end consumers.</p> <p>Req: In view of the above, it is humbly prayed that the Hon'ble Commission may not accept or admit the present True-up Petition. It is further prayed that an appropriate penalty be imposed on the Licensees, in line with the Commission's observations in the Tariff Order for FY 2024–25, wherein it has been specified that, "in case of delay in submission of tariff/True-up filings by the generating entity or licensee or SLDC, as required under this Regulation, the rate of RoE shall be reduced by 0.5% per month or part thereof," under Clause 20.2 of the Multi-Year Tariff Regulation No. 2 of 2023.</p>	
2.	<p>The Licensees, TGSPDCL and TGNPDCL, have claimed Transmission Charges of ₹4,134 crore and ₹1,737 crore, respectively, in the True-up for FY 2022–23. However, the Annual Accounts of TGSPDCL (Note 23, Page 132) reflect the amount as ₹4,091.61 crore, and those of TGNPDCL (Note 25, Page 138) reflect the amount as ₹1,018.66 crore. Hence, the Hon'ble Commission is requested not to accept the claim of</p>	<p>TGDISCOM submits that, While the objector has compared certain line-item figures presented under specific accounting notes, it is respectfully submitted that the overall power purchase cost, including Transmission Charges, as claimed in the True-up, is fully reconciled with and tallying</p>

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	<p>the Petitioner and to consider the figures as per the audited accounts.</p> <table border="1" data-bbox="310 370 919 578"> <thead> <tr> <th data-bbox="310 370 615 493">Claimed by the Licensee for True Up of FY 2022-23</th> <th data-bbox="615 370 919 493">As per Audited Accounts</th> </tr> </thead> <tbody> <tr> <td data-bbox="310 493 615 537">Rs. 4134 Crore</td> <td data-bbox="615 493 919 537">Rs. 4091.61 Crore</td> </tr> <tr> <td data-bbox="310 537 615 578">Rs. 1737 Crore</td> <td data-bbox="615 537 919 578">Rs. 1018.66 Crore</td> </tr> </tbody> </table>	Claimed by the Licensee for True Up of FY 2022-23	As per Audited Accounts	Rs. 4134 Crore	Rs. 4091.61 Crore	Rs. 1737 Crore	Rs. 1018.66 Crore	with the audited annual accounts of both DISCOMs.
Claimed by the Licensee for True Up of FY 2022-23	As per Audited Accounts							
Rs. 4134 Crore	Rs. 4091.61 Crore							
Rs. 1737 Crore	Rs. 1018.66 Crore							
3.	<p>The Note 43 of the Audited accounts of TGSPDCL provide that:</p> <p>In respect of provision for surcharge of M/s. Singareni Thermal Power Plant (STPP), as the Discom and STPP are Government companies, the Discom is taking up the issue with STPP to waive late payment surcharge. To avoid the burdening the consumers, TS Discoms have requested to waive the late payment surcharge as it is not covered in ARR order. The late payment surcharge levied to the end of 2022-23 is Rs.3,459.65 Crore</p> <p>The Hon'ble Commission is requested to direct the Petitioner to clarify whether it has paid the Late Payment Surcharges and if it has, the same may be reduced from the power purchase cost.</p>	The LPS amount is not included in the power purchase cost. And TGDISCOMs have not claimed in the True-ups.						
4.	The NTPC plants, such as NTPC Simhadri Stage-I and NTPC Kudgi, are among the generating stations that participated in the Ancillary Services Market during FY 2022–23. The Hon'ble Commission is	As per the prevailing regulatory framework, the net gain or revenue from Ancillary Services, after accounting for fuel and other variable costs, is adjusted in accordance with						

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	respectfully requested to direct the Licensees to clarify whether the appropriate share of revenue earned from the Ancillary Services Market has been duly passed on by the Generators to the DISCOMs, in accordance with the applicable regulations and PPA provisions	CERC orders. Such adjustments are reflected in the monthly regional energy accounts (REA) through billing adjustments raised by the generator. The bills raised by NTPC, which are prepared in line with CERC regulations and verified through the Regional Power Committee mechanism.
5.	<p>The Licensees, TGSPDCL and TGNPDCL, have claimed miscellaneous charges of ₹1,563 crore and ₹931 crore, respectively, for which no details have been provided. In respect of these miscellaneous expenses, the audited statements of TGSPDCL provide the following details:</p> <p>It is to submit that, Hon'ble TSERC has issued the order Dated: 21.11.2022 in respect of OP No: 8 of 2021 filed by M/s. Singareni-STPP allowing the water charges and Thermal incentive based on scheduled energy for the period from 2016-19.</p> <p>However, TSDiscoms have already made provision in the books for thermal incentive and other Miscellaneous expenses. Subsequently, Hon'ble TSERC has disposed the secondary petition in OP.No. 25 of 2021 disallowing the other Miscellaneous expenses were already taken in the books of accounts. M/s. SCCL-STPP misinterpreting the TSERC Order has preferred consolidated claim including charges which was</p>	<p>The miscellaneous charges claimed by the DISCOMs for FY 2022-23 to FY 2024-25 include expenses towards – major portion 1142 crs for FY 2022-23 is towards MTR Order and Provision-2022-23, banked energy, IEX Cost adjustments, STOA and LTOA charges, Reactive charges, Deviation charges and other related statutory and operational charges. These charges are incidental to power procurement and grid operations.</p> <p>These amounts have been accounted for in line with regulatory requirements and are reflected in the audited accounts.</p> <p>A detailed breakup of these miscellaneous charges is being furnished to the Hon'ble Commission as part of the additional information.</p>

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	<p>disallowed by TSERC. Therefore, the total claim was rejected with a request to claim water charges and incentive separately. Separate provision was not made towards water charges as provision for miscellaneous expenses more or less compensates the provision for water charges.</p> <p>However, the actual water charges will be taken into books of accounts of TSDiscoms in 2023-24 duly setting off against the provision already made.</p> <p>Hence the Hon'ble Commission is requested to not consider it for the FY 2022-23 True Up.</p> <p>The Licensees, in their reply to some of the objectors, have stated that the miscellaneous charges claimed by the DISCOMs for FY 2022–23 include expenses, of which a major portion amounting to ₹1,142 crore pertains to the GENCO MTR Order and Provision for FY 2022–23, banked energy, IEX cost adjustments, STOA and LTOA charges, reactive charges, deviation charges, and other related statutory and operational charges. The Licensees have further submitted that these charges are incidental to power procurement and grid operations.</p> <p>In this regard, the Hon'ble Commission is respectfully requested to direct the Licensees to furnish a detailed head-wise and item-wise</p>	

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	break-up of the aforesaid miscellaneous charges, along with supporting documents and reconciliation with the audited accounts. In the absence of such proper justification and documentary evidence, the Hon'ble Commission may kindly disallow the said claims.																																																																	
6.	<p>For the approved short-term purchase of 2,171.87 MU in FY 2022–23, the Commission has considered a power purchase price of Rs. 3.30/kWh (Para 4.5.10, p. 129 of the RST Order for FY 2022–23). However, the TGDISCOMs procured power from market sources at an average cost of Rs. 6.53 per unit, which is nearly double the purchase price stipulated by the Commission. Therefore, the Hon'ble Commission is respectfully requested to adopt the short-term purchase price as approved in the Tariff Order for FY 2022–23 and not to allow the higher prices claimed by the TGDISCOMs.</p> <p>The TGDISCOMs, in their reply regarding the higher market purchase price, have submitted that the cost claimed represents the actual cost borne by the DISCOMs, and that relevant details have been furnished in the filings. They have further stated that the cost was incurred to ensure reliable and continuous power supply to consumers, and that it is necessary for the DISCOMs to recover the same. The DISCOMs have contended that the rate of Rs. 3.30/unit approved in the Tariff Order was only an indicative estimate, whereas the actual market</p>	<p>TGDISCOMs submit that this is the actual cost borne by DISCOM and relevant details are submitted in the filings and this cost was borne by DISCOMs to provide reliable and continuous power supply to its consumers and it is important for DISCOM to get this claim. It is also to be noted that the objector's comparison is based on calendar year 2022, whereas the True-up pertains to financial year FY 2022-23. and references of computation is attached below (source – IEX)</p> <table border="1" data-bbox="1199 976 1860 1360"> <thead> <tr> <th colspan="4">Market Snapshot</th> </tr> <tr> <th colspan="4"><i>Date: 01-04-2022 to 31-12-2022</i></th> </tr> <tr> <th>Year</th> <th>Month</th> <th>Weighted MCP (Rs/MWh)</th> <th>Rs/Unit</th> </tr> </thead> <tbody> <tr> <td>2022</td> <td>April</td> <td>9524.24</td> <td>9.5</td> </tr> <tr> <td>2022</td> <td>May</td> <td>6810.33</td> <td>6.8</td> </tr> <tr> <td>2022</td> <td>June</td> <td>6884.79</td> <td>6.9</td> </tr> <tr> <td>2022</td> <td>July</td> <td>5496.85</td> <td>5.5</td> </tr> <tr> <td>2022</td> <td>August</td> <td>5431.08</td> <td>5.4</td> </tr> <tr> <td>2022</td> <td>September</td> <td>5875.13</td> <td>5.9</td> </tr> <tr> <td>2022</td> <td>October</td> <td>3963.44</td> <td>4.0</td> </tr> <tr> <td>2022</td> <td>November</td> <td>4795.49</td> <td>4.8</td> </tr> <tr> <td>2022</td> <td>December</td> <td>5597.86</td> <td>5.6</td> </tr> <tr> <td>2023</td> <td>Jan</td> <td>6375.48</td> <td>6.4</td> </tr> <tr> <td>2023</td> <td>Feb</td> <td>6639.79</td> <td>6.6</td> </tr> <tr> <td>2023</td> <td>March</td> <td>5436.19</td> <td>5.4</td> </tr> <tr> <td colspan="3">avg price DAM</td> <td>6.1</td> </tr> </tbody> </table>	Market Snapshot				<i>Date: 01-04-2022 to 31-12-2022</i>				Year	Month	Weighted MCP (Rs/MWh)	Rs/Unit	2022	April	9524.24	9.5	2022	May	6810.33	6.8	2022	June	6884.79	6.9	2022	July	5496.85	5.5	2022	August	5431.08	5.4	2022	September	5875.13	5.9	2022	October	3963.44	4.0	2022	November	4795.49	4.8	2022	December	5597.86	5.6	2023	Jan	6375.48	6.4	2023	Feb	6639.79	6.6	2023	March	5436.19	5.4	avg price DAM			6.1
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	<p>prices during the year were significantly higher. They have submitted that the average DAM and GDAM prices during FY 2022–23 were around Rs. 6.10/unit and Rs. 5.75/unit, respectively, which, after accounting for losses and other charges, resulted in a landed cost of Rs. 6.53/unit, and that such procurement reflects prudent market optimization.</p> <p>However, the weighted average DAM rate as per IEX for the calendar year 2022 was Rs. 5.821/unit, which is lower than the claimed rate of Rs. 6.10/unit. Therefore, the Hon'ble Commission is respectfully requested to examine the discrepancy and verify the basis of the claimed market rates, and accordingly restrict the allowable power purchase cost to reasonable and prudently incurred levels. (https://www.iexindia.com/market-data/day-ahead-market/market-snapshot?interval=YEARLY&dp=CALENDER_YEAR&showGraph=false&toDate=2022&fromDate=1)</p>	<p>Market Snapshot Date: 01-04-2022 to 31-12-2022</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Month</th> <th>Weighted MCP (Rs/MWh)</th> <th>Rs/Unit</th> </tr> </thead> <tbody> <tr><td>2022</td><td>April</td><td>9286.40</td><td>9.29</td></tr> <tr><td>2022</td><td>May</td><td>5910.24</td><td>5.91</td></tr> <tr><td>2022</td><td>June</td><td>5939.28</td><td>5.94</td></tr> <tr><td>2022</td><td>July</td><td>4631.94</td><td>4.63</td></tr> <tr><td>2022</td><td>August</td><td>5202.76</td><td>5.20</td></tr> <tr><td>2022</td><td>September</td><td>5422.74</td><td>5.42</td></tr> <tr><td>2022</td><td>October</td><td>4019.08</td><td>4.02</td></tr> <tr><td>2022</td><td>November</td><td>4913.08</td><td>4.91</td></tr> <tr><td>2022</td><td>December</td><td>5235.40</td><td>5.24</td></tr> <tr><td>2023</td><td>Jan</td><td>6299.04</td><td>6.30</td></tr> <tr><td>2023</td><td>Feb</td><td>6569.1</td><td>6.57</td></tr> <tr><td>2023</td><td>March</td><td>5665.2</td><td>5.67</td></tr> <tr><td colspan="3">avg price DAM</td><td>5.76</td></tr> </tbody> </table>	Year	Month	Weighted MCP (Rs/MWh)	Rs/Unit	2022	April	9286.40	9.29	2022	May	5910.24	5.91	2022	June	5939.28	5.94	2022	July	4631.94	4.63	2022	August	5202.76	5.20	2022	September	5422.74	5.42	2022	October	4019.08	4.02	2022	November	4913.08	4.91	2022	December	5235.40	5.24	2023	Jan	6299.04	6.30	2023	Feb	6569.1	6.57	2023	March	5665.2	5.67	avg price DAM			5.76
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7.	The Hon'ble Commission is humbly requested to direct the Licensees to furnish the details of the Late Payment Surcharge (LPS) amounts, in Rs. crore, paid to the generators, along with supporting documents and reconciliation with the audited accounts.	The details pertaining to payment of LPS amounts is being furnished to the Hon'ble Commission as part of the additional information.																																																								
8.	The Licensees, TGSPDCL and TGNPDCL, have claimed short-term power purchase quantum of 5,126 MU and 2,140 MU, respectively, as	TGDISCOMs would like to reiterate the fact that Energy procurement from short term sources is considered for the																																																								

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	<p>against the approved quantum of 1,532 MU and 640 MU. This represents an increase of about 235% (3.35 times) in the case of TGSPDCL and about 234% in the case of TGNPDCL over the quantum approved by the Hon'ble Commission.</p> <p>At the same time, procurement from reliable GENCO thermal sources was lower than the approved quantum. In the case of TGNPDCL, only 6,968 MU was procured as against the approved 7,924 MU, and in the case of TGSPDCL, 16,692 MU was procured as against the approved 18,983 MU.</p> <p>The simultaneous under-procurement from approved and economical thermal sources and excessive reliance on costly short-term market purchases clearly indicate lack of proper power planning, forecasting, and optimal scheduling by the DISCOMs.</p> <p>Accordingly, the excess short-term procurement ought not to be considered prudent and should not be allowed in the True-up.</p>	<p>following reasons</p> <ul style="list-style-type: none"> • Energy supply during hours of deficit (Power requirement > Power availability from generators) • Power purchase cost optimization: TGDISCOMs have considered procurement from short term sources during hours when the Market price is lesser than the Variable cost (VC) of few generating stations with higher VC to optimize the overall cost of power procurement. <p>Here, it is pertinent to note that, the procurement from short term sources for deficit supply is done only when the entire generation capacity is dispatched and the procurement from short term sources for Power purchase optimization is done only by backing down the thermal generators having higher VC than the then existing market (Short term source) prices resulting only in the reduction of overall power procurement cost.</p>
Comments on TSDISCOM's True-Up Filing for FY 2023–24		
9.	The Hon'ble Commission, vide its Order dated 2 May 2025, granted an extension to the Petitioner and directed it to file the True-up Petitions	TGDISCOMs acknowledges the need for timely issuance of Tariff orders and True up orders.

S.No.	Summary of Objections / Suggestions	Response of the Licensee
	<p>for FY 2022–23 and FY 2023–24 within two months from the date of the said Order. However, the Licensees filed the Petition only on 10 November 2025, which is beyond the stipulated timeline.</p> <p>In view of the above, it is humbly prayed that the Hon’ble Commission may not accept or admit the present True-up Petition. It is further prayed that an appropriate penalty be imposed on the Licensees, in line with the Commission’s observations in the Tariff Order for FY 2024–25, wherein it has been specified that, “in case of delay in submission of tariff/True-up filings by the generating entity or licensee or SLDC, as required under this Regulation, the rate of RoE shall be reduced by 0.5% per month or part thereof,” under Clause 20.2 of the Multi-Year Tariff Regulation No. 2 of 2023.</p>	<p>TGDISCOMs submit that, for the reasons detailed in the petition, the True-Up petitions could not be filed earlier. The marginal delay in submission was procedural and transitional in nature, and was neither intentional nor indicative of any deficiency in service.</p> <p>TGDISCOMs further submit that all future filings will be made strictly in accordance with Regulation No. 02 of 2023 and in adherence to the timelines prescribed under the Telangana Electricity Regulatory Commission Regulations. TGDISCOMs have clearly stated in their submissions that no Power Purchase true-up is being claimed for FY 2023-24, and have requested the Hon’ble Commission to pass necessary orders accordingly. This clearly demonstrates the TGDISCOM’s adherence to the regulatory framework and compliance with the directions of the Hon’ble Commission.</p>
10.	<p>The Licensees have submitted that the Central Generating Stations witnessed a shortfall of 4,340 MU, amounting to a 21% reduction in generation, attributing the same to the delay in commissioning of the Telangana STPP. However, the Hon’ble Commission had approved a total quantum of 21,126 MU, as per Table No. 4.15 vide its Order dated</p>	<p>For the CGS stations, the Hon’ble Commission had approved 7,916 MU from TSTPP-1, of which 2,645 MU was actually dispatched, resulting in a shortfall of 5,271 MU. This shortfall was partly offset by higherthanapproved dispatch from several CGS stations such as NTPC, NPC-</p>

S.No.	Summary of Objections / Suggestions	Response of the Licensee
	<p>24.03.2023 for FY 2023–24, which included 8,247.29 MU from TSTPP–1. If the quantum pertaining to TSTPP–1 is excluded on account of the delay, the revised quantum works out to 12,878.71 MU.</p> <p>In this context, a shortfall of 4,340 MU corresponds to approximately 20.5% of the approved quantum of 21,126 MU, and not 21% (which would amount to about 4,436 MU). Therefore, the percentage reduction claimed by the Licensees does not mathematically align with the stated shortfall and requires proper clarification and justification.</p>	<p>Kaiga, and NCE JNNSM Phase-1, thereby bringing the net shortfall to 4,340 MU.</p> <p>The petition highlighted only the major reasons for the variation. The calculated shortfall of 4,340 MU corresponds to approximately 20.54%, which was rounded to 21% for ease of understanding.</p>
11.	<p>The Hon'ble Commission approved the quantum of power purchase from NCEs for FY 2023–24 as 11,896 MU, whereas the Licensees have claimed the quantum as 11,007 MU. The Licensees have submitted that there has been a 7.47% shortfall in energy dispatched by NCEs, leading to a reduction of 889 MU in generation.</p> <p>In this regard, the Hon'ble Commission is humbly requested to direct the Licensees to furnish detailed data on curtailment, including scheduled energy vis-à-vis actual drawl/withdrawal. The Commission may also direct the Licensees to clarify whether the quantum under net metering has been considered under this head.</p>	<p>The variation in NCE energy is due to the actual dispatch being 11,007 MU against the Hon'ble Commission's approved 11,896 MU, resulting in a reduction of 889 MU, i.e., 7.47%.</p> <p>TGDISCOMs submit that the aforesaid shortfall is primarily attributable to factors beyond the control of the Licensees, such as resource variability (solar irradiation), seasonal patterns, etc. NCE power is accorded "must-run" status as per the provisions of the regulations and grid code, and there is no curtailment of NCE sources.</p> <p>Actual energy from NCE sources is fully considered in the True-up computations. Whereas, the net-metering (rooftop</p>

S.No.	Summary of Objections / Suggestions	Response of the Licensee
		solar) quantum is not included under NCE purchase, it is netted off against sales.
12.	<p>The Licensees have claimed Transmission cost of ₹6,113 crore as against the approved cost of ₹5,376 crore for FY 2023–24. However, the audited accounts of TGNPDCL reflect Transmission & SLDC charges of ₹1,139.98 crore, while the audited accounts of TGSPDCL reflect ₹4,244.26 crore, aggregating to ₹5,384.24 crore.</p> <p>The claimed amount is therefore higher than the audited figures by ₹728.76 crore and also significantly above the approved cost. Hence, the Hon'ble Commission is respectfully requested to direct the Licensees to furnish detailed justification and reconciliation for such variation.</p>	<p>TGDISCOM submits that, While the objector has compared certain line-item figures presented under specific accounting notes, it is respectfully submitted that the overall power purchase cost, including Transmission Charges, as claimed in the True-up, is fully reconciled with and tallying with the audited annual accounts of both DISCOMs.</p>
13.	<p>The Licensees have claimed Interstate Sale/UI Sale/Purchase in 33 kV and below as ₹ (-735) crore for FY 2023–24, as against the approved value of ₹ (-1,862) crore. However, as per the audited accounts of TGNPDCL (Note 23.2), the Company has recorded inter-state sales amounting to ₹234.34 crore and Unscheduled Interchange (UI) charges of ₹6.12 crore.</p> <p>In view of the above, the Hon'ble Commission is respectfully requested to direct the Licensees to furnish the complete break-up and detailed</p>	<p>The DISCOMs submit that the audited annual accounts reflect the actual quantum and value of interstate sale/UI transactions recorded at the Company level.</p> <p>For the purpose of the True-up computation, the split of the consolidated figures between TGNPDCL and TGSPDCL has been carried out based on their respective energys share (29.45% for TGNPDCL and 70.55% for TGSPDCL). Accordingly, there is no inconsistency between the audited</p>

S.No.	Summary of Objections / Suggestions	Response of the Licensee
	reconciliation of the said claim with the audited accounts.	accounts and the values presented in the True-up model; the variation is only due to this allocation methodology.
14.	<p>The Licensee, TGSPDCL, has claimed the actual revenue realized from the HT category as ₹19,509.79 crore. However, the audited accounts of TGSPDCL (Note 21) reflect revenue earned from HT supply amounting to ₹19,608.47 crore.</p> <p>In view of the above, the Hon'ble Commission is respectfully requested to direct the Licensee to submit a detailed reconciliation of the claimed amount vis-à-vis the figures reflected in the audited accounts.</p>	<p>The revenue shown in the True-up is based on category-wise mapping, not the audited line items. The total revenue of ₹31,499.6 crore fully matches the audited accounts when considering:</p> <p>LT revenue: ₹11,204.40 cr HT revenue: ₹19,608.47 cr Add: Customer charges ₹912.41 cr Less: ED ₹225.67 cr</p> <p>This reconciles exactly to ₹31,499.6 cr, which is the same total used in the True-up (LT ₹11,989.8 cr + HT ₹19,509.8 cr).</p>
15.	<p>The Licensee, TGSPDCL, has claimed revenue from other sources amounting to ₹289.10 crore, which appears to be understated when compared with the revenue from other sources as reflected in the audited accounts.</p> <p>In view of the above, the Hon'ble Commission is respectfully requested to direct the Licensee to furnish a detailed break-up of the said amount along with proper reconciliation with the audited accounts.</p>	<p>The amount of ₹289.10 crore represents revenue from Additional Surcharge, Cross-Subsidy Surcharge, and other Non-Tariff Income.</p>

S.No.	Summary of Objections / Suggestions	Response of the Licensee
16.	<p>The Licensee, TGNPDCL, has claimed Non-Tariff Income amounting to ₹72.37 crore, which appears to be understated when compared with the corresponding figures reflected in the audited accounts. The Licensee has not considered Miscellaneous Charges from consumers amounting to ₹486.62 crore, Recoveries towards Theft/Malpractice amounting to ₹22.40 crore, and Delayed Payment Charges amounting to ₹166.08 crore.</p> <p>In view of the above, the Hon'ble Commission is respectfully requested to direct the Licensee to furnish a detailed break-up of the said amount along with proper reconciliation with the audited accounts.</p>	<p>DPS and miscellaneous charges from consumers have already been accounted for under the respective consumer categories. The amount of ₹72.37 crore shown under 'other revenue' pertains to theft cases and other non-tariff income.</p>
Comments on TGDISCOM's True-Up Filing for FY 2024–25		
17.	<p>The Licensees procured 7,266 MU from short-term sources in FY 2022–23, which increased to 9,895 MU in FY 2023–24 (an increase of about 36%) and further escalated to 20,870 MU in FY 2024–25 (an increase of about 111% over the previous year). Overall, short-term power procurement has increased by approximately 187% over the two-year period. This steep and continuous rise in reliance on short-term sources indicates lack of proper long-term power planning and prudent procurement strategy on the part of the Licensees, resulting in avoidable financial burden on consumers.</p>	<p>TGDISCOMs would like to reiterate the fact that Energy procurement from short term sources is considered for the following reasons:</p> <ul style="list-style-type: none"> • Energy supply during hours of deficit (Power requirement > Power availability from generators) • Power purchase cost optimization: TGDISCOMs have considered procurement from short term sources during hours when the Market price is lesser than the Variable

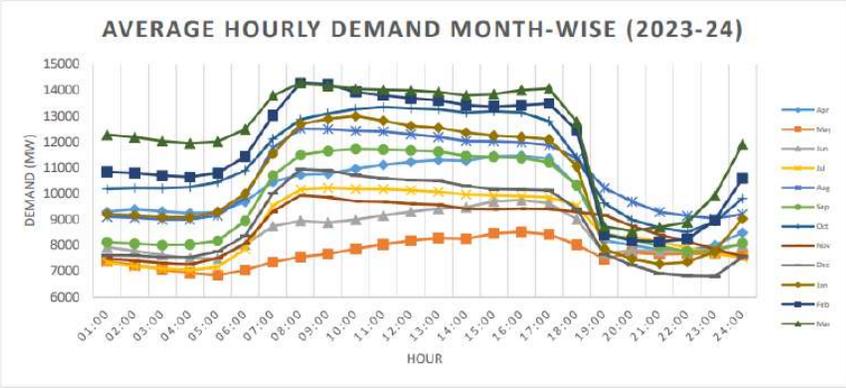
S.No.	Summary of Objections / Suggestions	Response of the Licensee
		<p>cost (VC) of few generating stations with higher VC to optimize the overall cost of power procurement.</p> <p>Here, it is pertinent to note that, the procurement from short term sources for deficit supply is done only when the entire generation capacity is dispatched and the procurement from short term sources for Power purchase optimization is done only by backing down the thermal generators having higher VC than the then existing market (Short term source) prices resulting only in the reduction of overall power procurement cost.</p>
18.	<p>The Licensees, while justifying the substantial increase in short-term power procurement, have submitted that the State of Telangana has been supplying 24×7 power to the agricultural sector since 1 January 2018, which has increased the overall power purchase requirement for FY 2024–25. The Licensees have further stated that, after exhausting all available sources, they resorted to short-term market purchases to meet the sudden increase in power demand during FY 2024–25.</p> <p>However, it is submitted that the Licensees have not adequately explored alternative and more economical procurement options, such as procurement through the DEEP portal, short-term bilateral agreements, or medium-term power purchase arrangements. Instead,</p>	<p>Before resorting to purchase from power exchanges, the TGDISCOMs explored and availed power through:</p> <ul style="list-style-type: none"> • Procurement through transparent bidding platforms, including the DEEP portal. • Banking arrangements and swap mechanisms. <p>After exhausting above options, procured power from short-term market.</p> <p>In view of the above, TGDISCOMs respectfully submit that</p>

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	<p>they have largely relied on costly power procurement through the power exchanges, without duly considering the resultant financial burden on consumers. Such procurement practices reflect a lack of prudent planning and optimal power procurement strategy.</p> <p>In view of the above, the Hon'ble Commission is respectfully requested to disallow the excess costly procurement undertaken by the DISCOMs and direct them to adopt prudent and economically optimal power procurement planning in future.</p>	<p>the short-term procurement undertaken during FY 2024–25 was necessary, prudent, and in the larger consumer interest to avoid load shedding and maintain statutory supply obligations. The Hon'ble Commission may kindly consider the same and allow the power purchase costs as claimed.</p>
19.	<p>The Licensee, TGSPDCL, has claimed Transmission Charges for FY 2024–25 amounting to ₹3,956 crore, whereas the audited accounts reflect Transmission Charges of ₹3,905.28 crore. This results in a variation of ₹50.72 crore between the claimed amount and the audited figures.</p> <p>In view of the above, the Hon'ble Commission is respectfully requested to direct the Licensee to furnish a detailed reconciliation of the claimed amount vis-à-vis the audited accounts and justify the said variation.</p>	<p>TGDISCOM submits that, While the objector has compared certain line-item figures presented under specific accounting notes, it is respectfully submitted that the overall power purchase cost, including Transmission Charges, as claimed in the True-up, is fully reconciled with and tallying with the audited annual accounts of both DISCOMs.</p>
<p>Specific comments on True-Up for power purchase by Telangana State Discoms for FY 2022-23, FY 2023-24 and FY 2024-25</p>		
20.	<p>Based on the submissions made by the Discoms in Telangana, the analysis has been conducted. This primarily shows that the Discoms have been highly inefficient in there planning and power purchase as</p>	<p>TGDISCOMs submit that the audited accounts reflect the actual energy sales recorded during the year. However, the True-up model is computed strictly in accordance with the</p>

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	<p>the share of power purchase from market has been increasing and has grown to 25% of the total requirement in FY 2024-25. The cost of power purchase from market has also been on higher side thereby leading to higher expense. The inefficiency of the Discoms need not be passed on to the consumers.</p> <p>In Fy 2024-25, the energy purchased from all sources reduced in comparison to the approval granted by the Commission. It is clear that such energy is being purchased from market at higher prices thereby adversely affecting the consumers.</p> <p>Further, the point wise submission has been made below:</p> <p>A. Comparison with audit financial statements</p> <p>Power Purchase Units (Mus)</p> <table border="1" data-bbox="302 930 1167 1084"> <thead> <tr> <th>Financial Year</th> <th>Petition</th> <th>TGSPDCL</th> <th>TGNPDCL</th> <th>Total as per FS</th> <th>Variation from FS</th> </tr> </thead> <tbody> <tr> <td>2022-23</td> <td>76073</td> <td>51243</td> <td>23217</td> <td>74459.3</td> <td>1613.7</td> </tr> <tr> <td>2023-24</td> <td>79848</td> <td>58312</td> <td>20976</td> <td>79287.7</td> <td>560.3</td> </tr> </tbody> </table> <p>It can be seen that the Discoms are claiming cost of higher units in comparison to the units that are shown in the audited financial statements (FS). Therefore, the per unit cost related to power purchase (excluding transmission charges and sale of power) needs to be allowed only to the extent of units in audited financial statements. Thus,</p>	Financial Year	Petition	TGSPDCL	TGNPDCL	Total as per FS	Variation from FS	2022-23	76073	51243	23217	74459.3	1613.7	2023-24	79848	58312	20976	79287.7	560.3	<p>methodology approved by the Hon'ble Commission, wherein the approved agricultural sales are considered for deriving the energy requirement, rather than the actual agricultural consumption recorded in the books of accounts.</p>
Financial Year	Petition	TGSPDCL	TGNPDCL	Total as per FS	Variation from FS															
2022-23	76073	51243	23217	74459.3	1613.7															
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	<p>the cost of 1,613.7 Mus in FY 2022-23 and 560.3 Mus in FY 2023-24 needs to be disallowed. The units for FY 2024-25 for TGSPDCL is not shown in the audited financial statements, the Discom needs to be directed to show the units and accordingly treatment needs to be done for FY 2024-25 as well.</p>																									
<p>21.</p>	<p style="text-align: center;"><u>Transmission Charges (Rs. Cr.)</u></p> <table border="1" data-bbox="317 683 1163 899"> <thead> <tr> <th>Financial Year</th> <th>Petition</th> <th>TGSPDCL</th> <th>TGNPDCL</th> <th>Total as per FS</th> <th>Variation from FS</th> </tr> </thead> <tbody> <tr> <td>2022-23</td> <td>5,871</td> <td>4,019.61</td> <td>1,018.66</td> <td>5,038.27</td> <td>832.73</td> </tr> <tr> <td>2023-24</td> <td>6,113</td> <td>4,244.26</td> <td>1,139.98</td> <td>5,384.24</td> <td>728.76</td> </tr> <tr> <td>2024-25</td> <td>5,618</td> <td>3,905.28</td> <td>1,681.59</td> <td>5,586.87</td> <td>31.13</td> </tr> </tbody> </table> <p>It can be seen from the above table that the Discoms have claimed higher transmission charges in comparison to the transmission charges in the income statement. The transmission charges should be limited to the cost that has been accounted and shown in the audited financial statements of the two companies. Thus, the cost of transmission charges of Rs. 832.73 Cr. in FY 2023, Rs. 728.76 Cr. in FY 2023-24 and Rs. 31.13 Cr. in Fy 2024-25 should be disallowed.</p>	Financial Year	Petition	TGSPDCL	TGNPDCL	Total as per FS	Variation from FS	2022-23	5,871	4,019.61	1,018.66	5,038.27	832.73	2023-24	6,113	4,244.26	1,139.98	5,384.24	728.76	2024-25	5,618	3,905.28	1,681.59	5,586.87	31.13	<p>TGDISCOM submits that, While the objector has compared certain line-item figures presented under specific accounting notes, it is respectfully submitted that the overall power purchase cost, including Transmission Charges, as claimed in the True-up, is fully reconciled with and tallying with the audited annual accounts of both DISCOMs.</p>
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<p>22.</p>	<p>B. Resource Adequacy Plan</p>	<p>The CEA Resource Adequacy Report shows the planned and tied-up capacity, but it does not guarantee that all this</p>																								

S.No.	Summary of Objections / Suggestions	Response of the Licensee																											
	<p>The report on resource adequacy plan for the State of Telangana was published by CEA in November 2024. The report is available on https://cea.nic.in/wp-content/uploads/resource_adequacy_st/2024/11/Report_on_Resource_Adequacy_Plan_for_Telangana_Up_to_2034_35.pdf.</p> <p>As per the report, in 2023-24, the peak demand for the State is 15,622 MW whereas 18,958 MW of the capacity has already been tied up. This is shown in the below chart:</p> <table border="1"> <caption>Contracted Capacity as on 31.03.2024</caption> <thead> <tr> <th>Source</th> <th>Capacity (MW)</th> <th>Percentage (%)</th> </tr> </thead> <tbody> <tr> <td>COAL</td> <td>9,791</td> <td>52%</td> </tr> <tr> <td>SOLAR</td> <td>4,974</td> <td>26%</td> </tr> <tr> <td>HYDRO</td> <td>2,518</td> <td>13%</td> </tr> <tr> <td>GAS</td> <td>474</td> <td>2%</td> </tr> <tr> <td>DRE</td> <td>738</td> <td>4%</td> </tr> <tr> <td>NUCLEAR</td> <td>214</td> <td>1%</td> </tr> <tr> <td>WIND</td> <td>128</td> <td>1%</td> </tr> <tr> <td>Total</td> <td>18,958</td> <td>100%</td> </tr> </tbody> </table>	Source	Capacity (MW)	Percentage (%)	COAL	9,791	52%	SOLAR	4,974	26%	HYDRO	2,518	13%	GAS	474	2%	DRE	738	4%	NUCLEAR	214	1%	WIND	128	1%	Total	18,958	100%	<p>capacity is available in real time. Actual availability depends on many factors such as plant outages, renewable fluctuations, maintenance and other factors. Because of this, DISCOMs sometimes need short-term power to maintain continuous and reliable supply.</p> <p>The large tied-up capacity itself shows that long-term planning is already in place.</p> <p>Therefore, the claim that higher short-term purchase is due to poor planning is not correct. TGDISCOMs would like to reiterate the fact that Energy procurement from short term sources is considered for the following reasons</p> <ul style="list-style-type: none"> • Energy supply during hours of deficit (Power requirement > Power availability from generators) • Power purchase cost optimization: TGDISCOMs have considered procurement from short term sources during hours when the Market price is lesser than the Variable cost (VC) of few generating stations with higher VC to optimize the overall cost of power procurement. <p>The DISCOMs submit that power procurement planning is carried out primarily to meet projected demand reliably and</p>
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	<p>The load profile of the State has also been studied which is shown below:</p>  <p>As can be seen from the above chart, the peak hours for Telangana are from 08:00 to 17:00 hours and there has not been much variation over the complete year which makes the planning more reliable and cost effective in comparison to other States like in northern part of the country where there is significant variation at different time of year. This favourable aspect for Discoms in Telangana should minimize the need for expensive market purchases during expected demand peaks. By aligning procurement with projected hourly and seasonal load profiles, DISCOMs can better match demand and supply and mitigate volatility in the cost of supply.</p>	<p>maintain grid stability. Projections are prepared conservatively to ensure reliability of supply, grid security, and compliance with planning norms and dispatch of power is as per merit order, Hon'ble TGERC has published the draft 'Resource Adequacy: regulation. As and when this regulation is finalized, TG DISCOMS would be aligning the projections with the RA regulation.</p>

S.No.	Summary of Objections / Suggestions	Response of the Licensee
	<p>However, despite adequate tied-up capacity, recent operational and market trends show that the share and cost of short-term power purchases have increased. Even when overall capacity appears sufficient, DISCOMs often resort to the short-term market to balance real-time demand and supply, manage unforeseen outages, or respond to intra-day fluctuations — especially in a system with high renewable energy penetration. Such short-term purchases are typically priced significantly higher than long-term contracted power, which directly adds to the power purchase cost burden for DISCOMs.</p> <p>Given this context, while the resource adequacy framework strengthens planning and can reduce reliance on short-term procurement, the higher cost component associated with short-term market purchases should not be indiscriminately passed on to consumers. Consumers have a legitimate expectation of efficient, cost-effective power supply. Passing through the full cost of expensive short-term purchases — especially when underlying tied-up capacity is adequate — could unduly increase tariffs and place avoidable cost burdens on end users. Instead, DISCOMs and the regulatory framework should prioritise optimisation of the power purchase mix, enhanced forecasting, demand-side management, and long-term contracting strategies to constrain short-term costs while ensuring reliability and affordability.</p>	

S.No.	Summary of Objections / Suggestions	Response of the Licensee
	<p>Further, the Telangana Discoms have not demonstrated any initiative that has been taken for meeting the targets for resource adequacy that have been approved by CEA. As per the report, the share of power purchase from market (short term) needs to be reduced and that of long and Medium term has to be increased. The Discoms need to develop power purchase plan in line with resource adequacy approved by CEA.</p>	
<p>23.</p>	<p>C. Treatment for purchase of power from market</p> <p>An Appeal no. 98 of 2021 was filed by Noida Power Company Ltd. in which the company had appealed against the disallowance of short term power (power purchased from market). Hon'ble APTEL in judgement dated 02.12.2025 has observed that short term procurement of power by distribution Licensee is to be allowed at the cost at which it was actually procured, provided that the quantum of power utilised remains within the approved short-term procurement quantum and the procurement price does not exceed the approved average cost of short-term power as specified in the ARR Order (Pg. 212 of the Order).</p> <p>The case of Telangana State Discoms is same and the principle laid down by Hon'ble APTEL needs to be applied. The approval granted by Hon'ble Commission was much lower and at much lower price. Consumers have a legitimate expectation of efficient, cost-effective</p>	<p>The DISCOMs submit that power procurement and sale are carried out based on merit-order dispatch, demand variability, renewable must-run obligations. TGDISCOMs would like to reiterate the fact that Energy procurement from short term sources is considered for the following reasons</p> <ul style="list-style-type: none"> • Energy supply during hours of deficit (Power requirement > Power availability from generators) • Power purchase cost optimization: TGDISCOMs have considered procurement from short term sources during hours when the Market price is lesser than the Variable cost (VC) of few generating stations with higher VC to optimize the overall cost of power procurement. <p>The DISCOMs submit that power procurement planning is</p>

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	<p>power supply. The increase in power purchase cost due to inefficiency of the Discoms need not be passed on to the consumers. Therefore, the excess units over and above the approved quantum needs to be limited approved price or the price at which energy is purchased, whichever is lower.</p>	<p>carried out primarily to meet projected demand reliably and maintain grid stability. Projections are prepared conservatively to ensure reliability of supply, grid security, and compliance with planning norms, and do not necessarily translate into avoidable financial burden on consumers.</p>																				
<p>24.</p>	<p>Cost of Power from NCE</p> <p>The prices discovered in government auctions (SECI/NTPC) for long-term Power Purchase Agreements (PPAs). Prices are in ₹/kWh are as shown below:</p> <table border="1" data-bbox="300 852 989 1092"> <thead> <tr> <th>Year</th> <th>Solar (Utility Scale)</th> <th>Wind (Non-Solar)</th> <th>Wind-Solar Hybrid</th> </tr> </thead> <tbody> <tr> <td>2022</td> <td>₹2.20 – ₹2.50</td> <td>₹2.84 – ₹3.10</td> <td>₹2.53 – ₹2.65</td> </tr> <tr> <td>2023</td> <td>₹2.50 – ₹2.70</td> <td>₹3.10 – ₹3.40</td> <td>₹3.00 – ₹3.30</td> </tr> <tr> <td>2024</td> <td>₹2.50 – ₹2.65</td> <td>₹3.40 – ₹3.60</td> <td>₹3.15 – ₹3.45</td> </tr> <tr> <td>2025/26</td> <td>₹2.56 – ₹2.70</td> <td>₹3.60 – ₹3.74</td> <td>₹3.30 – ₹3.40</td> </tr> </tbody> </table> <p>The above chart clearly shows that the prices of NCE sources have been quite stable in the last few years. The Discoms in Telangana have been inefficient not only in planning but have also been inefficient in operations. Thus, the approval of power purchase cost needs to be limited to the above range rather than approving the actual cost being</p>	Year	Solar (Utility Scale)	Wind (Non-Solar)	Wind-Solar Hybrid	2022	₹2.20 – ₹2.50	₹2.84 – ₹3.10	₹2.53 – ₹2.65	2023	₹2.50 – ₹2.70	₹3.10 – ₹3.40	₹3.00 – ₹3.30	2024	₹2.50 – ₹2.65	₹3.40 – ₹3.60	₹3.15 – ₹3.45	2025/26	₹2.56 – ₹2.70	₹3.60 – ₹3.74	₹3.30 – ₹3.40	<p>We strongly condemn the allegation of inefficiency. Telangana DISCOMs already have low-cost SECI/NTPC PPAs at ₹2.44/₹2.53/₹2.82 per unit as adopted in the Commission's tariff orders. Auction prices are ex-bus rates, while DISCOMs pay the landed cost, which includes ISTS/STU charges, transmission losses, etc.,</p>
Year	Solar (Utility Scale)	Wind (Non-Solar)	Wind-Solar Hybrid																			
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	claimed by the Discoms.	
25.	<p>Sources of power purchased from market</p> <p>The discoms need to show that the power has been purchased from competitive sources by clearly showing the sources of power purchase and providing evidence of competitive bidding. Such details are absent in the submission that has been made by the Discoms.</p>	<p>The plant-wise/source-wise details and market purchases, along with quantities and average rates, are submitted to the Hon'ble Commission.</p>
26.	<p>Miscellaneous Charges</p> <p>The miscellaneous charges that are being claimed by the Discoms are essentially part of power purchase cost itself. Thus, allowing these costs separately will not be appropriate and hence have to be disallowed.</p>	<p>The miscellaneous charges claimed by the DISCOMs for FY 2022-23 to FY 2024-25 include expenses towards major portion 1142 crs for FY 2022-23 is towards Genco MTR Order and Provision-2022-23, banked energy, IEX Cost adjustments, STOA and LTOA charges, Reactive charges, Deviation charges and other related statutory and operational charges. These charges are incidental to power procurement and grid operations.</p>
27.	<p>FTCCI most respectfully prays that the Hon'ble Commission:</p> <p>A. Consider the above Comments/Suggestion/Objections filed by FTCCI on the True-Up Petitions of FY 2022-23, FY 2023-24, FY 2024-25 of TGDISCOMs.</p> <p>B. To conduct True-Up of FY 2022-23, FY 2023-24 & FY 2024-25 on suo-motu basis by 31st March 2026 as mandated by Hon'ble APTEL.</p>	<p>The DISCOMs submit that all comments and suggestions filed by FTCCI have been duly noted, and appropriate clarifications have been provided in the responses.</p> <p>The DISCOMs submit that True-Up Petitions for FY 2022-23, FY 2023-24, and FY 2024-25 have already been</p>

S.No.	Summary of Objections / Suggestions	Response of the Licensee
	<p>C. May direct the Discoms to provide a reconciliation of the Power Procurement Cost, and each component with the audited accounts and the Transmission Charges may be accordingly allowed subject to prudence check;</p> <p>D. May Conduct a Prudence check over the components as highlighted by FTCCI;</p> <p>E. Pass necessary orders as may be deemed appropriate in the facts and circumstances of the case in the interest of competition, as has been enshrined in the Electricity Act;</p>	<p>filed in accordance with the regulations and fully aligned with the audited accounts.</p> <p>The DISCOMs requests Hon'ble Commission to approve the same.</p>