The Federation of Telangana Chambers of Commerce and Industry
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The Federation of Telangana Chambers of Commerce and Industry (FTCCI)

Statement of Objections

on

Petitions proposing certain amendments u/s 62.4 of Electricity Act, 2003 to ToD Tariffs approved in the Tarif order of FY 2025-26 in OP No.21&22 of 2025

filed by the

Southern Power Distribution Company of Telangana Limited (TGSPDCL)

&

Northern Power Distribution Company of Telangana Limited (TGNPDCL)

as the

Distribution and Retail Supply Licensee

September, 2025

THE STATEMENT OF OBJECTIONS BY THE OBJECTOR

The Distribution Licensees namely Southern Power Distribution Company of Telangana Limited and Northern Power Distribution Company of Telangana Limited (hereinafter referred to as the '**Discoms**' or '**TG Discom(s)'** or **'Petitioner(s)' or 'distribution companie(s)' or 'Licensee(s)'**) have filed the Petition proposing certain amendments u/s 62.4 of Electricity Act, 2003 to ToD Tariffs approved in the TariffOrder of FY 2025-26 in OP No.21&22 of 2025 to align with industrial load patterns, average power purchase cost, Exchange price trends for efficient power usage and supporting demand-supply balance.

The above Petitions have been filed u/s 62(3) of the Electricity Act 2003, Telangana State Electricity Regulatory Commission (Multi Year Tariff) Regulation, 2023 notified in 2023 namely Regulation No. 2 of 2023 (hereinafter referred to as '**Tariff Regulations 2023'**).

The Statement of Objections is herein being filed on behalf of **'The Federation of Telangana Chambers of Commerce and Industry (FTCCI)'**, formerly known as The Federation of Telangana and Andhra Pradesh Chambers of Commerce and Industry (FTAPCCI), (hereinafter also referred to as **Objector**), an Association which was started in 1917 as a Chamber of Commerce and currently having its office at the Federation House 11-6-841, Red Hills, FTAPCCI Marg, Hyderabad 500004, Telangana, India (hereinafter called the **'Objector'**). The main function of the FTCCI is to promote and protect the interests of trade, commerce and industry.

The Federation of Telangana Chambers of Commerce and Industry (Objector) respectfully submits its strong objection to the Petition filed by the TG Discoms seeking amendments under Section 62(4) of the Electricity Act, 2003 to the Time-of-Day (ToD) tariffs approved in the Tariff Order for FY 2025-26 in OP No. 21 & 22 of 2025 (hereinafter collectively referred to as the "**ToD Petition**" or '**Petition(s)**'). The Objector prays that the submissions and objections set forth herein be duly considered and allowed by the Hon'ble Commission, in the interest of justice and equity.

The Objector also prays that it may be permitted to make additional submissions specific to these Petitions, in the Public Hearings as per the Public Hearing schedule announced by this Hon'ble Commission.

The section-wise brief facts, propositions, analysis, grounds and point wise objections to the Petitions are narrated herein below:

A. Introduction

1. Vide Order dated 29.04.2025, Hon'ble Telangana Electricity Regulatory Commission(hereinafter referred to as "**Hon'ble TGERC**" or "**Hon'ble Commission**") determined the ARR and Retail Supply Tariff for the FY 2025-26 in the supply areas of TG Discoms in OP No.s 21 and 22 of 2025 (hereinafter referred to as "**Tariff Order**"). Vide para 3.24 of the Tariff Order, the Hon'ble Commission after due stakeholder consultation approved the Time of Day (ToD) Tariffs for a selected HT categories. Relevant extracts of the Tariff Order are reproduced below:

> "***3.24 TIME OF DAY (TOD) TARIFFS:***
>
> *Applicability:*
>
> *3.24.1 The following Time of Day (TOD) Tariffs are applicable for categories viz.,*
>
> *HT-I (A) Industry General;*
>
> *HT-I (A) Poultry Farms;*
>
> *HT-II (A) Others;*
>
> *HT-II (B) Wholly Religious Places;*
>
> *HT-III Airports, Railway stations and Bus Stations*
>
> *HT-IX Electric Vehicle Charging Stations;*
>
> ***Table 3-42: Applicable Time of Day (TOD) Tariffs***

Description	During the period	ToD Tariff over Retail Supply Energy Charges for FY 2025-26
Time of Day (ToD) Tariff	6 AM to 10 AM and 6 PM to 10 PM	Plus Rs. 1.00/ unit
Time of Day (ToD) Tariff	10 PM to 6 AM	Less Rs. 1.50/ unit

2. Through the present Petition, TG Discoms have sought modification of the ToD slabs approved by the Hon'ble Commission in the Tariff Order, specifically proposing to abolish the Rs. 1.50/unit rebate applicable during the off-peak period.

3. To summarize, the following arguments are presented by the TG discoms in support of its contention.
    a. Power purchased by the TG Discoms during the time period 10 PM to 06 AM (off-peak) is from costlier sources like thermal or exchange.
    b. Market rates during the 10 PM to 06 AM is expensive while the Licensee is supplying power at cheaper rates.
    c. Revenues of TG discoms getting adversely affected.

B. Time of Day mechanism is demand centric measure

4. The Petitioner's (TG Discoms herein) contention primarily revolves around the fact that Power Supply is expensive during the night hours resulting into the higher purchase cost against which they are not able to realize proportionate revenue. At the outset, the Petitioner's argument is vague, hollow and devoid of necessary facts and merits.

5. The TG Discoms' proposal to abolish the existing ToD rebate of Rs.1.50 per unit for off-peak hours (10:00 PM–6:00 AM) effectively nullifies the price signal meant to incentivize load shifting and promote night-time consumption. Such a move strikes at the core purpose of the ToD framework and risks discouraging consumers from utilizing off-peak power altogether.

6. ToD tariffs is generally conceptualizedas a demand-side management tool, designed to influence consumer behaviour by incentivizing load shifting away from peak periods. Regulatory principles and National Tariff Policy recognize ToD as a demand-centric mechanism — its objective is to flatten the load curve, not merely reflect supply-side cost variations. Aligning off-peak tariffs with normal-hour charges converts ToD into a supply-cost recovery exercise rather than a behavioral signal, defeating its fundamental regulatory purpose. The relevant provisions of National Tariff Policy 2016 are reproduced for ready reference:

> ***"8.4 Definition of tariff components and their applicability***
> *1. Two-part tariffs featuring separate fixed and variable charges and* ***time differentiated tariff shall be introduced*** *on priority for large consumers (say, consumers with demand exceeding 1 MW) within one year and subsequently for all consumers within a period of five years or such period as may be specified.* ***This would also help in flattening the peak and implementing various energy conservation measures."***

7. Furthermore, if ToD tariffs were truly meant as a supply-centric mechanism merely mirroring market price fluctuations, the resulting tariff structure would be highly volatile and impractical. For instance, during solar hours, tariffs would have to drop to sub-Rs.2.00/unit levels, reflecting prevailing GDAM market prices, while during non-solar peak hours, tariffs would soar to Rs.10.00/unit, aligning with the CERC-prescribed ceiling rates. Such extreme variability might create instability for both consumers and utilities, making long-term planning impossible and defeating the regulatory objective of providing a predictable, demand-shaping price signal. This clearly demonstrates that ToD was conceived as a demand-side management tool — stable enough to encourage behavioural change, not a minute-by-minute reflection of generation costs.

8. While the Objector acknowledges that incentivizing consumption during solar hours is indeed the need of the hour, as envisaged in the Electricity (Amendment) Rules, 2023, it is equally important to view the issue from a broader system-planning perspective. The ultimate goal of resource planning should be to smoothen and stabilize the overall demand profile of the State or licensee area, reducing sharp peaks and deep troughs that strain grid operations and increase power procurement costs.

9. Notably, the submissions in the instant petition are grossly inadequate in terms of State's demand profile and attempts to completely overlook the systemic implications of load variability (intraday) and peak load management.

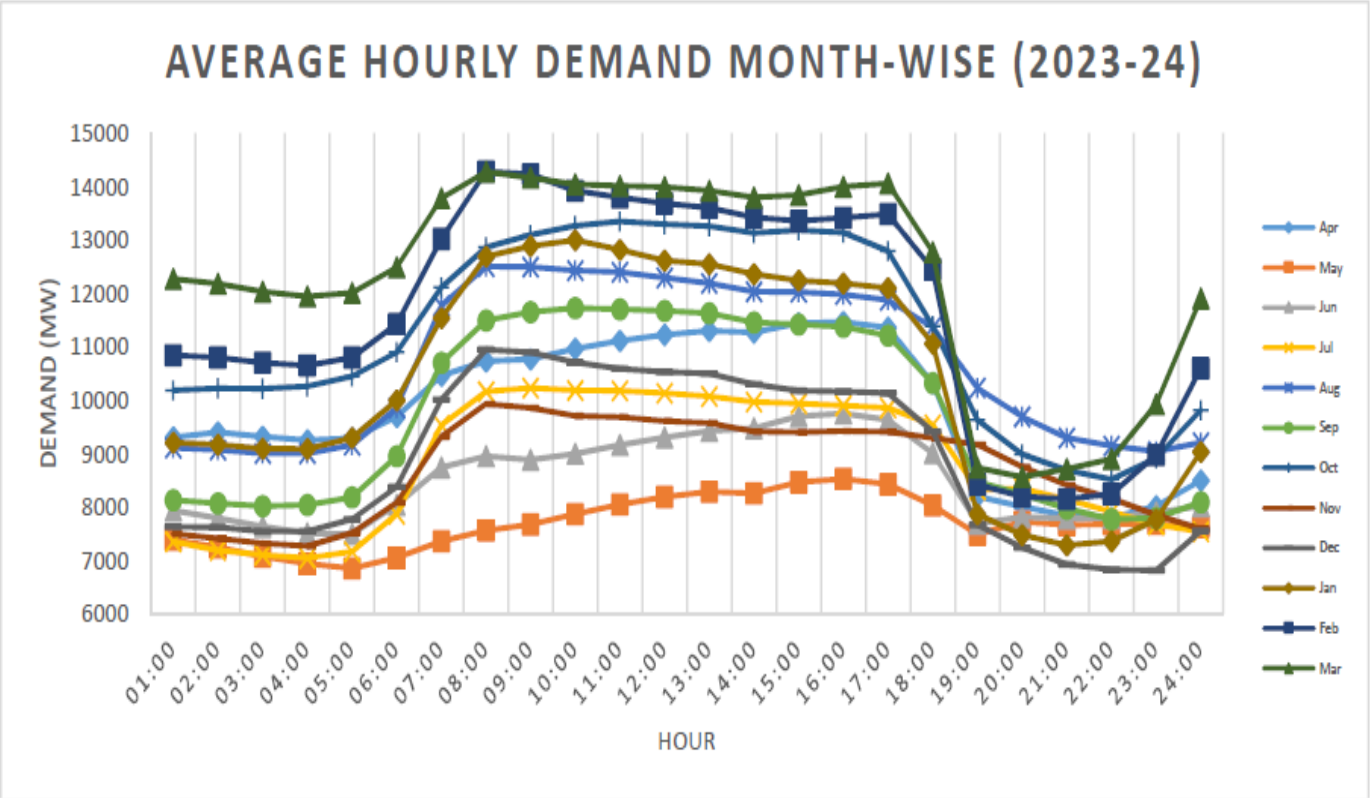
C. Demand profile of the State

10. By way of responses to preliminary objections flagged by the Objector, TG discoms have submitted as under:

> "The *block wise energy dispatched from the contracted sources and market purchases and hourly power purchase cost of FY 2024-25 is attached in addition to the supporting information pertaining to the proposed amendment under the current filing. Furthermore, the* ***block wise demand data*** *and Hourly Energy Dispatch & Costs from all the available sources of Generation* ***has been made publicly accessible through publication on the DISCOM's official website*** *to ensure transparency and facilitate stakeholder engagement"*

11. The Objector humbly submits that the block wise demand data could not be located on the TG discoms official website. In the absence of supporting information on such front, the reference is drawn to the demand profile submitted by TG discoms to CEA which is neatly captured in the *Report On Resource Adequacy Plan for the State of Telangana.* The observations made by CEA on the Telangana demand profile is reproduced as under:

> ***"2.2 Present Demand Analysis (2023-24)***
>
> *The hourly demand pattern of 2023-24 was analyzed (as shown in Figure 2 and Figure 3), and itwas observed that the peak demand for Telangana occurs in the months of February and March.****The Demand Pattern of Telangana indicates that the state has a higher Day peak in comparisonto its Night Peak, with the daily peak mostly occurring during the 11:00 Hrs to 15:00 Hrs.*** *Further,the demand pattern remains almost flat during the noon hours.*



12. Based on the foregoing depiction, it is evident that the consumption patterns of HT consumers — particularly industrial users — play a pivotal role in moderating daily demand fluctuations across the State. The relatively flatter demand curve that exists today is largely attributable to the incentives extended for off-peak (10:00 PM to 06:00 AM) consumption under the ToD framework. These incentives encourage industries to shift significant portions of their operations to night hours, thereby reducing the amplitude of daily demand swings. **This is fully aligned with Section 8.4 of the National Tariff Policy, 2016, which mandates introduction of time-differentiated tariffs with the objective of flattening the peak load curve and promoting demand-side management.** Absent such incentives, the State would experience a far steeper evening ramp and pronounced daily demand variability, necessitating higher procurement of costly peaking power and reducing the ability to rely on economical base-load generation — ultimately driving up overall power purchase costs.

13. The Objector further submits that this demand profile is expected to remain broadly unchanged in FY 2025-26 as well, given that the ToD slab structure has not undergone any significant revision since FY 2023-24. In view of the NTP's emphasis on using ToD tariffs as a **load-shaping tool**, it is imperative that the current incentive mechanism be preserved and strengthened, rather than withdrawn, to sustain the existing level of load balancing.

14. In fact, Annexure II to both petitions, as filed by the Petitioner, provides category-wise HT consumption data for FY 2024-25. This data clearly shows that consumption during off-peak (night) hours remains lower than that during normal and peak hours — underscoring that refined ToD slab design are required to further incentivize HT consumers to increase their night-time usage. **Strengthening the off-peak rebate would not only meet the intent of Section 8.4 of the NTP but also improve utilization of available generation capacity during low-demand hours, flatten the load curve further, reduce grid stress, and lower overall system costs.**

Discom	ToD slab	11kv	33kv	132kv	220kv	Total
TGSPDCL	Normal	2,740.4	2,906.3	1,156.9	103.4	6,907.0
	Peak	2,203.5	2,870.5	1,161.8	99.6	6,335.4
	Off peak	1,912.5	2,757.3	1,331.7	96.9	6,098.4
	Sub-total	**6,856.4**	**8,534.1**	**3,650.4**	**299.9**	**19,340.8**
TGNPDCL	Normal	433.9	53.8	159.4	-	647.1
	Peak	401.5	97.7	219.7	-	718.9
	Off peak	362.2	103.5	270.7	-	736.5
	Sub-total	**1,197.6**	**255.0**	**649.8**	**-**	**2,102.4**
TG Discoms	Normal	3,174.3	2,960.1	1,316.2	103.4	7,554.0
	Peak	2,422.8	2,924.3	1,703.9	99.6	7,150.5
	Off peak	2,094.7	2,801.2	1,731.1	96.9	6,724.0
	Total	**7,691.8**	**8,685.6**	**4,751.2**	**299.9**	**21,428.5**

15. While the stated objective of the TG Discoms ought to be flattening the demand curve to reduce variability and relieve stress on the grid, the current proposal instead seeks to force demand to mirror supply availability — an approach that runs contrary to established legal and policy principles. Section 61(c) and (d) of the Electricity Act, 2003 mandate that tariff design shall encourage competition, efficiency, economical use of resources, and good performance and shall promote co-generation and optimal utilization of electricity. In other words, the obligation

is on the licensee to plan its supply portfolio efficiently so that it matches the State's demand profile — not the other way around.

16. TG Discoms reply in such regard are categorical to be pointed out:

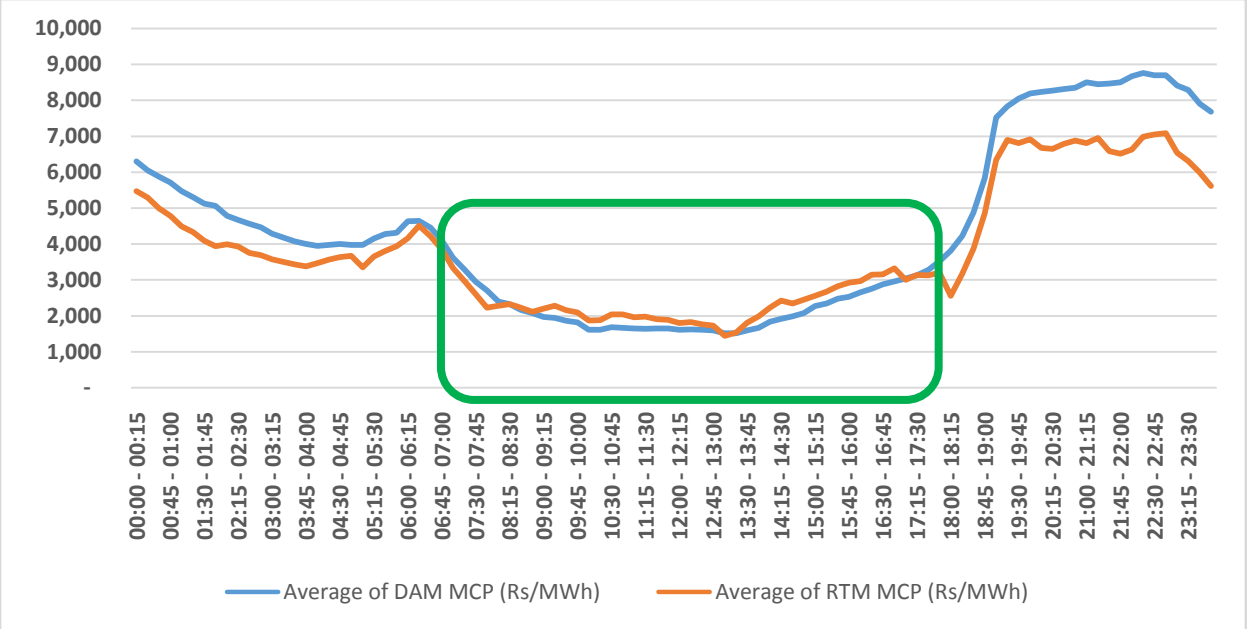
> *"**The primary objective of the proposed amendment to the existing Time-of-Day (ToD) tariff structure by TGDISCOMs is to promote effective <u>Demand Side Management</u>** and ensure the long-term sustainability of affordable tariffs for consumers.*
> *TGDISCOMs have observed that the current incentivized hours often lead to power procurement at elevated rates, which ultimately translates into a higher tariff burden for consumers. To address this, the **proposed amendment seeks to better align consumption patterns with the availability and cost of power-thereby enhancing grid stability and operational efficiency.** This targeted realignment will optimize power procurement and contribute to tariff stability, safeguarding consumer interests in the long run."*

17. As recognized by APTEL in Appeal No. 34 of 2014, Time-of-Day tariffs are a demand-side management tool intended to incentivize consumers to shift load away from peak hours, thereby improving system load factor, reducing overall power purchase costs, and enhancing grid stability. The Tribunal was categorical that such mechanisms must aim at flattening demand curves, not at offloading procurement inefficiencies onto consumers.

18. The proposal of the TG Discoms appears to do precisely that — it effectively penalizes consumers who already support grid stability by consuming during off-peak hours, while masking inefficiencies in power procurement planning. Such an approach undermines the very purpose of ToD tariff design as envisaged under the Act, the National Tariff Policy, and settled APTEL jurisprudence, and if accepted, risks increasing grid variability and procurement costs rather than reducing them.

D. Solar Integration and Market realities

19. With marginal power purchase costs during solar hours already **crashing to sub-Rs. 2/unit levels** in the Day-Ahead and Green Day-Ahead Markets (DAM/GDAM), there is a compelling case for using **price signals to encourage higher daytime consumption**. The average block wise MCP recorded as per DAM/ RTM prices for the period Apr – Sep 2025 is shown as under:



20. Further, if the intention behind ToD tariffs were purely to reflect marginal cost of supply, the logical outcome would be to **extend significant rebates during solar hours** so as to absorb surplus renewable energy and prevent curtailment — a measure fully aligned with **Clause 8.4 of the National Tariff Policy (NTP) 2016**, which mandates time-differentiated tariffs to promote grid balancing and renewable energy integration.

21. However, the **true intent of ToD tariffs** has historically been **demand-side management (DSM)** — to flatten the load curve, reduce ramping stress on the grid, and optimize system utilization — not merely to track short-term fluctuations in market price. This principle has been recognized by **APTEL in Appeal No. 34 of 2014**, where the Tribunal held that ToD tariffs are justified precisely because they help consumers shift load in a manner that improves system load factor and reduces overall power procurement costs.

22. Eliminating night-time incentives on the premise of aligning tariffs with supply availability **distorts this objective**. Instead, a rational approach would be to **retain the night-time incentive** (which supports base-load utilization and grid stability) and consider **introducing daytime incentives during solar hours** to promote renewable integration. Such a calibrated design would reduce solar curtailment, improve the cost-efficiency of power procurement.

23. By way of illustration, the Objector submits that incentivizing the absorption of an additional 500 MW of solar power during daytime hours (even with a rebate of

Rs.1.0/unit) could yield system-wide savings of nearly Rs.320 crore, as demonstrated below.

Assumptions:

i. Incremental daytime absorption of 500 MW of solar-period load (a conservative estimate).
ii. Solar window assumed = 6 hours/day (typical usable solar hours).
iii. Market price of Solar power = Rs. 2.5 / unit.
iv. T&D losses – 10%
v. ACOS = Rs. 7.03 / unit

Working:

vi. Daily Energy available = 500 MW x 6 hrs = 3000 MWh or 3 Mus
vii. Energy available to consumer = 3MU * (1- 10%) = 2.7Mus
viii. Annual Cost of energy = 3 Mu x 2.5 x 365 = Rs. 274 Crore
ix. Revenue = 2.7 x (7.03 - 1) x 365 = Rs. 594 Crore
x. Savings = Rs. 320 Crore.

E. Inefficient Resource Planning

24. The Petitioner by way of reply to our preliminary objections submits *Abstract showing Hourly Energy Dispatch & Costs from all the available Sources of Generation* (Annexed). At the outset, the Objector would like to highlight that the following information has been deliberately hidden from such abstract:
    - Quantum of power sourced from Exchange (and other short term sources)
    - Rate of Power from long term tied up sources (Thermal, Hydel, NCE, etc.)

    By way of deliberately hiding the above information, the Petitioner is pursuing a narrative that the power is expensive during the night hours due to excessive reliance on the expensive Power procurement from exchange (DAM, GDAM, market).

25. With respect to power procurement for FY 2025-26 Tariff period, it is pertinent to note that the Hon'ble Commission has **not granted blanket approval** for procurement from short-term sources. Instead, it has allowed such procurement strictly on a need basis, as and when the situation warrants, based on the submissions of the TG Discoms.

26. Paradoxically, in the very same filings, the TG Discoms have projected a **significant quantum of surplus power** for FY 2025-26. This contradictory position points to a flaw in the Discoms' procurement planning and portfolio optimization. Despite claiming higher renewable energy (RE) penetration as a key factor in their planning, they have consistently failed to adequately tie up base-load capacity, thereby creating artificial dependence on high-cost short-term market purchases.

27. This pattern is not new — it has been **observed across past control periods** and has repeatedly resulted in higher power purchase costs and greater reliance on volatile exchange prices, thereby exposing consumers to unnecessary tariff shocks. The Hon'ble Commission itself, in the Tariff Order for FY 2025-26, has flagged this issue, clearly noting that procurement from short-term sources must be resorted to only as an exception and not as a regular practice.

> *"3.6.55 TGDISCOMs also proposed to purchase power from Open Market on need basis. In this regard,* ***the Commission directs TGDISCOMs to ensure procurement of power from open market/exchange, whenever needed, to be on least cost basis.***
>
> *……..*
>
> *3.8.78 Based on monthly energy requirement and energy availability,* ***it is observed that there will be no energy deficit but there will be surplus in all the months****. Such surplus has been derived from the energy availability after meeting energy requirement of the TGDISCOMs.*
>
> *3.8.79* ***The Commission has taken into consideration that in the last financial year wherever surplus power was available an attempt was made to sell the excess power*** *by the TGDISCOMs keeping in view of the variable cost of the respective generating stations.* ***The Commission has observed that the TGDISCOMs have projected revenue from the sale of surplus is Rs. 2,739.83 Crore for FY 2025-26.***
>
> *3.8.80 The Commission has examined the submissions of TGDISCOMs regarding the power procurement cost for FY 2025-26.* ***The Commission has considered the income projected by TGDISCOMs through sale of surplus power.*** *However, the quantum of sale of surplus power and the revenue generated from sale of surplus power will be prudently checked by this Commission while Truing up of the power purchase cost."*

28. From the above discussion, it is abundantly clear that the TG Discoms require **adequate base-load capacity** to meet the State's base-load demand in a cost-effective manner. However, due to insufficient tie-up of firm capacity, the Discoms are frequently compelled — particularly during off-peak hours, to rely on expensive short-term market purchases and exchange-based procurement to bridge the deficit.

29. This practice is symptomatic of **structural inefficiencies in procurement planning** and reflects a lack of long-term resource adequacy strategy. Rather than addressing this core issue through improved portfolio planning, contracting, and scheduling, the Petitioner now seeks to transfer the financial burden of such inefficiencies onto consumers by proposing the withdrawal of off-peak incentives. Consumers — particularly those HT ones, contribute to grid stability by consuming during off-peak hours — cannot be made to shoulder the costs arising out of poor procurement planning by the licensee. Instead, the obligation lies on the Discoms to secure cost-effective base-load supply and minimize exposure to volatile short-term markets.

YTPS commissioning

30. For serving the base load requirements, TG Discoms have been projecting the power availability from Yadadri Thermal Power Station (5 x 800 MW) since FY 2023-24 however, the commissioning of the plant is repeatedly delayed. Relevant extracts of the TG discoms submissions in the past filings are shown as under:

FY 2023-24 (RST Order dated 24.03.2023)

"3.4.10 The TSDISCOMs have considered additional availabilities for FY 2023-24 as given below:

▪ *YTPS (2x800 MW) – CODs of 1st unit on 1.12.2023 and of 2nd unit on 01.02.2024 are expected.*

……

4.3.6 ***The Commission has considered one unit of YTPS to be commissioned inFebruary 2024*** *and not considered the second unit of YTPS to becommissioned up to March, 2024."*

FY 2024-25 (RST Order dated 28.10.2024)

"2.5.3 Further, the ***availability of 2 units (2 X 800 MW) from YTPS were considered to be available from December 2024*** *and rest of the units are*

expected to be commissioned by April 2025. The energy availability from YTPS has been considered from their respective expected COD months"

FY 2025-26 (RST Order dated 29.04.2025)

"3.6.24 BTPS station is commissioned and is scheduling power to DISCOMs. All units of ***YTPS are expected to be commissioned by the month of May 2025****.*

3.6.29 Based on the expected dates of commissioning of YTPS submitted by the petitioners, the Commission has considered realistic expected dates of commissioning and has considered the availability of Unit-I from August 2025, Unit II from April 2025, Unit III from November 2025, Unit IV from October 2025 and Unit V from January 2026. The energy availability is projected based on normative plant availability factor and auxiliary consumption applicable as specified in Regulation No. 2 of 2023.

"

31. Further, according to the Central Electricity Authority's (CEA) Broad Status Report on Under-Construction Thermal Power Projects, dated March 2023, the Yadadri Thermal Power Station (YTPS) was originally scheduled for commissioning in FY 2021-22 and FY 2022-23. However, due to reasons outside the knowledge and control of the Objector, the project has experienced repeated delays. These delays have had a direct impact on the operational and power procurement costs of the Petitioner.

32. The Objector underscores that YTPS, being a potential base-load power plant, is critical to the stability and cost-efficiency of the TG Discoms' power portfolio. Its delayed commissioning has forced the Discoms to increasingly rely on short-term and market-based power procurement, which is typically more expensive and less predictable. For ease of reference, relevant extracts from the CEA report illustrating the delays are reproduced below:

Status as on 31-03-2023

YADADRI TPS, Unit# 1, 2, 3, 4 & 5 (5x800 MW) / TSGENCO (STATE SECTOR - SOUTHERN REGION)

Veerlapalem village, Damercharla Mandal,Nalgonda, Telangana -508208

E-Gen Portal Registration No. (U#1-1200001092; U#2-1200001093; U#3-1200001094; U#4-1200001095; U#5-1200001096)

Project Developer / Implementing Agency - TSGENCO		Main Plant Vendor - BHEL (EPC)	
Unit No.	LOA	Original Trial Run Date	Anticipated / Actual COD Date
Unit#1	Oct-2017	Oct-2021	Dec-2023
Unit#2		Oct-2021	Dec-2023
Unit#3		Jun-2022	Sep-2024
Unit#4		Jun-2022	Aug-2024
Unit#5		Oct-2022	Nov-2024

CLEARANCES AND STATIC DATA	
FUEL TYPE	Coal, Indigenous
COAL COMBUSTION TECHNOLOGY	Supercritical
APPROVAL DATE / NTP	04.10.2014 (MoU entered with BHEL)
EPC/BTG/BoP Contractor Details (Package Wise)	LOI was issued to M/s BHEL as EPC contractor (BTG & BOP) on 01.06.2015 . Revised LOI issued on Dt:17.10.2017 for considering new norms & impact of GST with zero date as 17.10.2017.
PPA	Power purchase Agreement entered on 11.03.2020 with TSDISCOMS
COAL LINKAGE/FSA	Allocated Mine - SCCL; Distance from mine - 270 km (non pithead); Ministry of Coal vide File No.23014/1/2018-CLD, Dt:15-02-2018 has granted coal linkage from SCCL for supply of 14 MTPA of coal (grade-G9).
START UP POWER	As per clause no.2.2 of PPA ,TSDISCOMS shall provide electrical

FINANCIAL DATA (Fig. in Rs. Crore)	
ORIGINAL ESTIMATED COST OF THE PROJECT	25099.42
LATEST ESTIMATED COST	29965.48
DATE OF FINANCIAL CLOSURE	*
YEAR WISE EXPENDITURE	
2015-16	499.46
2016-17	59.29
2017-18	941.44
2018-19	2129.24

33. While the non-timely commissioning of YTPS undeniably poses a significant risk to the operational and procurement planning of the TG Discoms, it is submitted that the proposed measure of abolishing the off-peak ToD slab cannot be construed as an appropriate or effective solution to maximize revenue recovery. Such a step does not address the underlying challenge of supply shortfalls or procurement inefficiencies; instead, it unfairly transfers the financial burden to consumers who have aligned their operations and investments in reliance on existing tariff signals.

F. Anticipated Shift in Demand pattern

34. By making night-time consumption financially prohibitive, the proposed withdrawal of off-peak ToD incentives would **incentivize consumers to shift their flexible or variable loads to daytime hours (normal hours)**. Such a behavioural shift would create a sudden surge in daytime demand, significantly affecting **hourly demand variability** and placing additional stress on the grid.

35. Even under a conservative scenario where only 10–15% of night-time demand is shifted to the day, the impact would be substantial. According to the **CEA's Peak Power Supply Position Report for August 2025**, Telangana's peak demand is

approximately 16,613 MW. A 10% shift of night-time demand — roughly 1,600 MW — into daytime hours would **push the total demand well above the existing peak**, potentially breaching system margins and operational limits.

36. Such a sudden increase in daytime demand could lead to **grid instability, overloading of transmission and distribution infrastructure, and even load-shedding**, as the system may not be adequately prepared to absorb this abrupt load shift. This scenario underscores the critical role of ToD tariffs in flattening the demand curve.

G. Adverse Consumer and System Impact

37. Tariff certainty is a cornerstone of the electricity regulatory framework, as recognized under **Section 61 of the Electricity Act, 2003** and reinforced by **Clause 8.0 of the National Tariff Policy, 2016**, which emphasize predictable, stable, and rational tariffs to enable efficient consumer decision-making, encourage investment, and promote economic efficiency.

38. Energy cost forms a critical input for any industrial operation, and therefore businesses/ industries plan their production schedules, supply chains, and cost structures well in advance, factoring in electricity and fuel price trends. Often, industries make significant **capital investments**—whether in additional shifts, automation, or captive infrastructure—when a predictable incentive framework exists. The introduction of ToD tariffs was precisely intended as a **demand-centric measure**, encouraging industries to shift consumption to off-peak hours and optimize the overall demand curve. This required industries to reorient their operations for 24-hour production cycles, re-train manpower, and invest heavily in enabling infrastructure.

39. The sudden withdrawal of this carefully crafted incentive framework would amount to a **regulatory injustice** for HT consumers who have aligned their operations and invested capital in good faith, based on the regulatory signal provided by ToD tariffs. Such an abrupt change would greatly penalize consumers who supported grid stability for efficient resource use.

40. Recognizing that industries cannot now roll back these investments or drastically curtail their consumption profile, the TG Discoms appear to be using this situation as an opportunity to **extract additional revenue at the expense of industry**.

This is economically and regulatorily untenable. Moreover, industries and LT consumersthat have invested in automation, timers, and EV charging infrastructure based on ToD rebates would be left with sunk costs, eroding confidence in tariff signals. Such actions risk creating **regulatory uncertainty**, discourage future participation in demand-side management initiatives, and undermine the credibility of the Commission's long-term policy signals.

41. In view of the foregoing, the Objector respectfully submits that the Commission should **maintain, and if possible, strengthen the existing ToD rebates**.

H. Cross subsidy levels breaching statutory limits

42. The Objector submits that the existing level of cross-subsidization in Telangana is already heavily skewed against the HT category of consumers, placing an undue burden on them in contravention of statutory norms. As per Clause 8.3 of the National Tariff Policy (NTP) 2016, the cross-subsidy for any consumer category is required to progressively move towards ±20% of the cost of supply (CoS). However, based on the Tariff Order for FY 2025-26, the effective tariffs applicable to HT categories significantly exceed this ceiling, thereby breaching the permissible limit laid down under the NTP. Relevant extracts of the National Tariff policy 2016 are reproduced for easy reference:

> "**8.3 Tariff design: Linkage of tariffs to cost of service**
>
> *It has been widely recognised that rational and economic pricing of electricity can be one of the major tools for energy conservation and sustainable use of ground water resources.*
>
> *In terms of the Section 61(g) of the Act, the Appropriate Commission shall be guided by the objective that the tariff progressively reflects the efficient and prudent cost of supply of electricity.*
>
> *The State Governments can give subsidy to the extent they consider appropriate as per the provisions of section 65 of the Act. Direct subsidy is a better way to support the poorer categories of consumers than the mechanism of cross subsidizing the tariff across the board. Subsidies should be targeted effectively and in transparent manner. As a substitute of cross subsidies, the State Government has the option of raising resources through mechanism of electricity duty and giving direct subsidies to only needy consumers. This is a better way of targeting subsidies effectively.*
>
> *Accordingly, the following principles would be adopted:*

2. For achieving the objective that the tariff progressively reflects the cost of supply of electricity, the Appropriate Commission would notify a roadmap such that tariffs are brought within ±20% of the average cost of supply. The road map would also have intermediate milestones, based on the approach of a gradual reduction in cross subsidy."

43. This excessive cross-subsidization means that HT consumers are already paying well above the cost-reflective tariff, indirectly subsidizing other categories of consumers. Any proposal to further withdraw off-peak ToD rebates would only deepen this imbalance, making power tariffs for HT industries uncompetitive, discouraging investment, and eroding trust in the present Regulatory setup.

44. For ease of reference and to illustrate the severity of the issue, the prevailing cross-subsidy levels for HT IA category, as determined in the Tariff Order for FY 2025-26, are presented below:

Discom	HT 1: Industry General	ACOS	ABR	Cross subsidy
TGSPDCL	11 KV	7.03	9.12	30%
	33 KV		7.82	11%
	132 KV and above		7.28	4%
	132 KV and above_Ferro		7.43	6%
TGNPDCL	11 KV	7.78	9.5	22%
	33 KV		8.46	9%
	33 KV_Ferro		7.94	2%
	132 KV and above		7.99	3%
Source		Annex VII RST Order FY 2025-26	Table 3.50/51 RST Order FY 2025-26	

45. Assuming that HT consumers consume uniformly across peak, off-peak, and normal periods, and further assuming that 90% of sales remain during peak hours (with only 10% of load shifting from peak to off-peak), the resulting increase in the Average Billing Rate (ABR) would be approximately Rs. 0.45 per unit (Rs. 1.50 x 90% / 3).

46. The revised level of cross subsidy is expected to be as shown under:

Discom	HT 1: Industry General	ACOS	ABR	Cross subsidy
TGSPDCL	11 KV	7.03	9.57	36%
	33 KV		8.27	18%
	132 KV and above		7.73	10%
	132 KV and above_Ferro		7.88	12%
TGNPDCL	11 KV	7.78	9.95	28%
	33 KV		8.91	15%
	33 KV_Ferro		8.39	8%
	132 KV and above		8.44	8%
Source		Annex VII RST Order FY 2025-26	Table 3.50/51 RST Order FY 2025-26	

47. The Objector submits that increase in cross-subsidy levels as shown above directly contravene Clause 8.3 of the National Tariff Policy (NTP) 2016, which mandates their progressive reduction within ±20% of the average cost of supply (ACoS). Instead of narrowing, the gap between HT tariffs and ACoS is widening, placing a disproportionate burden on industrial consumers and violating Section 61(g) of the Electricity Act, 2003. Any further withdrawal of ToD rebates would aggravate this imbalance, moving tariffs farther away from cost-reflective levels and undermining the competitiveness of energy-intensive industry in the State.

For The Federation of Telangana Chambers of Commerce and Industry (FTCCI),

Date: 22/09/2025
Place: Hyderabad

OBJECTOR
Sr. Director, FTCCI