

23 AUG 2025

To, The Secretary, T.G. Electricity Regulatory Commission, Vidyut Niyamtran Bhavan, GTS Colony, Kalyan Nagar, Hyderabad – 500 045	From, 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
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No.

Sign

Date: 23-08-2025

Dear Sir;

Sub: - Comments on TGGENCO's true up petition for FY 2023-24

Ref: - Public Notice dated 02-08-2025 with respect to O.P. No. 43 of 2025.

1. In response to the above-mentioned Public Notice calling for comments on TGGENCO's true up petition for FY 2023-24 we are submitting the following comments for consideration of the Commission.

2.1 There are discrepancies between TGGENCO's true up petition and Cost Audit Report for the FY 2023-24. According to the true up petition at the end of the FY 2023-24 Gross Fixed Assets (GFA) of TGGENCO were Rs. 32,002.88 Crore (p.4). But according to Cost Audit Report GFA during the same period was Rs. 53,932.70 Crore (p. A28). While according to the true up petition during the FY 2023-24 GFA of Rs. 226.77 Crore were added, according to the Cost Audit Report during the same period Rs. 5,759.21 Crore were added to GFA. **[TGGENCO could have uploaded better and legible copies of Cost Audit Report and Annual Accounts Report]**

2.2 According to the Cost Audit Report for FY 2023-24 current liabilities and provisions increased from Rs. 11,630.58 Crore in FY 2022-23 to Rs. 17,886.23 Crore in FY 2023-24. As a result, net current assets declined from Rs. 414.30 crore in FY 2022-23 to minus Rs. 3,932.64 Crore in FY 2023-24. (P. A28) This indicates that TGGENCO is facing serious financial situation.

3. Auxiliary consumption has to be limited to the approved percentage. Auxiliary consumption above the approved percentage shall not be allowed.

### Fixed charges (Rs. Cr)

Particulars	Approved	Claimed	Variation
O&M	1,840.94	2,685.83	844.89
Depreciation	1230.47	1,264.02	33.55
Interest	965.49	947.66	- 17.83
IOWC	304.47	425.93	121.46
RoE	1,884.17	2,005.22	121.05
Total	6,225.54	7,328.66	1,103.12

**4.1** Increase in O&M costs accounted for 76.59% of the increase in fixed charges. Out of total O&M costs employee expenses increased by Rs. 770.85 Crore. TGGENCO attributed the increase in employee expenses to the impact of PRC 2022. But according to its own submission PRC impact for FY 2023-24 was Rs. 287.40 Crore (Table:8-9). Increase in employee costs to the extent of nearly Rs. 500 Crore was not explained. In the case of BTPS employee expenses increased by 138%. Impact of PRC on this plant was only Rs. 40.97 Crore.

**4.2** Interest on working capital (IOWC) increased by 39.89% during the FY 2023-24. The reasons for such increase in IOWC need to be scrutinized.

**5.1** Fixed charges of BTPS increased by Rs. 367.52 Crore. BTPS alone accounted for 33.32% of the increased fixed charges of TGGENCO. Its employee expenses increased by 138% in spite of minimal impact of PRC.

**5.2** BTPS's energy charges increased from Rs. 3.31 per unit to Rs. 3.62 per unit, an increase of 9.37%. An important reason for this higher energy charges was higher Gross Station Heat Rate (GSHR). While the Commission approved GSHR for this plant was 2273 kcal/kWh actual GSHR of this plant during the FY 2023-24 was 2474 kcal/kWh. Actual GSHR is 8.84% higher than the approved heat rate. This higher heat rate indicates inefficient operation of the plant. Electricity consumers in the state shall not be burdened due to inefficient operation of this plant. It is well known that TGGENCO procured substandard machinery from BHEL for this plant. This plant was facing troubles since its synchronization with the grid. We request the Commission not allow higher heat rate of this plant.

**5.3** Another reason for higher energy charges of BTPS was the higher coal price paid by BTPS than approved by the Commission. While the approved coal price for BTPS was Rs. 3.28 per kg the price claimed by TGGENCO for this plant was Rs. 3.59 per kg. Apart from BTPS and RTS-B all other thermal plants

of TGGENCO reported lower coal prices compared to the ones approved by the Commission. Higher coal prices paid by BTPS needs to be scrutinized.

6. Fixed charges of Nagarjuna Sagar HES also were 31.66% higher than approved by the Commission and the same needs to be scrutinized.

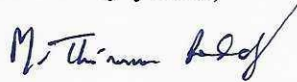
7. TGGENCO claimed Rs. 1,093.52 Crore towards true up charges for FY 2023-24. (Para 13). At the same time, it brought down actual claim to Rs. 723.32 Crore after sharing gains and losses (para 14). But it did not include Form-16 (mentioned in para 14) in the true up petition. Without this information it is not possible to assess the actual claim of TGGENCO.

8. The petition did not mention whether TGGENCO received late payment surcharge (LPS) from TGDISCOMs. If it had received LPS the same shall be deducted from the true up amount.

We request the Commission to take our above submissions on record.

Thanking you.

Sincerely yours,



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