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Sent: Monday, September 15, 2025 2:50:42 PM
Subject: Additional submission on TGGENCO true up

To,	From,
The Secretary, T.G. Electricity Regulatory Commission, Vidyut Niyantran Bhavan, GTS Colony, Kalyan Nagar, Hyderabad – 500 045	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

Date: 15-09-2025

Dear Sir;

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

Ref: - TGGENCO replies dated 30-08-2025 with respect to O.P. No. 43 of 2025.

1. We would like to submit the following in response to the replies received from TGGENCO to our comments on TGGENCO's true up petition for FY 2023-24.

2. In the case of discrepancies related to gross fixed assets (GFA) between TGGENCO's true up petition and Cost Audit Report for the FY 2023-24 TGGENCO replied that costs related to capital works in progress (CWIP) were included under GFA. CWIP transition to fixed assets after following a certain process. We doubt whether CWIP can be treated as GFA. CWIP costs shown in the Annual Accounts Report includes costs related to YTPS while true up petition did not include costs related to YTPS. This raises the question as to what extent Cost Audit Report and Annual Accounts Report can be used to examine TGGENCO's true up claims for the FY 2023-24.

3. In response to our contention that auxiliary consumption has to be limited to the approved percentage TGGENCO replied that as per clause 3.13.2 of TGERC Regulation 1 of 2019 the True-up should be a comparison of the actual operational and financial performance vis-à-vis the approved forecast. In this context it has to be noted that according to clause 3.13.3 of this Regulation "Upon completion of the review under clause 3.13.2 of this Regulation the Commission shall attribute any variations or expected variations in performance, for variables specified under clause 6.7 and clause 6.8 of this Regulation to factors within the control of the Petitioner (controllable factors) or to factors beyond its control (uncontrollable factors)." Sub-clause 6.7.3 of clause 6.7 of this Regulation includes variations in performance parameters such as Availability, Auxiliary Consumption, Secondary fuel oil consumption, and Gross Station Heat Rate under controllable factors. These provisions uphold our contention that auxiliary consumption has to be limited to the approved percentage.

4. TGGENCO attributed in crease in interest on working capital (IOWC) to increase in O&M expenses due to PRC 2022. But according to TGGENCO petition PRC 2022 accounted for only one-third of the increase in O&M expenses. Cost Audit Report for FY 2023-24 shows substantial increase in current liabilities resulting in negative current assets. According to TGGENCO reply, "The current liabilities increased due to increase in trade payable towards coal and oil and other O&M payments. Delay in realization of trade receivables resulted delay in payment of coal bills resulted in increase of current liabilities." We would like to know whether the IOWC shown by TGGENCO includes burden related to these current liabilities also. Sub-clause 6.7.4 of clause 6.7 of Regulation 1 of 2019 includes variation in amount of interest on working capital under controllable factors. Following this Provision of Regulation 1 of 2019 we request the Commission not admit TGGENCO's claims on increased IOWC.

5.1 Higher fixed charges of BTPS are also due its inefficient execution. According to sub-clause 6.7.1 of clause 6.7 of Regulation 1 of 2019 "variations in capitalization on account of …inefficiencies in implementation of a capital expenditure scheme" comes under controllable factors. Hence, higher fixed charges claimed by TGGENCO for BTPS shall not be allowed.

5.2 BTPS recorded higher gross station heat rate than approved by the Commission. According to TGGENCO reply related to this issue, "Due to integration of renewable energy the units of BTPS were running in low load operations due to back down. Hence the auxiliary consumption has been increased and also poor heat rate obtained." Then this should have been the case with all the thermal stations of TGGENCO. The Table on page NO. 162 of Volume – iii of True-up petition shows that while all other thermal power stations recorded higher than threshold PLFs BTPS recorded lower PLF. Sub-clause 6.7.3 of clause 6.7 of this Regulation includes variations in performance parameters such as Availability, Auxiliary Consumption, Secondary fuel oil consumption, and Gross Station Heat Rate under controllable factors. In accordance with the provisions of this Regulation higher auxiliary consumption and gross station heat rate claimed by TGGENCO in the case of BTPS shall not be allowed.

5.3 While all other thermal power plants of TGGENCO reported lower coal prices compared to the ones approved by the Commission BTPS plant reported higher prices. TGGENCO reply to this issue is as follows, "Ministry of Coal allocated 100% domestic coal from SCCL group of mines to TGGENCO thermal stations. The coal price shall be as per the price notification issues by SCCL." This reply of TGGENCO gives rise to further question: when all the thermal stations of TGGENCO face the same price, why did BTPS experience different price trend compared to other thermal plants of TGGENCO?

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

Thanking you.

Sincerely yours,

M. Thimma Reddy