



TELANGANA POWER GENERATION CORPORATION LIMITED
(formerly Telangana State Power Generation Corporation Limited)

(A Govt. of Telangana Undertaking)
Vidyut Soudha, Khairatabad, Hyderabad- 500082.

From
The Chief Engineer,
Coal & Commercial,
TGGENCO, Vidyut Soudha,
Khairatabad,
Hyderabad-500082

To
The Commission Secretary,
TGERC,
#Vidyut Niyantran Bhavan,
GTS Colony, Kalyan Nagar,
Hyderabad-500045.

Lr.No: TGGENCO/CE (Coal & Comml)/ SE(C&C)/ D.No: 261 /25, dt:30 .08.2025

Sir,

Sub:- TGGENCO- Submission of replies on Objections/ Suggestions raised on
True-up for the FY: 2023-24 - Reg.

Ref: Letter from Sri M Thimma Reddy, Dtd: 23.08.2025.

The replies to the Objections/Suggestions raised by Sri M Thimma Reddy,
Convener, People's Monitoring Group on Electricity Regulation, Hyderabad on
True up for FY: 2023-24 Petition is herewith enclosed.

Encl: As above

Yours faithfully

Chief Engineer
(Coal & Commercial)
TGGENCO/VS/HYD

➤ **Copy to**

Sri M. Thimma Reddy, Convener, People's Monitoring Group on Electricity Regulation,
H.No. 3-4-107/1, Plot No. 39, Radha Krishna Nagar, Attapur, Hyderabad-500048.

Objections/Suggestions raised on True-up Petition for the FY 2023-24 by Sri. M. Thimma Reddy, Convenor, People's Monitoring Group on Electricity Regulation, Hyderabad-500 048.

S. No.	Objections/Suggestions	TGGENCO Reply
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 GFA of 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].	The Gross Fixed Assets (GFA) Shown in Cost Audit Report consist of Fixed Assets Rs.27,314.13 Crore (Note No.3 of Annual Report), Intangible Assets Rs.39.03 Crore and Capital Work in Progress (CWIP)- Rs.26,579.54 Crore. Further, The additions Shown as Rs.5,759.77 Crore also includes additions of CWIP of Rs.5,491.86 Crore apart from GFA additions. (Note No.3 to 5 of Annual Report may be referred).
2.2	According to the Cost Audit Report for FY 2023-24 current liabilities and provisions increased from Rs. 11630.58 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.	The current Liabilities increased due to increase in trade payables towards Coal and Oil and other O&M payments. Delay in realisation of Trade receivable resulted delay in payment of Coal bills resulted in increase of Current Liabilities.
3	Auxiliary consumption has to be limited to the approved percentage. Auxiliary consumption above the approved percentage shall not be allowed.	As per clause 3.13.2 of TGERC Regulation 1 of 2019, the True-up shall be a comparison of the actual operational and financial performance vis-à-vis the approved forecast.

Objections/Suggestions raised on True-up Petition for the FY 2023-24 by Sri. M. Thimma Reddy, Convenor, People's Monitoring Group on Electricity Regulation, Hyderabad-500 048.

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	Particulars	Approved	Claimed	Variation	
	O&M	1,840.94	2,685.83	844.89	
	Depreciation	1,230.47	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 on 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 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.				As far as O&M cost is concerned, the expenses claimed as per the audited annual accounts which include provision towards terminal benefits due towards Pension & Gratuity, Leave and Medical benefits of employees and artisans. Indian Accounting (Ind AS) 19 specifies that the provision shall be made towards employee terminal benefits as per actuarial valuation report. In the approved figures the same was not considered.
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.				The reasons for increase in Interest on working capital (IOWC) during the FY 2023-24, is majorly on account of O&M Expenses increased due to PRC 2022.

Objections/Suggestions raised on True-up Petition for the FY 2023-24 by Sri. M. Thimma Reddy, Convenor, People's Monitoring Group on Electricity Regulation, Hyderabad-500 048.

5.1	<p>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.</p>	<ul style="list-style-type: none"> • Unit-IV (Last unit) of BTPS was commissioned on 09.01.2022 (i.e., FY 21-22). Hence, all the four units of the station are operationalized from FY2022-23. • In the initial years the expenditure was low as the unit was under the warranty period. Subsequently, Hon'ble TGERC allowed the O&M expenses based on initial years actual expenditure. Hence the allowed O&M expenditure was very less. In True-up of FY 2023-24, actual expenditure as per audited annual accounts was claimed. • In the absence of base expenditure of a full year for projections, Hon'ble Commission has provisionally approved O&M expenses of Rs.169.55 Cr. in Mid-Term Review Order. However, actual O&M expense incurred is Rs.439.46 Cr. It is justifiable due to below mentioned reasons: • As per clause No.35(1)(1) CERC Regulations 2019, Normative O&M expenses of thermal generation stations of 250MW series is Rs.37.84 Lakhs/ MW were allowed by the commission. If same were considered for BTPS the Normative O&M Expenses would have been Rs.408.672 Crs. The Normative O&M expenses allowed by the CERC is exclusive of Security expenses and water charges, Whereas, BTPS O&M Expenses claimed is of Rs.439.46
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Objections/Suggestions raised on True-up Petition for the FY 2023-24 by Sri. M. Thimma Reddy, Convenor, People's Monitoring Group on Electricity Regulation, Hyderabad-500 048.

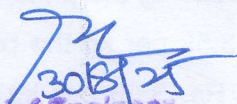
		<p>Cr. at actuals as per Annual Accounts.</p> <ul style="list-style-type: none"> Further, O&M expenses approved by the commission for the FY 2023–24, with similar capacity TGGENCO Thermal stations viz., KTPS V & VI (1000 MW) – Rs. 391.40 Cr. and KTPP I & II (1100 MW) –Rs. 358.57 Cr. Thus, the impact of variance in O&M Cost of BTPS is Rs. 269.91 Cr., in the overall variance.
5.2	<p>BTPS's energy charges increased from Rs. 3.31 per unit to 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 approved heat rate. The 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.</p>	<p>BTPS Normative energy charges computed considering the actual values of Coal price, Oil price, GCV and Normative operating parameters viz., Auxiliary Consumption, Gross Station Heat Rate and Secondary Fuel Consumption. Actual energy charges computed considering the actual operating parameters, coal rate, oil rate and GCV for True-up of FY 2023-24.</p> <p>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.</p> <p>BHEL is a Maharathna Central PSU and has expertise in establishment of Thermal Power Stations across the country and also is the sole manufacturer of BTG in the Govt Sector.</p> <p>As per clause 3.13.2 of TGERC Regulation 1 of 2019, the True-up</p>

Objections/Suggestions raised on True-up Petition for the FY 2023-24 by Sri. M. Thimma Reddy, Convenor, People's Monitoring Group on Electricity Regulation, Hyderabad-500 048.

		shall be a comparison of the actual operational and financial performance vis-à-vis the approved forecast.
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 the price claimed by TGGENCO for this plant was Rs. 3.59 per kg. Apart from BTPS and RTS-B all other 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.	ECR approved by the commission are provisional. Variation in fuel prices shall be adjusted based on the actual price of coal in accordance with the provisions under clause 21.10 & 21.11 of regulations No.1 of 2019. 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 issued by SCCL.
6	Fixed charges of Nagarjuna Sagar HES also were 31.66% higher than approved by the Commission and the same needs to be scrutinized.	Major variation in fixed charges of Nagarjuna Sagar are on account of O&M Expenses of Rs.78.78 Crore out of which Rs. 73.47 Crore is on account of Employee Expenses due to PRC-2022 impact and other provisions.
7	TGGENCO claimed Rs. 1,093.52 Crore towards true up charges for FY 2023-24 (Part 13). At the same time, it brought down actual claim to Rs. 723.32 Crore after sharing gains and losses (Part 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.	The Form-16 is a part of Tariff Formats communicated by Hon'ble Commission along with TGERC Regulation 2 of 2023. Accordingly, the consolidated Form-16 is enclosed in Volume-3 of True-up petition at Page No.161.

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8	The petition did not mention whether TGGENCO received the late payment surcharge (LPS) from TGDISCOMs. If it had received LPS the same shall be deducted from the true up amount.	TGGENCO did not collected any Late Payment Surcharges from its beneficiaries.
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 30/8/23
 Chief Engineer
 Coal & Commercial
 TGGENCO, V.S. Hyderabad-82.