

To
The Secretary
Telangana Electricity Regulatory Commission
Sy.No.145-P, Vidyut Niyamtran Bhavan
Kalyan Nagar, GTS Colony, Hyderabad

March 18, 2025

Respected sir,

Sub : Submission of objections and suggestions in OP No.25 of 2025 and IA No.9 of 2025 filed by TGGENCO for ARR for the FY 2025-26 and condonation of delay in filing the petition, respectively.

With reference to the public notice dated 4.3.2025, inviting submission of objections and suggestions in the subject petitions, we are submitting the following points for the consideration of the Hon'ble Commission:

- 1. In the subject petitions, TGGENCO has sought approval of the Hon'ble Commission to its proposals of aggregate revenue requirement for FY 2025-26, as determined in the MYT order for the 5th control period dated 28.10.2024. Since the fixed and variable charges for the projects of TGGENCO were determined for the next financial year in the MYT order less than five months back, it may not be necessary to change them now. However, some aspects need to be re-examined by the Commission.**
- 2. In the subject petition, TGGENCO has claimed Rs.1489.46 crore towards additional pension bonds. This is a legacy of unbundling of the erstwhile APSEB in the undivided Andhra Pradesh, as a part of reforms, subsequent tripartite agreement for division of assets, liabilities and personnel between generation, transmission and distribution entities, and orders being given by the ERCs every year allowing interest on pension bonds as pass through. After bifurcation of A.P., too, this trend has been continuing in both the Telugu States. It is a standard practice that pension funds have to be maintained from the contributions of the Management and employees and used appropriately to earn interest thereon. Since the erstwhile APSEB used those funds for other purposes, without accounting for the same, as a part and parcel of the first transfer scheme, after revaluation of assets of all the power utilities of GoAP in the undivided Andhra Pradesh, the first APERC allowed pension liabilities and interest on pension bonds to be collected from consumers and subsequent Commissions also have been following the same pattern. On my submission earlier, APERC wrote a letter to the government to consider taking over of pension liabilities by GoAP to settle the issue once for all, but there has been no response. As a part and parcel of bifurcation of A.P., power utilities of Telangana inherited those arrangements relating to pension funds and TGERC also has been following the approach of APERC to allow the same as pass through to be collected from consumers. It is nothing but penalising the consumers for the failures of the erstwhile APSEB and governments. That the government should take over liability of pension bonds is one of the points in the tripartite agreement. With or without**

that point, imposing the burdens of pension bonds on the consumers is irrational and unfair. I request the Hon'ble Commission not to allow the claimed amounts of pensions bonds as pass through, but to direct TGGENCO, the DISCOMs and TGTRANSCO, to claim the same from the government.

3. True-up petitions for 2023-24 for generation business, true-up petition for 2023-24 for integrated coal mine and proposal of revised input price of coal supplied from integrated mine Tadicherla-1 coal block for the next financial year would be filed separately, GENCO has informed. In other words, additional burdens are in store for the consumers. Delay in filing the three petitions would lead to under-estimation of the ARR of GENCO for the FY 2025-26 and the impact of the same cannot be factored in the ARR of TGDISCOMs for the next financial year. Had they been decided and factored in the ARR of DISCOMs for 2025-26, in view of the proposal of the DISCOMs, obviously, at the behest of GoTS, not to hike tariffs to all categories of consumers, the additional burden that would arise on account the said three petitions would not have been imposed on the consumers as a part and parcel of retail tariffs for the next financial year. Filing these three petitions later would lead to claims of true-up by GENCO and the additional claims as approved by the Commission would be included in the true-up claims of DISCOMs later and imposed on the consumers.

Thanking you,

Yours sincerely,

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