



నార్తర్న్ పవర్ డిస్ట్రిబ్యూషన్ కంపెనీ ఆఫ్ తెలంగాణ లిమిటెడ్  
NORTHERN POWER DISTRIBUTION COMPANY OF TELANGANA LIMITED

(A Govt. of Telangana Undertaking) CIN:U40109TG2000SGC034119

From  
Chief Engineer,  
IPC & RAC, TGNPDCL,  
Corporate Office, Vidyuth Bhavan,  
HANUMAKONDA, WARANGAL

✓ To  
The Commission Secretary,  
TGERC, Vidyut Niyantrantran Bhavan,  
G.T.S. Colony, Kalyan Nagar,  
HYDERABAD 500 045.

Lr. No.CE(I&R)/GM(I&R)/DE(RAC)/TGNPDCL/WGL/F.32/D.No. 276/25, Dt:02.01.2026.

Sir,

**SUB :-** TGNPDCL/WGL – Additional information on the filed petitions of True-up for FY 2024-25 and Revised Distribution ARR & Wheeling Tariff Proposals for FY 2026-27 of Distribution Business of DISCOM – Submission – Regarding.

**REF :-** Lr.No. TGERC/Secy/F.No.NP.Wheeling/D.No.929/25-26,Dt: 20/12/2025.

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Adverting to the reference cited above, the licensee herewith submits the additional information to the already filed True-up for FY 2024-25 and Revised Distribution ARR & Wheeling Tariff Proposals for FY 2026-27 of Distribution Business and requested to place before the Hon'ble Commission for approval of True-up for FY 2024-25 and Revised Distribution ARR and Wheeling Tariff Proposals for FY 2026-27 of Distribution Business of TGNPDCL.

**Encl:** As above

Yours faithfully,

**CHIEF ENGINEER  
IPC&RAC/TGNPDCL/WGL**



**Additional Information on Distribution Business True-up of FY 2024-25  
and Revised Distribution ARR and Wheeling Tariff Proposals for  
FY 2026-27 of Distribution Business**

**I. True up for FY 2024-25 of Distribution Business:**

1. Audited Accounting Statements for FY 2024-25 (as defined in clause 2.1 (2) of Regulation 2 of 2023) to be submitted in both hard copy and soft copy containing complete linkages to the Notes/Schedules up to Trial Balance (Excel and PDF).

**Reply:-** The Audited Accounting statements for FY 2024-25 in both hard copy and soft copy (Excel and Pdf) are here with enclosed as **Annexure-I**.

2. Excel working sheets (as per prescribed forms in MYT Regulation 2 of 2023) for the True-up filings of FY 2024-25 containing complete linkages (without reference to external files) to be provided.

**Reply:-** The excel working sheets for the True-up filings of FY 2024-25 containing linkages are herewith enclosed as **Annexure-II** (in soft copy).

3. Detailed justification for increase in employee expenses claimed for FY 2024-25.

**Reply:-** The actual Employee expenses for FY 2024-25 as per audited accounts amount to Rs. 2,496 Cr., as against the approved amount of Rs. 2,361 Cr. The increase in Employee expenses is linked to CPI (Consumer Price Index) inflation. Therefore, the escalation in Employee Expenses has occurred on account of inflation.

Further, The Terminal benefits expenses for FY 2024-25 has increased in comparison with FY 2023-24. The Licensee has undertaken Actuarial Valuation towards Pension and Gratuity Provisions and Final EL Encashment obligations in respect of Employees who have retired or due to retire. Accordingly, the Pension Contribution has been accounted and approved based on the Actuarial Valuation report. This has resulted in an increase in the provision towards terminal benefits expenses.

The Hon'ble Commission has approved Employee cost for FY 2024-25 by applying escalation on the average of the true-up expenses for the immediate preceding control period, and this if further escalated for 3 years as per clause No. 81 of Regulation No. 2 of 2023. However, the approved amount so derived is lower than the actual expenditure incurred during FY 2023-24.

Further, the methodology specified by the Commission does not consider three aspects viz. (i) the impact of variation in number of employee's year on year, (ii) impact of Pay Revision (iii) impact of the yearly increments of the employees of the licensees.

Hence, the licensee humbly requests the Hon'ble commission to allow the actual employee cost of Rs. 2,496 Cr., for FY 2024-25 as per audited accounts in the true up calculations.

4. Scheme wise details of opening balance of total loan, addition of loan during the year; repayment of loan during the year, closing balance of loan, and interest paid during the year for FY 2024-25 as per audited accounts.

**Reply:-** The scheme wise details of opening balance of total loan, addition of loan during the year, repayment of loan during the year, closing balance of loan, and interest paid during the year for FY 2024-25 as per audited accounts is herewith enclosed as **Annexure-III**.

6. Clarification for including the Equity portion of Rs. 26.00 Crs of fully depreciated assets in calculating interest and Finance Charges on loans and also basis for arriving fully depreciated assets as per audited accounts, justification for considering equity of portion on fully depreciated assets as per regulation to be provided.

**Reply:-** The fully depreciated assets up to FY 2023-24 is Rs.3,092.07 Cr. and up to FY 2024-25 is Rs. 3,264.77 Cr. as per SAP report. The difference between FY 2024-25 and FY 2023-24 fully depreciated assets Rs. 172.70 Cr. considered the during the year fully depreciated assets and the excluding salvage value (90%-75%) equity portion Rs. 26 Cr. (172.70\*15%) including in calculating interest and Finance Charges on loans and the justification for considering equity of portion on fully depreciated assets as per regulation provided as **Annexure-IV**.

7. Justification for claiming interest on Staff Loans, Advances and Security Deposits, bank guarantees forfeited amount under Non-Tariff income as expenses instead of claiming it as income.

**Reply:-** Security deposits/Bank guarantees which were forfeited previously due to non-fulfilment of Purchase order conditions (i.e. guarantee, warranty period) was treated as revenue in earlier FY 2023-24. After fulfilment of the conditions, Security deposits and Bank Guarantees amount released in current FY 2024-25. Hence it was shown as debit balance. Interest on staff loan Rs. 0.01 crore debit balance is due to reversal of accrued interest which was created in the previous years is now rectified. Hence the balance is showing as debit.

## **II. True up for FY 2024-25 of Distribution Business:**

1. Excel sheets of MYT forms with proper linkages between sheets (without reference to external files).

**Reply:-** The excel sheets of MYT forms are here with enclosed as **Annexure-V** (in soft copy).

2. TGNPDCL claimed Rs. 78 Crores towards GMSPV (Solar) (under Additional Capex) as part of Capital Investment Plan for FY 2026-27 of 5th Control period, which is over and

above the plan approved in MYT order issued by the Commission vide OP No. 13 of 2024 dated 28.10.2024. in this regard, following to be submitted by TGNPDCL.

- i. Detailed justification for claiming Additional capex of Rs. 78 crores for GMSPV (Solar) under distribution business.
- ii. Status of approval of GMSPV (Solar) proposal by the Government of Telangana or any statutory authority.
- iii. Investment scheme details in line with requirement of clause 7.6 and 7.7 of Regulation 2 of 2023.
- iv. Documentary evidence demonstrating that the proposed GMSPV (Solar) scheme is a least – cost option, as required under clause 80.2 of Regulation 2 of 2023.

**Reply:-**

- (i) The proposed additional capital expenditure of Rs. 78 Crores towards Grid-connected Micro/Sub-station Level Solar Photo Voltaic (GMSPV) systems is justified on the following grounds:

- To reduce technical losses by injecting power at distribution/sub-station level, thereby minimizing HT/LT network losses.
- To meet the increasing daytime demand locally, especially in urban and semi-urban areas with high feeder loading.
- To support Renewable Purchase Obligation (RPO) compliance and align with State and National renewable energy policies.
- To improve voltage profile and reliability of supply by reducing dependency on upstream power procurement during peak solar hours.

Hence, the additional capex is proposed over and above the approved MYT plan for the 5th Control Period.

- (ii) The Government of India has approved and issued instructions to NPDCL vide F. No. 32/54/2018-SPV Division, Ministry of New & Renewable Energy, dated 23.01.2023. As per the approval, the SIA shall comply with all terms and conditions stipulated in the PM-KUSUM Scheme Guidelines issued vide Order No. 32/645/2017-SPV Division dated 22.07.2019, including subsequent amendments, and the Feeder Level Solarization Guidelines issued vide Order No. 32/645/2017-SPV Division dated 04.12.2020.

The annual power requirement of each agriculture feeder shall be assessed by the SIA, and a suitably sized solar power plant shall be installed under CAPEX or RESCO mode to meet the requirement. For CFA calculation, the benchmark cost is ₹3.5 crore/MW, with 30% CFA (₹1.05 crore/MW). Tendering shall be completed within six months from the date of MNRE sanction, and commissioning by the RESCO developer shall be completed within nine months from the date of PPA signing. The SIA shall submit progress and completion reports on the PM-KUSUM online portal.

(iii) The GMSPV investment scheme conforms to Clauses 7.6 and 7.7 of Regulation 2 of 2023, as detailed below:

- Clear identification of scheme objectives, scope, and deliverables.
- Phased implementation plan with defined timelines during FY 2026-27.
- Estimated capital cost supported by benchmark rates and recent tender data i.e., less than ₹3.5 crore/MW, as per MNRE Sanction.
- Funding proposed through internal accruals/approved borrowings from PFC as per regulations.
- Anticipated operational life, depreciation, and impact on ARR duly assessed.

(iv) In compliance with **Clause 80.2 of Regulation 2 of 2023**, the following aspects establish GMSPV as a least-cost option:

- Comparative analysis between centralized power procurement and distributed solar generation indicating savings in power purchase cost and loss reduction.
- Avoided network augmentation cost due to localized generation.
- Reduction in marginal cost of supply during daytime peak hours.
- Benchmark capital cost comparison with alternative technologies.

Supporting documents, cost-benefit analysis, and technical evaluation reports are herewith enclosed to substantiate the least-cost criterion as **Annexure-VI**.

3. TGNPDCL has proposed Rs. 17 crores under UG Cable works for FY 2026-27, against the total project cost of Rs. 27.76 crores already approved by the Commission vide Lr.No.E/ F.No. E-824929/D.No.691, Dt: 18.09.2025 for Madhira Town. Justification for proposing Rs. 17 crores in FY 2026-27 and plan for incurring the remaining Rs. 10.76 crores.

**Reply:-** The Hon'ble Commission has approved a total project cost of **₹27.76 crore** for UG cable works in Madhira Town. Out of this, **₹10.76 crore** was incurred during **FY 2025-26** towards procurement of departmental materials required for execution of the works. The remaining **₹17.00 crore** is proposed during **FY 2026-27**, based on a realistic assessment of execution capability, procurement timelines, and a phased implementation strategy, including road restoration, service connections, and associated infrastructure balance department materials.

4. TGNPDCL to furnish the basis for interest rate claimed for FY 2026-27 as 10.76%, including loan wise break-up, sanction copies, approved interest rates, rate revision circulates, repayment schedules, etc.

**Reply:-** The licensee has computed the interest rate for FY 2026-27 by considering the actual long term loan portfolio of FY 2024-25. The FY 2024-25 interest rate has been determined by considering the average of opening balance and closing balance of FY 2024-25 of the long term loans and taking the weighted average interest rate from each source of the loan from the respective lending agency and arrived the actual long term loans interest rate for FY 2024-25 is 10.26% and the interest rate projections for FY 2026-27 is 10.76% basis arrived average of the actual interest rate 10.26% and latest long term loan interest rate 11.25%. The interest rate claimed for FY 2026-27 as 10.76% working and the

long term loan received from REC Ltd. sanction copy are herewith enclosed as **Annexure-VII and Annexure-VIII** respectively.

5. Clarification for including the Equity portion of Rs. 26 Crs of fully depreciated assets in calculating interest and Finance Charges on loans and also basis for arriving fully depreciated assets as per audited accounts.

**Reply:-** The fully depreciated assets up to FY 2023-24 is Rs.3,092.07 Cr. and up to FY 2024-25 is Rs. 3,264.77 Cr. as per SAP report. The difference between FY 2024-25 and FY 2023-24 fully depreciated assets Rs. 172.70 Cr. considered the during the year fully depreciated assets and the excluding salvage value (90%-75%) equity portion Rs. 26 Cr. ( $172.70 \times 15\%$ ) including in calculating interest and Finance Charges on loans and the justification for considering equity of portion on fully depreciated assets as per regulation provided as **Annexure-IV**.