

To

The Secretary

Telangana Electricity Regulatory Commission

Sy. No.145-P, Vidyut Niyantran Bhavan

Kalyan Nagar, GTS Colony, Hyderabad

January 29, 2026

Respected sir,

Sub : Submission of objections and suggestions in OP No.48 of 2025 in I.A.No.35 of 2025, OP No.59 of 2025 in I.A.No.36 of 2025 and OP No.82 of 2025 of TGSPDCL and OP No.56 of 2025 in I.A.No.33 of 2025, OP No.57 of 2025 in I.A.No.34 of 2025 and OP No.81 of 2025 of TGNPDCL for true-up of power purchase costs and revenue variations for the years 2022-23, 2023-24 and 2024-25 for their retail supply business

With reference to the public notice dated 10.1.2026, we are submitting the following points on the subject issues for the consideration of the Hon'ble Commission:

1. TGSPDCL and TGNPDCL have sought net true-up/true-down for power purchase of the following claims for their retail supply business as given hereunder:

DISCOM	2022-23	2023-24	2024-25 (Rs. Crore)	Total
SPDCL	4103.61	7109.45	2906.10	14119.16
NPDCL	2779.00	1923.48	593.03	5295.51
Total				19414.67

The above true-up claims are after adjusting true-up claims of Rs.811.38 crore and Rs.409 crore in the retail supply tariff orders for 2022-23 and 2023-24 and claims for true-down amounts.

2. Both the DISCOMs have shown market purchases of power as given hereunder:

Market purchases	2022-23	2023-24	2024-25 (MU)	Total
	9404	9895	20870	40169

The trend of market purchases has been continuing. In their petitions for ARR for 2026-27, the DISCOMs have estimated market purchases of 16329 MU for 2025-26 and projected 14332 MU for 2026-27.

The reasons given by the DISCOMs for such market purchases at abnormal level are lesser generation of power by several power projects with whom they had long-term power purchase agreements. But how projections for availability of power, requirement, surplus/deficit, and need for market purchases continued to be made by the DISCOMs and determined by the Commission every financial year are not explained. Similarly, how projections of fixed and variable costs continued to be made by the DISCOMs and determined by the Commission every financial year unrealistically are not explained.

- 3. The DISCOMs, having maintained that they have sought and got permission of the state government for filing their subject petitions for true-up, have admitted, by implication, that they could not file the true-up petition for each FY in time, because they could not get nod from the government, notwithstanding the other reasons trotted out by them which are unconvincing and untenable. Such impermissible delays in submitting their true-up claims are not in the interests of the DISCOMs and their consumers. The DISCOMs have maintained that “efforts should be made by all the stakeholders involved to reduce such true ups of costs in business-as-usual scenarios. Higher true up costs will have an adverse effect on both the performance of utility (as the gap has to be funded through short term sources) and customers (tariff increases to recover such gaps with carrying costs). This leads to reduced financial capacity of the utility to raise long term finances at competitive rates. Current true ups and the carrying costs have to be borne by customers for future energy procurement.” Therefore, the elements of political exigencies of the party-in-power in getting the true-up petitions to be filed by the DISCOMs delayed abnormally, especially, during the pre-election period, cannot be ruled out. That the Hon’ble Commission has taken up the subject petitions for consideration, calling for objections and suggestions from the interested stakeholders, implies that it has condoned the delay. If not condoned the delay, what action the Hon’ble Commission would take for the impermissible and abnormal delay in filing the subject petitions is to be seen.**
- 4. Though the DISCOMs have submitted, with a request to the Hon’ble Commission to address a letter to the Energy Department, Government of Telangana, to extend financial support to them and arranging payment of True-up amounts, without passing the burden on the consumers and pass necessary orders as deemed fit, their claims for true-up amounts should be subjected to regulatory prudence check to determine their permissibility. When the DISCOMs have admitted that they have got the belated permission of the state government to file the subject petitions, it implies that they have got the permission or direction of the government not to collect the claimed true-up amounts from their consumers. Had they got such a consent from the state government, the DISCOMs should have submitted the same to the Hon’ble Commission categorically. Then, why are the DISCOMs shifting the onus of seeking**

financial support required from the state government to the Hon'ble Commission? If the state government does not provide the financial support fully to meet requirement of true-up claims of the DISCOMs to the extent the Commission determines as permissible, what necessary orders the DISCOMs are expecting from the Hon'ble Commission? What do the DISCOMs mean when they have requested the Hon'ble Commission "to pass any other order as the Hon'ble Commission may deem fit and appropriate under the circumstances of the case and in the interest of justice"?

- 5. The DISCOMs have not provided details pertaining to backing down of thermal power stations and whether market purchases were made when backing down was effected. We request the Hon'ble Commission to examine the following points, among others, relating to the reasons given by the DISCOMs for purchase of abnormal quantum of power in the market and through exchanges:**
 - a) For the subject three FYs, details of energy backed down from thermal power stations and fixed charges paid therefor.**
 - b) What are the details of availability of power, surplus/deficit as projected by the DISCOMs, determined by the Commission and actual FY-wise for the subject three years.**
 - c) The DISCOMs have shown the impact of market purchases as Rs.4030 crore for 2022-23, Rs.4762 crore for 2023-24 and Rs.7216 crore for 2024-25. Average cost per unit of market purchases works out to Rs.6.53 for 2022-23, Rs.5.35 for 2023-24 and Rs.4.06 for 2024-25. The prices approved by the Commission for the three years against the quantum of market purchases approved by it work out to Rs.3.30, Rs.3.49 and Rs.3.96 per unit for the three FYs, respectively. This variation clearly confirms that prices for purchase of power in the market and through exchanges have been underestimated. The energy to be purchased in the market as approved by the Commission is 2172 MU, 1505 MU and 3198 MU for the three FYs, respectively. As a result, the lion's share of true-up claims for the years 2022-23 and 2023-24 is on account of market purchases at higher prices.**
 - d) Dispatch of energy has come down from 78361 MU approved by the Commission to 73121 MU, including market purchases, for 2022-23, from 84156 MU to 78460 MU for 2023-24 and from 84403 MU to 82595 MU for 2024-25. DISCOMs have shown drastic decrease in dispatch of energy from the thermal stations of TGGENCO, central generating stations and others, without explaining the**

reasons for the same. It needs to be made clear and examined whether the decrease in dispatch has been due to failure of the thermal power stations to declare availability of power at threshold levels of PLF or instructions given for backing down their capacities.

- e) The DISCOMs have attributed lower generation of power to “overall delay in commissioning of Telangana STPP” of NTPC and “the delay in commissioning of the YTPS plant” of TGGENCO, among others. Did the DISCOMs claim and get any penalties/liquidated damages from such plants for delay in commissioning, thereby leading to avoidable burdens of market purchases additionally?
- f) The DISCOMs have maintained that the considerable short-term power purchase was considering zero dispatch from SEIL-2 and CSPDCL. There is no explanation as to why there has been zero dispatch from these two plants.
- g) The DISCOMs have submitted that overall fixed costs have come down by 2% for 2022-23, 8% for 2023-24 and 10% for 2024-26, compared to what were approved by the Commission. It is obvious that such a reduction of fixed costs was offset due to increase in variable costs and other costs.
- h) The DISCOMs have explained that, for thermal stations, at the time of issuance of order, the cost assumptions considered by the Hon’ble Commission were provisional, but due to increase in cost of coal, freight, royalty and levy of green cess, the variable cost of thermal stations has increased. However, with the decrease in quantum of power procurement of these stations, the overall variable cost has decreased proportionately, the DISCOMs have explained. For the subject three FYs, the DISCOMs have given the same reasons for increase in variable costs. However, there is no explanation as to when cost of coal, freight, royalty and levy of green cess came into force and whether impact of such increases was projected and considered in determining cost of power purchase for subsequent FYs in the retail supply tariff orders issued by the Commission needs to be explained.
- i) The DISCOMs have shown miscellaneous charges of Rs/2494 crore for 2022-23, Rs.114 crore for 2023-24 and Rs.200 crore for 2024-25 towards water charges, UI-SRSP/deviation charges, reactive charges, wheeling KPTCL and reactive KPTCL charges. Their permissibility needs to be determined, after subjecting them to prudence check.

- j) The DISCOMs have shown increase in per unit cost of NCE from Rs.4.27 approved by the Commission to Rs.4.78 for 2023-24 (Rs.184 crore) and from Rs.4.33 approved by the Commission to Rs.4.48 for 2024-25 (Rs.204 crore). The DISCOMs have to explain how did the tariffs for NCE increase, as claimed by them.
6. The DISCOMs have shown additional interest on pension bonds increased/decreased by Rs.1307 crore for 2022-23, -Rs.211 for 2023-24 against Rs.1379 crore approved by the Commission and –Rs.137 for 2024-25 against Rs.1388 crore approved by the Commission. We have been repeatedly submitting to successive Commissions to reject claims of DISCOMs, TRANSCO and GENCO for pension liabilities and direct them to seek the same from the state government for very valid reasons elaborated in our earlier submissions, but to no avail. The Hon'ble Commission, in directive No.24 in RSTO for 2025-26, directed the DISCOMs “to change the nomenclature from “interest on pension bonds” to “Additional pension liability” in subsequent filings. Whether this innovative approach of changing nomenclature would make any material difference, as far as imposing all such burdens on consumers of power, much less justifying imposition of that burden on consumers, is inexplicable, if it is not like rechristening tweedledee as tweedledom.
7. Compared to the abnormal quantum of market purchases of power being made by the DISCOMs every FY, sale of surplus power is insignificant and unremunerative for the simple reason that surplus power as per the principle of merit dispatch is of higher cost. In the face of projection of availability of abnormal quantum of surplus power every FY by the DISCOMs, purchase of abnormal quantum of power in the market shows: i) continued failure to ensure balance between demand curve and power mix to the extent technically possible to see that unwarranted surplus/deficit is limited to prudent levels by entering into long-term PPAs with thermal, RE and other power stations prudently. ii) Notwithstanding the claims of the DISCOMs that “they would be making enormous effort to procure power from long term sources”, failures and helplessness at politico-bureaucratic level in the face of delay in execution of power plants with whom the DISCOMs had PPAs and lesser generation and supply of power and avoidable legal litigations that arose as a result of their hasty and imprudent decisions in entering into long-term PPAs, etc. That the trend of availability of generation capacity and projection of surplus power abnormally, even exceeding 5% reserve margin, is continuing is evident from the estimates made for 2025-26 and projections made for 2026-27. Till such imbalances are corrected over a period of time, avoidable burdens would continue to be imposed on the

consumers for the failures of commission and omission of politico-bureaucratic and regulatory dispensations, without any accountability.

8. Unrelated to the contracted capacity, transmission charges, primarily inter-state transmission charges of PGCIL, have been increased by Rs.857 crore for 2022-23, Rs.737 crore for 2023-24 and Rs.199 crore for 2024-25. This is due to the irrational and imbalanced GNA regulations and orders of CERC against which petitions filed before appellate authorities by DISCOMs of some of the states are pending. What role TGDISCOMs are playing to contest the regulations and orders of CERC to protect larger consumer interest?
9. While the energy dispatched has come down from the quantum approved by the Commission, the cost of power purchase has increased for the subject three FYs for the two DISCOMs as given below:

Year	Energy dispatched MU		Difference	Cost of power purchase Rs.cr		Difference
	Approved	Actual		Approved	Actual	
2022-23	78361	73121	5240	40149	47433	7285
2023-24	84156	78460	5606	42311	48895	6584
2024-25	84403	82595	1808	44515	47009	2494

The following points, among others, need to be examined in view of the above variations:

- a) Requirement of power is overestimated. As a result, availability of surplus power is underestimated. The above trends confirm that the estimates of the DISCOMs, TGERC and CEA for demand are turning out to be inflated. Hence, a realistic view has to be taken based on ground realities every FY and projections shown in resources plans be revised periodically. It is all the more imperative to take appropriate decisions when new PPAs are entered into and regulatory consents to the same are given.
- b) Though the overall quantum of power purchase has come down, cost of power purchase has increased. Though overall fixed cost under PPAs in force has come down, variable cost has increased.
- c) Need for market purchase, as well as its cost, is underestimated.

- d) As a result of unrealistic estimates and determination of various elements of variable costs, and abnormal increase in market purchases, true-up claims also have emerged abnormally.
- e) Such unrealistic estimates – overestimation of demand for power and underestimation of availability of power and surplus - have reduced need for subsidy from the government, especially, when the latter has decided not to enhance tariffs, but are leading to claims for true-up abnormally.
- f) Prices paid for market purchases need to be examined unit-wise and month-wise, not on an average per unit, to ascertain their permissibility. It also needs to be examined whether market purchases are made when power is available from sources under PPAs in force by backing the latter and paying fixed charges for the same. It is to be examined whether surplus power when it is available is not required to meet demand. It is all the more necessary to examine these aspects, especially in the light of the claims made by the CMD of TGTRANSCO last year, claiming savings on account of backing down thermal power and purchasing power in the market. A copy of the statement is enclosed. However, in the subject petitions, the DISCOMs have not claimed or shown any savings on account of purchasing power in the market and through exchanges abnormally.
- g) The continuing trend of making market purchases abnormally, even while projecting availability of abnormal quantum of surplus power every FY, and its implications need to be analysed in detail and corrective steps be taken to arrest such an unwarranted trend.
10. Though dispatch of energy has come down vis a vis what is determined by the Commission in the RSTOs, revenue on sale of power has decreased/increased vis a vis what is determined in the RSTOs for two FYs as given below:

DISCOM	Year	Revenue in Rs.cr.		Difference
		Approved	actual	
SPDCL	2023-24	34124.16	31788.7	2335.45
	2024-25	34108.22	34304.12	-195.90
NPDCL	2023-24	9086.15	8973.67	113.48
	2024-25	9139.59	9742.56	-602.97

If supply of power exceeds to categories of consumers who provide cross-subsidy increases and to subsidized consumers decreases, then revenue on sale of power to the DISCOMs increases vis a vis what is determined in the RSTOs and vice versa.

Therefore, the DISCOMs have to give details of actual sales and revenue category-wise and slab-wise to substantiate their claims. Unrealistic estimates of demand for power by various categories of consumers lead to variations in revenue, thereby distorting estimates of revenue requirement, revenue deficit, need for subsidy from the government and/or tariff revision, later leading to claims for true-up/true-down.

- 11. The DISCOMs have submitted that “it is pertinent to mention that the licensee had prayed before the Hon'ble Commission at various junctures to include the impact of supply of 24 hrs agricultural sales in the relevant regulations or review the approved sales viz., Review petition filed by the licensees on Tariff Order for FY17-18 and Petition filed for Amendment to Regulation 4 of 2005. However, the same has been declined by the Hon'ble Commission stating that submissions of the TGDISCOMs would be treated as suggestion/input as and when the Commission initiates the process of adding to or amending or varying regulation.” NPDCL has further contended that it is facing a loss due to purchase of additional energy in order to meet the unanticipated demand from agricultural consumers, which the licensee requests the Hon'ble Commission to approve so that the licensee is not financially burdened unnecessarily. In any case, the DISCOMs have to claim additional subsidy for purchasing additional power in the market to meet demand of agricultural consumers exceeding the quantum of power determined by the Commission in the RSTOs. The additional expenditure incurred by the DISCOMs for supply of power to agriculture, determined by the Commission in the RSTOs and supplies exceeded by the DISCOMs, should not be clubbed with additional expenditure incurred for non-agricultural consumers in the overall true-up claims being made by the DISCOMs.**
- 12. We request the Hon'ble Commission to examine the above-mentioned points, among others, and issue its orders after prudence check of the claims of the DISCOMs, directing the latter to seek and get financial support from the state government for their true-up claims for the subject period as approved by the Commission. We also request the Hon'ble Commission to explore the ways to avoid or reduce scope for true-up claims to the extent possible in its regulatory process and direct the DISCOMs on how to make realistic projections, besides being prudent in entering into long-term PPAs and giving regulatory consents to the same to ensure balance between demand curve and power mix to the extent technically prudent.**
- 13. We request the Hon'ble Commission to provide us an opportunity to make further submissions during the public hearing scheduled on 5.2.2026 on the subject issues, after receiving responses of the DISCOMs to our submissions. I also request the Hon'ble Commission to provide me an opportunity to participate in the public hearing through virtual mode and a link for the purpose.**

Thanking you,

Yours sincerely,

M. Venugopala Rao
Senior Journalist & Convener, Centre for Power Studies
H.No.1-100/MP/101, Monarch Prestige, Journalists' Colony,
Serilingampally Mandal , Hyderabad - 500 032

Encl : Copy of a statement of CMD of TGTRANSCO

Copy to:

CMD, TGSPDCL

CMD, TGSPDCL