



# The Federation of Telangana Chambers of Commerce and Industry

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*Empowering Industry, Commerce & Trade*

Registered under the Companies Act, 1956

REGD OFFICE : 11-6-841, Federation House, Federation Marg, Red Hills, Hyderabad - 500004, Telangana, India. Tel : 91-40-23395515, 16, 17 e-Mail : info@ftcci.in ; Website : www.ftcci.in

CIN U91110TG1964NPL001030

**R. Ravi Kumar**  
President

**K K Maheshwari**  
Senior Vice President

**Srinivas Garimella**  
Vice President

FTCCI/Energy/2025-26/309

Date: 16.02.2026

**Comments / Suggestions / Objections of**  
**The Federation of Telangana Chambers of Commerce and Industry**  
**on**  
**Petitions filed by Telangana DISCOMs**  
**for Aggregate Revenue Requirement (ARR) & Tariff Proposals for**  
**Retail Supply Business including Cross Subsidy Surcharge for the FY**  
**2026-27)**

**O.P No. 79 of 2025 (TGNPDCL) and O.P No. 80 of 2025 (TGSPDCL)**

February 16. 2026

## **About the Federation**

The Federation of Telangana Chambers of Commerce and Industry (FTCCI)', formerly known as The Federation of Telangana and Andhra Pradesh Chambers of Commerce and Industry (FTAPCCI), an Association which was started in 1917 as a Chamber of Commerce and currently having its office at the Federation House 11-6-841, Red Hills, FTCCI Marg, Hyderabad 500004, Telangana, India. The main function of the FTCCI is to promote and protect the interests of trade, commerce and industry.

The Southern Power Distribution Company of Telangana Limited (TGGSPDCL) and the Northern Power Distribution Company of Telangana Limited (TNPDCCL) (together referred to as "TG DISCOMs") filed petitions for Filing Aggregate Revenue Requirement (ARR) & Tariff Proposals for Retail Supply Business including Cross Subsidy Surcharge (CSS) for the FY 2026-27.

FTCCI strongly objects to these filings and prays to the Hon'ble Commission that the submissions and objections made herein may be accepted and kindly be considered while approving the ARR & Tariff Proposals for Retail Supply Business including CSS for the FY 2026-27, in the overall interest of stakeholders. FTCCI also prays that it may be permitted to make additional submissions specific to these Petitions and allow to appear in the Public Hearing conducted by this Hon'ble Commission.

The section-wise brief facts, analysis, grounds and point wise objections to the Petition are as follows:

## **Background**

- 1) The Hon'ble Commission has notified the Multi Year Tariff Regulation 2 of 2023 on 30.12.2023, for submission of petition for Filing of Aggregate Revenue Requirement (ARR) for Retail Supply Business & Distribution Business for 5th Control Period.
- 2) The Hon'ble Commission approved the ARR for Retail Supply Business for 5th Control Period for FY 2024-25 to FY 2028-29 and retail Supply Tariff for FY 2024-25 for TG DISCOMs vide Tariff Order dated 28.10.2024.
- 3) Further, the Hon'ble Commission issued the Order for revised ARR of Retail Supply Business and Retail Supply Tariff for TG DISCOMs for FY 2025-26 on 29.04.2025.
- 4) TG DISCOMs have filed this Petition under section 61 of the Electricity Act, 2003 for determination of the Revised ARR and Tariff for the Retail Supply Business for FY 2026-27.

The detailed comments on the Petition filed by TG DISCOMs are provided below:

### **1. Unmetered Energy Sales**

This is to submit that both the TG DISCOMs have claimed significant amount of Unmetered Energy Sales in FY 2026-27 pertaining to Agriculture. In case of TGNPDCL, unmetered Energy Sales claimed in FY 2026-27 are ~45% of the Total Sales while for TGSPDCL unmetered Energy Sales claimed in FY 2026-27 have been ~24% of the Total Sales.

The Telangana Discoms have considered sales for LT V Agriculture as 15,428 MUs in Fy 2026-27 whereas in FY 2024-25 the sales for this category were 15,209 MUS and in FY 2025-26 the sales are expected to be 14,140 Mus. Despite the reduction in energy consumption in this category, high level of growth has been considered. The Energy for LT V category needs to be reduced by around 1,000 Mus and needs to be around 14,500 Mus. Similarly, the sales of at HT-I(A) under HT category 132 kV has been considered as 4,985 Mus in FY 2026-27 in comparison to 6,799 Mus in Fy 2025-26. It has been observed there is increase in sales in this category from 4,552 MUs in FY 2024-25. Thus, the sales in this category in FY 2026-27 needs to be atleast 7,000 Mus. **The discoms are erroneously showing such values for sales to reduce the revenue expected to be generated in FY 2026-27.**

**Reasonable growth must be provided in HT-I(A) under HT category 132 kV while the sales in LT V – Agriculture category should be reduced.**

Further, TG DISCOMs have also considered increase in number of unmetered agricultural connections in FY 2026-27 vis-à-vis actuals existing in FY 2024-25 and as claimed in FY 2025-26. The summary of such unmetered connections is as shown below:

Particulars	FY 2024-25	FY 2025-26	FY 2026-27	Increase % y-o-y	Source
<b>TGNPDCL</b>					
No. of Connections	13,56,715	14,02,289	14,48,079	3%	Form-2
Energy Sales (₹)	9,493	10,568	11,962	13%	Form-4
<b>TGSPDCL</b>					
No. of Connections	14,10,883	15,00,174	15,60,174	40%	Form-2
Energy Sales (₹)	15,209	14,140	15,428	9%	Form-4

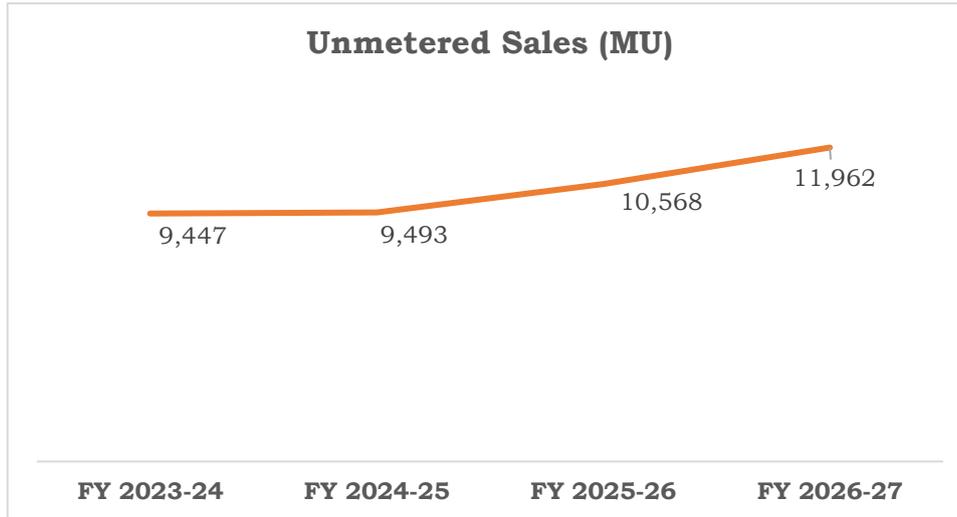
From the above TG DISCOMs **themselves have proposed addition in new unmetered connections in FY 2026-27**. However, this is in violation of the Ministry of Power Electricity (Rights of Consumers) Rules, 2020 dtd. 31/ 12/2020, which states that no connection shall be given without a meter and such meter shall be the smart prepayment meter or pre-payment meter. Relevant extract of the said Rules is as follows:

**"5. Metering — (1) No connection shall be given without a meter and such meter shall be the smart prepayment meter or pre-payment meter. Any exception to the smart meter or prepayment meter shall have to be duly approved by the Commission. The Commission, while doing so, shall record proper justification for allowing the deviation from installation of the smart pre-payment meter or prepayment meter."**

As such, no new unmetered connections shall be given to any category of consumer by the TG DISCOMs. It is pertinent to note that Hon'ble Commission in Tariff Order dtd. 29.04.2025 for Retail Supply Business has already directed the TG DISCOMs to meter the Agriculture consumers and in case non-compliance Commission may develop appropriate methodology for accounting of the unmetered agricultural connections. In this regard, relevant extract of the Commission's Order is as follows:

*"3.4.40 In respect of accounting of unmetered agricultural connections, several stakeholders have raised several concerns. Having considered the reply given by the TGDISCOMs as per the regulatory framework in respect of methodology adopted for unmetered agricultural connections, this Commission is of the opinion that though the ISI methodology to account for unmetered connections is not foolproof and that the metering of Agricultural feeders may give close data, however both the methods will not provide accurate data. Further, ASCI has also reported that the consumption of power for agriculture under ISI methodology has been provided at far less consumption level than actuals. Therefore, as long as there is no proper alternative methodology available before the Commission, the ISI methodology which is approved by this Commission has to be considered for calculation of unmetered agricultural connections. **However, this Commission has taken into consideration the concerns of the stakeholders and will try to evolve an appropriate methodology for accounting of the unmetered agricultural connections.**"*

However, the unmetered Agriculture Sales as claimed for FY 2026-27 have been estimated to increase by around 13% over the Agriculture Sales in FY 2025-26.



FTCCI humbly request the Hon’ble Commission to take this issue as a matter of concern as Distribution Losses, Metering, Billing and Collection are controllable parameters on the part of DISCOMs. Inefficiencies on account of DISCOMs should not be allowed to be passed through in ARR. Due to lack of metered connections and huge unmetered Sales, Proper accounting and actual Distribution losses cannot be ascertained. Thus, the inefficiencies of TG DISCOMs are borne by honest metered consumers in the State.

As for LT Agriculture sales estimation, in the Tarif order dated 28/10/2024 (Section 4.1.5, pp108), Hon’ble TGERC has laid out a procedure it has used for agriculture consumption estimation. This was based on calculating the specific consumption of pumpsets (Units/hp/year) based on historical data and using the connected load increase (due to new connections) to project sales. TGNPDCL petition mentions that connected load is used for projections. Table 1 gives the details of the number of connections, contracted demand and agriculture sales for TGNPDCL for FY24 (Actual), FY 25 & FY26 (Estimates) and FY 27 (Projected).

Detail	FY24 Act	FY25 Est	FY26 Est	FY27 Proj
Agriculture connections	13,18,401	13,56,715	14,02,289	14,48,079
<b>Annual Growth Rate %</b>		<b>2.9</b>	<b>3.4</b>	<b>3.3</b>
Agr Contracted Demand MW	4,993	5,143	5,369	5,538
<b>Annual Growth Rate %</b>		<b>3.0</b>	<b>4.4</b>	<b>3.2</b>
Agriculture Sales MU	9,447	9,493	10,568	11,962
<b>Annual Growth Rate %</b>		<b>0.5</b>	<b>11.3</b>	<b>13.2</b>

**Table 1: Agriculture sales trends in TGNPDCL (from NPDCL Petition and RSF Forms)**

It can be seen that there is a good correlation between the growth rates of number of connections and contracted demand – both are in the range of 3-4%. But the sales growth rate is only 0.5% between FY24 and FY25, but much higher for subsequent years, without any correlation to connections or demand. **TGNPDCL to provide clarification on this, specifically on how the FY26 to FY27 growth rate was arrived at.**

Table 2 provides similar data for TGSPDCL.

Detail	FY24 Act	FY25 Est	FY26 Est	FY27 Proj
Agricultre connections		14,10,883	15,00,174	15,60,174
<b>Annual Growth Rate %</b>			<b>6.3</b>	<b>4.0</b>
Agr Contracted Demand MW		5,247	5,644	6,122
<b>Annual Growth Rate %</b>			<b>7.6</b>	<b>8.5</b>
Agriculture Sales MU	15,707	15,209	14,140	15,428
<b>Annual Growth Rate %</b>		<b>-3.2</b>	<b>-7.0</b>	<b>9.1</b>

**Table 2: Agriculture sales trends in TGSPDCL (from SPDCL Petition and RSF Forms)**

While growth in connections and demand are correlated, it can be seen that there is no correlation of these with sales. Surprisingly, Table with historical sales in Section 3.1.2 of SPDCL petition gives 15,707 MU as the LT Agriculture sales in FY24 as well as in FY23, which we hope is not a typo. **We request SPDCL to provide clarification on this, specifically on how the FY26 to FY27 growth rate was arrived at.**

Further, it has been observed that as per CEA Report on "Status of Metering in the Country", only **18% of the Rural Distribution Transformer (DT)** in case of TG South DISCOM and **41% of the Rural DT** of TG North DISCOM are metered as on 31.03.2025. In the past, Hon'ble TGERC has repeatedly directed TG DISCOMs to achieve 100% of the Agricultural DTR Metering, however, TG DISCOMs have failed to meter all Agricultural DTs. In this regard, relevant extract of the Commission's Tariff Order dtd. 29.04.2025 for Retail Supply Business is as follows:

*"3.4.41 ... This Commission is in agreement with the submissions of the TGDISCOMs that achieving of 100 % metering of the agriculture DTR's cannot be completed overnight. Further, the TGDISCOMs have also submitted that they have addressed letter to GoI that they are ready to join RDSS scheme and are awaiting clearance of the cabinet and at the Central Government. **This Commission is of the view that once the state DISCOMs join RDSS scheme, the situation in respect of DTR metering of agriculture connections may improve.***

...

3.5.20 Regarding agricultural consumption, the Commission has considered the concerns raised by stakeholders and members of the State Advisory Committee (SAC). Taking their suggestions into account, **the Commission will conduct a detailed review of the calculation method and issue clear directions to improve the process of estimating agricultural sales.**

3.5.21 As rightly pointed out by stakeholders the T&D losses are huge in the TGDISCOMs when compared to the national average. However, there is no approved data to conclude that TGDISCOMs are adjusting the energy losses in Agricultural consumption. Admittedly there could be transmission and commercial losses for variety of reasons. At the same time there **could be a possibility of showing some of the energy losses in the Agricultural consumption. Therefore, unless the Agricultural consumption is properly audited, true figures in respect of T&D losses of the DISCOMs cannot be found out.** Since the TGDISCOMs have already submitted that they have given consent to join the RDSS and are also trying to evolve the methodology of calculating the agriculture consumption without actually fixing the meters to the agriculture motors, **the situation is likely to improve in the coming financial year."**

As above, Hon'ble Commission categorically directed the TG DISCOMs to improve the prevailing agriculture DT Metering, however, there has been no improvement in the same and still existing huge unmetered rural DTs. Further, the DISCOMs have not taken the directions issued by the Hon'ble Commission in a serious way and adopting lackadaisical approach the DISCOMs themselves have projected addition in unmetered agriculture connections in FY 2026-27.

**In view of the above, FTCCI submits before the Hon'ble Commission to take this matter as a serious concern and penal action u/ s 142 of Electricity Act, 2003 may be taken for non-compliance with the directions of the Commission by the TG DISCOMs.**

**Further, FTCCI requests the Hon'ble Commission to consider the Agriculture Energy Sales adopting apt methodology for computing/estimating the unmetered agriculture consumption using suitable applicable norms so that the high Distribution losses may not be booked and hide in the form of unmetered Agriculture Sales.**

**Further, FTCCI also requests the Hon'ble Commission to direct DISCOMs to submit action plan for metering 100% Agricultural DTs at first level and to submit the action plan to meter all the unmetered agricultural sales in the next phase.**

## **2. High Power Purchase expenses**

This is to submit that TG DISCOMs while claiming the Variable and Fixed Cost of Generating Stations, **have considered escalation of 5% & 3% respectively on actuals of H1 of FY 2025-26. TG DISCOMs have not provided any reasoning for arbitrarily considering such escalations.**

It is pertinent to note that the Central Government, vide *MoF Notification No.9/2025-Central Tax (Rate) dated 17/09/2025*, has allowed the increase in GST rate on coal from 5% to 18%; and vide *Notification No. 2/2025-Compensation Cess (Rate) dated 17/09/2025*, has abolished the Compensation Cess of Rs. 400/ MT, with effect from 22/09/2025, The abolition of the Compensation Cess and the increase in the GST rate on coal impacted the cost of coal to be procured by the generating companies. Hon'ble CERC vide its suo-moto order dated 1/10/2025, has mentioned that changes due to GOI notifications dated 17/09/2025, squarely fall within the ambit of a change in law event and will be applicable to all PPAs having a composite scheme and covered under Section 63 of the Electricity Act, 2003 except in case of the generating companies having captive coal mines.

Rationalisation of GST rates on coal from 5% to 18% and removal of compensation cess of Rs. 400 per ton, will reduce the cost of generation for coal-based power generators.

Further, Ministry of Coal estimated that impact of the new reform on coal pricing and the power sector is a substantial reduction in overall tax burden. For the power sector, the average reduction is estimated to be ~Rs. 260 per tonne, translating into a reduction of 17-18 paise/ kWh in the cost of generation.

Therefore, it will not be prudent to escalate the ARR of FY 2026-27 and allow upfront loading of Power Purchase expenses in Tariff on the consumers of Telangana. Moreover, Hon'ble Commission has already approved the monthly Fuel and Power Purchase Adjustment Surcharge (FPPAS), which recovers the variation in Power Purchase & Transmission cost through automatic route.

Further, Hon'ble Commission in Tariff Order dtd. 29.04.2025 for Retail Supply Business approved the Power Purchase Expenses of TG DISCOMs without considering any arbitrary escalation in Fixed and variable cost of Generating Stations. In this regard, relevant extract of the Commission's Tariff Order dtd. 29.04.2025 for Retail Supply Business is as follows:

### ***“Fixed and Variable Costs***

*3.8.62 The Commission has considered the fixed cost of TGGENCO stations for FY 2025-26 as approved in TGGENCO order for revised tariff for FY 2025-26. In so far as fixed cost of CGS stations is concerned, CERC is competent to decide the fixed costs of CG stations, thereby the fixed costs of CG stations as detailed by CERC is reflected in MYT Order dated*

28.10.2024 and the same is considered for arriving at the power purchase costs for FY 2025-26.

3.8.63 The Commission has noted that the DISCOMs have claimed 3% escalation on variable cost randomly without any statistical data. On considering the objections of the stakeholders, this Commission has taken into consideration the statistics in respect of actual variable costs for the months of November 2024, December 2024 and January 2025 and concluded that the actual variable costs for the said last three months is far less than the escalated variable cost claimed by the TGDISCOMs. **Thereby while rejecting claim of the DISCOMs to consider 3% escalation on variable cost, this Commission has considered the average of variable costs for the last three months to arrive at variable costs.**

3.8.64 Similar exercise is done by the Commission for arriving at the power purchase cost for all generating stations...”

Therefore, in line with the methodology approved by the Hon’ble Commission in Retail Supply Tariff Order for FY 2025-26, FTCCI has re-computed the Power Purchase Cost for FY 2026-27 considering Energy charge rate & fixed cost the same as H1 FY 2026-27 actuals, as follows.

DISCOMs	Claimed (Rs. Cr.)			FTCCI working (Rs. cr.)			Difference
	Fixed Cost	Variable Cost	Total Cost	Fixed Cost	Variable Cost	Total Cost	
TS-GENCO Hydel	810	-	810	786	-	786	24
CGS	2,484	4,994	7478	2412	4756	7168	310
Semcorp Energy	218	362	580	212	345	556	24
<b>Net TGSPDCL</b>	<b>3,512</b>	<b>5,356</b>	<b>8,868</b>	<b>3,410</b>	<b>5,101</b>	<b>8,511</b>	<b>357</b>
TS-GENCO Hydel	338	-	338	328	-	328	10
CGS	1,037	2,084	3121	1007	1985	2992	129
Semcorp Energy	91	151	242	88	144	232	10
<b>Net TGNPDCL</b>	<b>1,466</b>	<b>2,235</b>	<b>3,701</b>	<b>1,423</b>	<b>2,129</b>	<b>3,552</b>	<b>149</b>
<b>Total TG DISCOMs</b>	<b>4,978</b>	<b>7,591</b>	<b>12,569</b>	<b>4,833</b>	<b>7,230</b>	<b>12,063</b>	<b>506</b>

It is requested to Hon'ble TGERC to consider the Power Purchase Cost (FC and VC) as worked out above by FTCCI for Generating Stations which is same as prevailing actuals for H1 FY 2026-27. Any difference in Actual and Allowed Power Purchase Cost will be automatically factored in Fuel and Power Purchase Adjustment Surcharge (FPPAS) mechanism for FY 2026-27.

The availability from different plants is shown in the Petition as provided in below table:

Generating Station	Net Energy Availability for State (MU)	
	FY 2025-26 (Estimated)	FY 2026-27 (Projected)
TG Genco	42,782	59,714
CGS	26,458	26,458
Others	10,307	10,307
NCES	16,164	16,526
<b>Total</b>	<b>95,711</b>	<b>1,13,006</b>

As shown in the above table, the Energy available from TG Genco has increased while there is no addition in other sources. Particularly, there is addition of only 362 Mus in NCES category which is not only too small but also against the National Policy. There are enormous opportunities in increasing the share of NCES at low cost however no initiatives are being taken by the State Discoms. On the contrary the purchase from short term sources has been kept excessively high. It is the inefficiency of the Discoms that is being passed on to the consumers. the burden of such inefficiency should be disallowed so that the consumers are not adversely affected.

**The State Discoms also need to demonstrate that RPO compliance is being done and is in line with the trajectory that has been approved.**

The current petitions do not mention any BESS deployment plan, Pumped Storage operation of existing plants and plans to improve flexible operation of the coal plants. In the absence of such measures, costly market power purchase would be the option to balance demand supply gap. **The DISCOMs to provide the status of commissioning of the 500 MW BESS project, to reduce the peak power costs.**

### **3. Distribution Cost**

In the ARR Petition for Distribution Wheeling Business for FY 2026-27, TG DISCOMs have submitted net Distribution ARR comprising of O&M expenses, Depreciation, Interest and finance charges on Loan and Return on Equity.

However, based on the applicable Regulatory provisions, FTCCI has worked out net Distribution ARR of Rs. 4,564 Cr. for TGSPDCL and Rs. 3,339 Cr. for TGNPDCL. The detailed submission of FTCCI has been made vide its letter dtd. 20.01.2026 sent to Hon'ble Commission in this regard. The relevant extract of claimed and FTCCI working (*in Table 2 of the submissions*) of net Distribution Cost for FY 2026-27 is as follows:

**Table 2: Summary of admissible ARR of Distribution Business for the FY 2026-27**

Particulars	TGSPDCL		TGNDPDCL	
	Claimed	allowable	Claimed	allowable
Operation & Maintenance Expenses	4,524	4,023	2,818	2,904
Depreciation	1,149	416	595	323
Interest and finance charges on Loan	934	241	360	184
Interest on working capital	150	118	100	79
Return on Equity	482	231	220	161
Other Expenditure (Ex-Gratia)	-	-	-	-
<b>ARR</b>	<b>7,239</b>	<b>5,028</b>	<b>4,093</b>	<b>3,652</b>
<b>Less:</b>	-	-	-	-
Income from Open Access charges	1	29	3	29
Non-Tariff income	532	436	183	284
Income from Other Business	-	-	-	-
<b>Net ARR</b>	<b>6,706</b>	<b>4,564</b>	<b>3,907</b>	<b>3,339</b>
Revenue	-	-	-	-
Revenue Gap/ (Surplus)	-	-	-	-
PY adjustment	545	(670)	484	(258)
<b>Recoverable ARR</b>	<b>7,251</b>	<b>3,894</b>	<b>4,391</b>	<b>3,081</b>

FTCCI humbly requests the Hon'ble Commission to consider the submission made by the Federation and **accordingly allow net Distribution Wheeling ARR to the TG DISCOMs for FY 2026-27.**

#### **4. Distribution Cost for Retail Supply Business**

Clause 77 of *TSERC Multi Year Tariff Regulations, 2023* requires every distribution licensee to 'maintain separate accounting records for the Wheeling Business and Retail Supply Business' to enable the Commission determine tariffs separately for the respective businesses. It also provides that in case such segregation is not made; the Aggregate Revenue Requirement of the distribution licensee shall be apportioned as specified in the Regulations.

As above and based on the detailed submission made vide FTCCI letter dtd. 20.01.2026 to Hon'ble Commission with respect to Distribution Wheeling Business ARR wherein the Federation has worked out revised O&M expenses, Depreciation, Finance Charges and RoE applicable for the TG DISCOMs for FY 2026-27, the revised applicable expenses for Retail Supply Business, i.e. 10% of the Total Distribution ARR, is as follows:

*(in Rs. Cr.)*

Particulars	TGSPDCL		TGNDPDCL	
	Claimed	Allowable	Claimed	Allowable
<b>Distribution Cost- Retail Supply Business (10% of the Distribution ARR)</b>				
Operation & Maintenance Expenses	452	402	313	290

Particulars	TGSPDCL		TGNPDCL	
	Claimed	Allowable	Claimed	Allowable
Depreciation	115	42	66	32
Interest and finance charges on Loan	93	24	40	18
Interest on working capital	0	0	26	8
Return on Equity	48	23	24	16

FTCCI requests Hon'ble TGERC to consider the above expenses pertaining to Retail Supply Business while approving the ARR of TG DISCOMs for FY 2026-27.

## 5. Summary of Net ARR

As above, summary of net ARR as claimed by the TGDISCOMs vis-à-vis worked out by FTCCI on Retail Supply ARR of FY 2026-27 is as follows. Hon'ble Commission is requested to kindly consider the same while approving the ARR for FY 2026-27 for DISCOMs.

Sr. No.	Particulars	TGSPDCL		TGNPDCL	
		Claimed	FTCCI	Claimed	FTCCI
1	Power Purchase Cost	38,492	38,135	16,075	15,925
2	Transmission Cost	2,275	2,275	950	950
3	PGCIL Cost	1,790	1,790	747	747
4	SLDC Charges	68	68	29	29
5	Distribution Cost	6,542	3,390	4,391	3,081
6	Operation and Maintenance Charges (RSB)	452	402	313	290
7	Depreciation (RSB)	115	42	66	32
8	Interest and finance charges on loan (RSB)	93	24	40	18
9	Interest on Working capital (RSB)	-	-	26	8
10	Return on Equity (RSB)	48	23	24	16
11	Interest on Consumer Security Deposits (RSB)	366	366	93	93
	<b>Total ARR</b>	<b>50,242</b>	<b>46,515</b>	<b>22,754</b>	<b>21,190</b>

## 6. Time of Day (ToD) Tariff

This is to submit that Hon'ble Commission vide Order dtd. 15.11.2025 made amendments in the Time of Day tariff and removed the incentive of 1.5 Rs./kWh during the period 10 pm to 6 am. Other conditions of TOD to be governed as per the Tariff Order dated 29.04.2025. The applicability of this Order is for the period 01.12.2025 to 31.03.2026.

It is pertinent to note that TG DISCOMs in the Petition for determination of ARR and tariff for Retail Supply Business for FY 2026-27 have not made any submission with regard to ToD as to whether the existing ToD tariff structure should continue or some changes are required.

However, FTCCI considers it important to present a detailed reasoning as to why the earlier **ToD structure where rebate of 1.5 Rs./kWh was allowed by the Hon'ble Commission during the period from 10 pm to 6 am should be restored from 01.04.2026**. The detailed submission in this regard is as follows:

### **Concept of Time of Day Tariff**

ToD tariffs is generally conceptualized as a demand-side management tool, designed to influence consumer behaviour by incentivizing load shifting away from peak periods. Regulatory principles and National Tariff Policy recognize ToD as a demand-centric mechanism — its objective is to flatten the load curve, not merely reflect supply-side cost variations.

Aligning off-peak tariffs with normal-hour charges converts ToD into a supply-cost recovery exercise rather than a behavioural signal, defeating its fundamental regulatory purpose. The relevant provisions of National Tariff Policy 2016 are reproduced for ready reference:

#### ***“8.4 Definition of tariff components and their applicability***

***1. Two-part tariffs featuring separate fixed and variable charges and time differentiated tariff shall be introduced on priority for large consumers (say, consumers with demand exceeding 1 MW) within one year and subsequently for all consumers within a period of five years or such period as may be specified. This would also help in flattening the peak and implementing various energy conservation measures.”***

Furthermore, if ToD tariffs were truly meant as a supply-centric mechanism merely mirroring market price fluctuations, the resulting tariff structure would be highly volatile and impractical. For instance, during solar hours, tariffs would have to drop to sub-Rs.2.00/unit levels, reflecting prevailing GDAM market prices, while during non-solar peak hours, tariffs would soar to Rs.10.00/unit, aligning with the CERC-prescribed ceiling rates. Such extreme variability might create instability for both consumers and utilities, making long-term planning impossible and defeating the regulatory objective of providing a predictable, demand-shaping price signal. This clearly demonstrates that ToD was conceived as a demand-side management tool — stable enough to encourage behavioural change, not a minute-by-minute reflection of generation costs.

Further, the objective of ToD is also recognized by Hon'ble **APTEL in Appeal No. 34 of 2014**, Time-of-Day tariffs are a demand-side management tool intended to incentivize consumers to shift load away from peak hours, thereby improving system load factor, reducing overall power purchase costs, and enhancing grid stability. The Tribunal was categorical that such mechanisms must aim at flattening demand curves, not at offloading procurement inefficiencies onto consumers

### **Ministry of Power Rules**

Ministry of Power, GoI in exercise of the powers conferred under sub-section (1), clause (z) of sub-section (2) of section 176 of the Electricity Act, 2003 made Rules vide notification Electricity (Rights of Consumers) amendment Rules 2023 dtd. 14.06.2023 with regard to ToD. Relevant extract of these Rules are as follows:

***“Time of Day Tariff.** -The Time of Day tariff for Commercial and Industrial consumers having maximum demand more than ten Kilowatt shall be made effective from a date not later than 1st April, 2024 and for other consumers except agricultural consumers, the Time of Day tariff shall be made effective not later than 1st April, 2025 and a Time of Day tariff shall be made effective immediately after installation of smart meters, for the consumers with smart meters:*

*Provided that, the Time of Day Tariff specified by the State Commission for Commercial and Industrial consumers during peak period of the day shall not be less than 1.20 times the normal tariff and for other consumers, it shall not be less than 1.10 times the normal tariff:*

***Provided further that, tariff for solar hours of the day, specified by the State Commission shall be at least twenty percent less than the normal tariff for that category of consumers:***

*Provided also that the Time of Day Tariff shall be applicable on energy charge component of the normal tariff:*

*Provided also that the duration of peak hours shall not be more than solar hours as notified by the State Commission or State Load Despatch Centre.*

*For the purposes of this rule, “solar hours” means the duration of 8 hours in a day as specified by the State Commission.”*

As above, the Rules clearly stipulates that tariff for solar hours of the day, specified by the State Commission shall be at **least twenty percent less than the normal tariff** for that category of consumers. This means that MoP Rules also provides an incentivizing provision for consumption in off Peak hours.

### **Market Realities and Solar Integration**

With marginal power purchase costs during solar hours already crashing to sub-Rs.2/unit levels in the energy markets, there is a strong case for extending rebates during daytime to

encourage higher solar consumption. Instead of eliminating the night-time incentive, ToD tariffs should be dynamically revised to support renewable integration and enhance system efficiency.

Further, it is equally important to view the issue from a broader system-planning perspective. The ultimate goal of resource planning should be to smoothen and stabilize the overall demand profile of the State or licensee area, reducing sharp peaks and deep troughs that strain grid operations and increase power procurement costs.

### **Cross-Subsidy Concerns**

This is to submit that the existing level of cross-subsidization in Telangana is already heavily skewed against the HT category of consumers, placing an undue burden on them in contravention of statutory norms. As per Clause 8.3 of the National Tariff Policy (NTP) 2016, the cross-subsidy for any consumer category is required to progressively move towards  $\pm 20\%$  of the cost of supply (CoS). However, based on the Tariff Order for FY 2025-26, the effective tariffs applicable to HT categories significantly exceed this ceiling, thereby breaching the permissible limit laid down under the NTP.

**Since ToD slabs apply largely to HT categories, abolishing the off-peak rebate disproportionately raises the Average Billing Rate (ABR) for industrial consumers. This further deepens the cross-subsidies in the system, further straining competitiveness of industries while leaving subsidized categories unaffected.**

### **Adverse Consumer and System Impact**

Energy cost forms a critical input for any industrial operation, and therefore businesses/ industries plan their production schedules, supply chains, and cost structures well in advance, factoring in electricity and fuel price trends. Often, industries make significant capital investments—whether in additional shifts, automation, or captive infrastructure—when a predictable incentive framework exists. The introduction of ToD tariffs was precisely intended as a demand-centric measure, encouraging industries to shift consumption to off-peak hours and optimize the overall demand curve. This required industries to reorient their operations for 24-hour production cycles, re-train manpower, and invest heavily in enabling infrastructure.

Withdrawing the off-peak rebate discourages night-time usage, potentially pushing demand back into peak hours. This aggravate load curve imbalances, increase DISCOMs' procurement costs, and burden consumers. Moreover, industries and households that have already invested in timers, automation, and EV charging infrastructure based on ToD rebates would face sunk costs, eroding trust in tariff signals and creating regulatory uncertainty.

### **Request to the Hon'ble Commission**

In the backdrop of above points, FTCCI therefore requests the Hon'ble Commission to **discontinue the withdrawal of rebate provided in earlier ToD regime wef 01.04.2016 and instead strengthen ToD tariffs in line with the objectives enshrined in the National Tariff Policy 2016 and Ministry of Power Rules.**

One of the prime objectives of the Electricity Act 2003 is to protect the interest of consumers in the State. The industries in Telangana nowadays going through severe distress which has made it increasingly unviable to sustain operations. The situation has become even more uncertain as global trends show steep import tariff (Custom Duty) increases by America and European Union is also proposing a similar increase in the tariff. This has created an atmosphere of instability for industries. **In this context, we look forward to your leadership in ensuring for an incentivizing tariff through rebate in ToD in Telangana.**

## **7. Other Issues**

### **Reduction of Industrial tariff in the State**

This is to submit that the Industries in the State of Telangana are facing the brunt of higher tariffs as the industrial tariff is more than 120% of Average Cost of Supply. The Tariff Policy 2016 mandates SERCs to determine roadmap for reduction of Cross Subsidy and bring tariff at +/- 20% of the Average Cost of Supply. Relevant extract of the National Tariff Policy is as follows:

*“For achieving the objective that the tariff progressively reflects the cost of supply of electricity, the Appropriate Commission would notify a roadmap such that tariffs are brought within  $\pm 20\%$  of the average cost of supply. The road map would also have intermediate milestones, based on the approach of a gradual reduction in cross subsidy.”*

In line with the provisions stipulated in the National Tariff Policy, Hon'ble Commission is requested to kindly align the Industrial Tariff in the State of Telangana within the range of +/- 20% of ACoS.

### **Progressively reduction of Cross Subsidy Surcharge in the State**

This is to submit that the Electricity Act, 2003 provides for progressive reduction of Cross Subsidy Surcharge (CSS) as determined by the Hon'ble State Commission. Therefore, while approving the CSS for FY 2026-27 the Hon'ble Commission may reduce the existing CSS levels for the industrial consumers in the State.

### **Promoting Renewable Energy in the State**

Industries adopting and investing in clean and renewable energy should receive incentives such as reduced tariffs, exemptions, or financial support to encourage sustainable energy use and reduce carbon emissions.

### **Promoting Energy Efficiency**

The Commission can nudge the TG DISCOMs to announce and implement Load Factor incentive as this will promote energy efficiency and incentive to the energy-intensive industry to consume energy from DISCOM rather than through the Open Access route.

## **8. Poor financial health of DISCOMs**

The financial health of most state DISCOMs is poor and TG is no exception. As a silver line, MoP/PFC in its [14<sup>th</sup> Annual Rating Report](#), has reported that in FY25, all the DISCOMs – private and public – reported a modest combined profit of Rs. 2,701 Cr, compared to a loss of Rs. 27,022 Cr in FY24. As per this report, TG DISCOMs continue to make losses and their accumulated financial loss has been growing, as indicated below:

FY/DISCOM	DISCOM Annual Loss Rs Cr			DISCOM Cumulative Loss Rs Cr		
	SP	NP	Total	SP	NP	Total
FY19	4,967	3,051	8,019	24,362	11,858	36,220
FY20	4,933	1,116	6,050	29,309	12,969	42,279
FY21	4,246	2,440	6,686	33,555	15,410	48,965
FY22	627	204	831	34,182	15,614	49,796
FY23	8,147	2,966	11,113	42,330	18,570	60,899
FY24	4,910	1,441	6,351	47,239	20,011	67,250
FY25	1,103	1,359	2,462	48,342	21,399	69,741

**Table 3: The mounting financial losses of TG DISCOMs (From DISCOM annual reports and MoP 14<sup>th</sup> Rating Report)**

TG is one of the eight states with the highest accumulated losses. In addition, the TG DISCOMs have a total of Rs. 59,229 Cr as outstanding loans in FY25, as per MoP/PFC's 14<sup>th</sup> Rating Report. Arrears are quite high with government departments as the main contributor.

In the [13<sup>th</sup> Integrated Rating & Ranking of power distribution utilities](#) by MoP (February 2025), both TG DISCOMs have rating of "C-" compared to "C" in the 12<sup>th</sup> rating. The main reason for this appears to be the low score on financial sustainability. In the current 14<sup>th</sup> Rating report, both DISCOMs continue to have rating of C- and very low scores. Out of the total 54 rated utilities (private and public), unfortunately, NPDCL is ranked last (54<sup>th</sup>) and

SPDCL is ranked 52<sup>nd</sup>.

**FTCCI submits, that the poor financial health of the DISCOMs and inefficiencies of the Disocms, directly affect the consumers, specifically industries in terms of poor quality of supply and higher Tariffs, more higher for industries due to cross-subsidization. We request the Hon'ble TGERC to review the financial health of DISCOMs and direct them targets with penalties, so that inefficiencies are not passed on to the consumers of the state.**

## **9. PRAYERS**

- 1) To consider the comments / suggestions of FTCCI on the ARR & Retail Supply Petitions FY 2026-27 of TG DISCOMs.**
- 2) To direct TG DISCOMs to submit action plan for 100% Agricultural Distribution Transformers at first level and to submit the action plan to meter all the unmetered agricultural sales in maximum 5 years. Further to take penal action u/s 142 of Electricity Act, 2003 for non-compliance with the directions of the Commission.**
- 3) To not consider any escalation in Fixed Cost & Energy Charge Rate while determining the Power Purchase Cost of Central Generating Stations as a result of GoI Notification dated 17/09/2025 w.r.t. removal of Coal Cess and increase in GST on coal.**
- 4) The inefficiency of DISCOM should not be passed through in the ARR and may be borne by the Govt. of Telangana in the form of additional subsidy for FY 2026-27.**
- 5) Consider the Time of Day Tariffs judiciously, so are to provide rebate during off-peak tariff.**
- 6) May Conduct a Prudence check over the components as highlighted by FTCCI;**
- 7) Pass necessary orders as may be deemed appropriate in the facts and circumstances of the case in the interest of competition, as has been enshrined in the Electricity Act.**

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**For The Federation of Telangana Chambers of Commerce and Industry (FTCCI),**

Place: Hyderabad  
Date: 16.02.2026

  
T. Sujatha  
Sr. Director, FTCCI