

To, The Secretary, T.S. Electricity Regulatory Commission, Vidyut Niyamtran Bhavan, GTS Colony, Kalyan Nagar, Hyderabad – 500 045	From, M. Thimma Reddy, Convenor, People’s Monitoring Group on Electricity Regulation, H. No.3-4-107/1, Plot No. 39, Radha Krishna Nagar, Attapur, Hyderabad – 500 048
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Date: 25-01-2026

Dear Sir;

Sub: - Comments on TGDISCOMs’ ARR and retail supply tariff proposals for FY 2026-27 in OP Nos. 79 and 80 of 2026 of 2025.

Ref: - Public notices dated: 08-01-2026.

1. In response to the above Public Notices we are submitting the following comments on TGDISCOMs’ ARR and retail supply tariff proposals for FY 2026-27 for consideration of the Commission.

Energy requirement:

Table 1: Electricity Sales growth (MU)

Year	SPDCL	NPDCL	Total	Growth (%)
2023-24	53,325	21,064	74,389	---
2024-25	56,183	22,043	78,226	5.16
2025-26	57,089	23,741	80,830	3.33
2026-27	63,753	26,371	90,124	11.50

2.1 TGDISCOMs have claimed to have applied category wise CAGR trend during the last 5 years, 4 years, 3 years, 2 years, 1 year over the previous year to arrive at energy requirement during FY2026-27. But there was no proper justification for using the particular CAGR in the case of different consumer categories. In fact in many cases, they have used ‘manual growth rates’. The final power consumption/sales figures arrived by TGDISCOMs for FY 2026-27 do not seem to have any relation to the past experiences. As the above table shows during the FY 2024-25 electricity consumption increased by 5.16% and during the FY 2025-26 electricity consumption increased by 3.33%. But during the ensuing FY 2026-27 electricity consumption is estimated to increase by 11.50%. This is two times the consumption growth rate recorded during FY 2024-25 and three times the consumption growth rate recorded during FY 2025-26. Obviously, electricity consumption estimated to take place during FY 2026-27 is overestimated. The same needs to be revised downwards.

2.2.1 During the FY 2026-27 agriculture services are estimated to consume 11,962 MU accounting for 39.79% of energy requirement in the case of TGNPDCL and 15,428 MU accounting for 21.45% of energy requirement in the case of TGSPDCL. TGDISCOMs have claimed to have projected this consumption by agriculture services as per connected load. They have not mentioned whether the Commission approved this method. They have not explained how they have used this method. It all depends on assumptions they made on number of days and number of hours of operation of pump sets each day. An important limitation of this method is that some of the agriculture services released are not in operation. This leads to overestimation of power consumption by agriculture services. Besides this, solarisation of agriculture pump sets under KUSUM taken up in the State will have its impact on this estimate.

2.2.2 In the past the Commission has directed the TGDISCOMs to install meters on DTRs serving agriculture pump sets to estimate electricity consumption by these agriculture services. To this direction TGDISCOMs responded that as feeders serving agriculture services are going to be segregated under RDSS metering these feeders will serve the purpose of estimating electricity consumption by these services. They have also mentioned that most of these feeders are already metered. TGDISCOMs are repeating this response over the last few years. They have also not given the time line over which segregation of agriculture feeders will be completed. In the past TGDISCOMs had stated that they were not able to raise funds to take up metering DTRs connected to agriculture pump sets. But they are ready to take up smart meter programme which involves higher expenditure than metering agriculture DTRs. This indicates that TGDISCOMs have different priorities. In this background we request the Commission to direct TGDISCOMs to provide information on feeders that are exclusively serving agriculture services and mixed feeders; and provide time line over which mixed feeders will be segregated. In the case of mixed feeders which cannot be segregated meters shall be installed on DTRs connected to agriculture pump sets.

2.3 The two TGDISCOMs projected 3,877 MU electricity consumption by lift irrigation projects at 132 kV level during the ensuing financial year. The lift irrigation units linked to KLIP are not in full working condition due to damages to the barrages and pumping motors. Given these facts TGDISCOMs projections related to electricity consumption by these lift irrigation projects need to be re-examined. The TGDISCOMs also adopted different growth rates in estimating power consumption by lift irrigation projects at 11 kV and 33 kV level. While TGNPDCL adopted 2% growth TGSPDCL adopted 10% growth. At the same time, they did not provide any rationale for the growth rates adopted. They have adopted manual growth rate as “historical CAGR is erratic” They should be having information on ground level situation of lift irrigation schemes and the same should have been taken in to account.

Table 2: Power requirement 2026-27 (MU)

Particulars	SPDCL	NPDCL	Total
Total requirement	71,916	30,065	1,01,981
Total sales	63,753	26,371	90,124
Total (T&D) losses	8,163	3,694	11,857
Total losses (%)	11.35	12.29	11.63

Table 3: T&D losses of TGDISCOMs

Year	Electricity procured (MU)	Electricity sales (MU)	T&D losses (MU)	T&D losses (%)
2024-25	88,964	78,226	10,738	12.07
2025-26	90,609	80,830	9,779	10.79

2.4.1 More than one tenth of power procured is going waste due to T&D losses. T&D loss levels recorded during the FY 2025-26 are higher than that projected as a part of the ARR of that FY. T&D loss levels projected by TGDISCOMs for FY 2026-27 are higher than the T&D loss levels recorded during the previous FY. These high T&D losses are taking place even after substantial investments in men and materials to strengthen and expand T&D network.

2.4.2 T&D losses shown by TGDISCOMs are also higher than that projected by the Commission in its Order on ARR of Retail Supply Business for 5th Control Period and Retail Supply Tariffs for FY 2024-25 of TGDISCOMs dated 28-10-2024. Lower T&D losses imply lower power requirement and lower power procurement costs.

2.5 The Commission through the Order on ARR of Retail Supply Business for 5th Control Period and Retail Supply Tariffs for FY 2024-25 of TGDISCOMs dated 28-10-2024 estimated total power requirement during FY 2026-27 to be 92,202 MU. At the same time TGDISCOMs arrived at 1,01,981 MU as their energy requirement during the same year. TGDISCOMs' estimate of energy requirement is 10% higher than that of the Commission.

2.6 From the above it is quite obvious that TGDISCOMs overestimated power requirement during the FY 2026-27. The same needs to be revised downwards reflecting ground realities.

Electricity availability:

Table 4: Power availability during FY 2026-27 (MU)

Source	DISCOMs' 5 th Control Period filings	TSERC Retail Supply Tariff and ARR 5 th CP Order	DISCOMs' ARR Filings 2026-27
GENCO Thermal	70,009	55,887	55,887
GENCO Hydel	5,741	5,742	3,827
CGS	29,477	25,436	26,458
NCES	22,230	22,232	16,526
SEIL	2,006	1,773	1,886
Singareni	8,936	7,916	8,421
Short-term	1,093	---	---
Total	1,39,492	1,18,986	1,13,006

3.1 Electricity availability is projected to increase from 95,711 MU in FY 2025-26 to 1,13,006 MU in FY 2026-26. That is, electricity availability is projected to increase by 18.07% during the ensuing financial year.

3.2 The ensuing FY will see a surplus of 11,025 MU (9.76%). If we take in to account the fact that TGDISCOMs overestimated power requirement during the ensuing FY the surplus power available will be even higher.

3.3 TGDISCOMs did not include short-term purchases under availability though they have mentioned that short-term procurement would be resorted to depending on the need. Under power procurement cost TGDISCOMs included short-term power procurement. If this short-term procurement is also added total power available to TGDISCOMs during the FY 2026-27 the surplus power in Telangana during FY 2026-27 will be much higher.

3.4 Power availability from TGGENCO plants is projected to increase from 42,782 MU in FY 2025-26 to 59,714 MU in FY 2026-27, signifying an increase of 40% in power availability from TGGENCO. But this increase in power availability depends on achieving CoD of all 5 units of YTPS. Until now CoD of three units (I, II and IV) was achieved.

3.5 While the Commission, through its Order on 5th Control Period, projected 22,232 MU availability from NCE sources during the FY 2026-27 TGDISCOMs projected 16,526 MU.

Table 5: Renewable energy availability (MU)

Particulars	TSERC Retail Supply Tariff and ARR 5th CP Order	DISCOMs' ARR Filings 2026-27
Biomass	0.78	0.23
Bagasse	0.00	0.00
Municipal waste	91.69	257
Industrial waste	78.06	75
Wind	261.80	283
Mini hydel	0.22	0.37
Solar	6083.02	5,465
Solar (JNNSM Phase I)	119.80	107
Solar (NTPC)	858.66	770
Solar (SECI)	858.66	770
Solar (NTPC, NHPC CPSU) Tr-III 1545 MW	3316.56	3360
Solar (NTPC CPSU) Tr-I & II 1692 MW	3632.12	3258
SECI (ISTS Tr IX 1000 MW)	2146.64	1925
Additional RE Procurement	4784.00	255
Total	22232.01	16,526

Compared to their earlier filings as well as the quantum of availability approved by the Commission for the FY 2026-27 TGDISCOMs in their present filings reduced electricity availability from solar power plants. They have also reduced additional RE procurement. They have not provided any reasons for revising their estimates.

Power procurement cost:

Table 6: Power availability and procurement during FY 2026-27

(MU)

Source	Availability	Procurement	Variation
GENCO Thermal	55,887	44,790	11,097 (19.86%)
GENCO Hydel	3,827	3,827	0
CGS	26,458	18,181	8,277 (31.28%)
NCES	16,526	16,526	0
SEIL	1,886	1,701	185 (9.81%)
Singareni	8,421	6,206	2,215 (26.30%)
Short-term purchase	---	11,641	
Short-term (sale)		(891)	
Total	1,13,006	1,01,981	

4.1 TGDISCOMs' power procurement plan for the FY 2025-27 shows that 21,774 MU available from various thermal power plants is not being procured. Nearly 20% of power available from TGGENCO thermal power plants is not going to be procured. More than 30% of power available from CGS thermal power plants is not going to be procured. Nearly 10% of power available from SEIL thermal power plants is not going to be procured. More than one-fourth of power available from Singareni thermal power plants is not going to be procured.

4.2 Even when substantial capacity of thermal power plants available to Telangana state are going to be backed down during the FY 2026-27 TGDISCOMs proposes to procure 11,641 MU through short-term purchases. These short-term purchases account for 11.41% of total power procurement planned.

4.3 Even if these short-term power purchases are not resorted to, still Telangana state will have surplus power of more than 10,000 MU during the FY 2026-27.

4.4 TGDISCOMs in their present filings noted their proposal to purchase power from short term sources on need-to-need basis. As the State is facing surplus power situation there shall be no place for short-term power purchases. Following the power availability and power requirements estimated by TGDISCOMs during the FY 2026-27 the state will have surplus power of more than 10,000 MU, without taking in to account power proposed to be procured from short-term sources. In such power surplus situation, there shall be no place for short-term power procurement.

4.5 Compared to the FY 2025-26 TGGENCO thermal power plants will be generating 16,932 MU additional power during the FY 2026-27. This power is expected to come from new Units (III, IV and V) of YTPS with aggregate generation capacity of 2,400 MW. At the same time TGDISCOMs propose to not to procure 21,774 MU available from various thermal power plants. This implies that these three new units of YTPS with aggregate capacity of 2,400 MW are not needed. A fundamental question arises in this context: When these three new units of YTPS with aggregate capacity of 2,400 MW are not needed, is there need for another 2,400 MW capacity from NTPC's Telangana STPS Stage-II?

4.6 TGDISCOMs estimated the total power purchase cost to be Rs. 54,567 Crore during the FY 2026-27 compared to the Commission's estimate of Rs. 49,667 Crore. TGDISCOMs' estimate of power purchase cost is 9.87% higher than that of the Commission.

4.7 Net power purchase cost arrived at by TGDISCOMs as well as the Commission depends on revenue envisaged from sale of surplus power during the FY 2026-27. While TGDISCOMs projected sale of 2,985 MU of surplus power the Commission projected sale of 16,755 MU of surplus power. Hitherto experience with selling surplus power is not very encouraging. Inclusion of estimated revenue from sale of surplus power only helps to show lower power purchase cost burden which in turn leads to lower or no tariff hike and lower subsidy burden on the state government. But reality will catch up at the time of true-up.

4.8.1 For the FY 2025-26 TGDISCOMs estimated the fixed costs of TGGENCO thermal units to be Rs. 8,492 Crore While the Commission approved Rs. 8,756 Crore towards the same. In the case of F 2026-27 TGDISCOMs projected fixed cost of TGGENCO thermal units to be Rs. 12,017 Crore. Substantial part of this increase in fixed costs during FY 2026-27 is due to YTPS. The Commission has not yet determined the capital cost of YTPS. Fixed costs of YTPS units shall be according to the Commission's Order on capital cost determination of YTPS. Fixed costs of YTPS units in operation shall only be taken in to account.

4.8.2 TGDISCOMs have projected higher fixed costs during the FY 2026-27 in the case of other thermal power plants of TGGENCO compared to these costs during FY 2025-26, though there is no change in generation capacities. In the case of BTPS fixed cost is projected to be Rs. 280 crore higher during FY 2026-27 compared to the estimated fixed cost during the FY 2025-26. With capital cost at more than Rs. 9 crore per MW BTPS is the costliest coal based thermal power plant in the country. The operation of the plant until now has shown that it is beset with problems due to substandard machinery/plant. Given this experience no more capital cost addition shall be allowed in the case of BTPS.

4.8.3 Regarding fixed costs of central generating stations (CGS) TGDISCOMs submitted as follows, "For FY 2026-27, the Licensee has considered the 3% escalation on the Fixed Costs incurred on full year projections of FY 2025-26 based on actual fixed cost of first half (Apr'25 to Sep'25) of FY 2025-26." TGDISCOMs have not provided rationale for adopting this procedure.

4.8.4 In the case of SEIL and Singareni thermal power plant also TGGDISCOMs adopted similar approach of escalation current years fixed cost by 3%. As they have not provided any rationale for this same shall be rejected.

4.8.5 In the case of Singareni thermal power plant different fixed cost figures are provided at different places:

Table 7: Fixed cost of Singareni thermal power plant

Particulars	2025-26 (Rs. in Cr)	2026-27 (Rs. in Cr)
Narrative part*	1326.43	1319
Power purchase cost summary**	1440	1379.80
* TGSPDCL ARR, p.51		
** TGNPDCL ARR, p. vi and vii; TGSPDCL ARR, p.54		

This discrepancy needs to be clarified.

4.9.1 There is wide variation in projected variable costs of different plants of TGGENCO thermal plants. Except YTPS all other thermal plants are located near coal mines. At one end is Kakatiya TPP-II with variable cost of Rs. 2.74 per unit, at another end is Kothagudem-VI with variable cost of Rs. 3.85 per unit. As all these plants are located in similar geographical conditions their wide variation in variable cost is puzzling.

4.9.2 Projected variable costs of different plants of TGGENCO thermal plants in the FY 2026-27 are lower than actual variable costs reported for the FY 2024-25.

4.9.3 Variable cost of Singareni thermal power plant (Rs. 3.46 per unit) is higher than TGGENCO's Kakatiya TPP-II (Rs. 2.74 per unit).

4.9.4 Variable cost of NTPC's Ramagundam I & II (Rs. 4.52 per unit) and Ramagundam-III (Rs. 4.45 per unit) is higher than TGGENCO's Kakatiya TPP-II (Rs. 2.74 per unit) though they are located in similar geographical conditions.

4.10 TGDISCOMs propose to procure 11,641 MU of electricity through short-term purchases at Rs. 3.45 per unit. This unit cost is higher than variable cost of several thermal power plants available to Telangana state which sought to be backed down to facilitate short-term power procurement. We request the Commission not to allow short-term power procurement by TGDISCOMs.

Table 8: T&D Costs of TGDISCOMs for FY 2026-27

(Rs. in Cr)

Expenditure	NPDCL		SPDCL	
	Filings	Approved	Filings	Approved
Transmission cost	1,726	1,795.83	4,133	4,302.05
Distribution cost	4,953	4,058.86	7,616	6,053.99

5.1 The Commission had issued the Retail Supply Tariff Order for FY 2024-25 and ARR for each year of the 5th control period on 28th October 2024. In that order the Commission had approved ARR for each year of the 5th control period. TGDISCOMs in their present filings have claimed that in accordance to the regulation and above Order of the Commission the DISCOMs have computed the ARR for FY 2026-27. But there is wide variation between the ARR approved by the Commission for the FY 2026-27 as a part of 5th Control Period and the present filings by the TGDISCOMs. In the case of all expenditure items except transmission cost DISCOMs have shown higher expenditure compared to that approved by the Commission through the above MYT Order. At the same time TGDISCOMs did not provide reasons for the variations in expenditure.

5.2 In the case of TG NPDCL while the Commission had approved Rs. 4,058.86 crore towards distribution cost the DISCOM is claiming Rs. 4,953 crore which is higher by Rs. 894 crore (22% higher). Similarly, in the case of TG SPDCL while the Commission had approved Rs. 6,053.99 crore towards distribution cost the DISCOM is claiming Rs. 7,616 crore which is

higher by Rs. 1,562 crore (25.80% higher). Given this wide deviation TGDISCOMs' claims related to distribution cost for the year 2025-26 shall be thoroughly scrutinised.

6.1 Net result of this is that TGDISCOMs have arrived at higher ARR compared to the ones approved by the Commission. Given this deviation from the ARR approved by the Commission DISCOMs' claims on ARR for the FY 2026-27 needs to be subjected to thorough scrutiny. This is particularly important because TGDISCOMs did not provide justification for higher expenditure over and above the limit set by the Commission.

Electrical accidents:

Table 9: Fatal electrical accidents

Particulars	2024-25		2025-26 H1	
	NPDCCL	SPDCCL	NPDCCL	SPDCCL
General public No.	377	97	158	131
Ex-gratia No.	388	138	124	382
Ex-gratia Paid Rs. Cr	19.90	6.74	6.40	18.99
Compensation to Animals Rs. Cr	3.83	1.01	1.14	4.23

7.1 During the FY 2024-25, 474 fatal electrical accidents involving humans had taken place in the State. During the first half of FY 2025-26 the number of such fatal accidents stands at 289. These numbers show that there was no let up in occurrence of fatal electrical accidents in the State. Directives issued by the Commission to the TGDISCOMs to take steps to bring down the number of these fatal electric accidents do not seem to have much impact.

7.2 As a part of its response to the Commission's directive related to electrical accidents TGNPDCL provided causes for electrical accidents that have taken place during FY 2025-26. These causes are divided in to accidents for which consumers/external factors are responsible and for which department is responsible. Following are some of the causes for which consumers/external factors are held responsible:

Table 10: Causes for electrical accidents

Accidents Taken place with Consumer side fault or external factors	No. of accidents
Victim came in to Contact with live Conductor (with or without any object)	56
While replacing HG fuses or LT Fuses of DTR / PTR or Touching the Fuse Box @ DTR	14
While working on existing line for maintenance / Construction of New Line	14
Pole damaged and fell down due to Heavy gale and wind	3
Touched the Sagged/Snapped / fallen conductor due to Gale & Wind	3
Touching the Snapped and fallen conductor	10
Total	100

7.3 People come in to contact with live conductors because they are sagging. It is the responsibility of the DISCOMs to see that conductors are in good condition. Consumers try to replace fuses of DTRS because DISCOM personnel do not respond to the complaints in time forcing the consumers to take risk. It is the responsibility of the DISCOM to repair damaged poles and conductors in time to avoid accidents. All the above 100 accidents shall fall in the DISCOM account. Consumers shall not be held responsible for these accidents.

7.4 TGSPDCL responded to this directive as follows, “The report on Electrical Accidents and Ex-gratia shall be submitted to the Hon'ble Commission.”

7.5 As a part of the Distribution Business true up for the year 2024-25 TGNPDCL claimed Rs. 25.14 Crore towards compensation/ex-gratia paid to electrical accidents. In the filings related to ARR and RST Proposals for FY 2026-27 TGNPDCL recorded that Rs. 23.73 Crore expenditure was incurred during FY 2024-25 towards compensation/ex-gratia paid to electrical accidents. Similarly, TGSPDCL claimed Rs. 20.18 Crore, as a part of the Distribution Business true up for the year 2024-25, towards compensation/ex-gratia paid to electrical accidents. In the filings related to ARR and RST Proposals for FY 2026-27 TGSPDCL recorded that Rs. 7.75 Crore expenditure was incurred during FY 2024-25 towards compensation/ex-gratia paid to electrical accidents. There is discrepancy in the amounts claimed by TGDISCOMs towards compensation/ex-gratia paid to electrical accidents during FY 2024-25. This needs to be verified.

7.6 The information provided by TSDISOMs on electrical accidents show that most of the fatal accidents took place in circles with predominantly rural services. These accidents are low in urban circles. This implies that the rural consumers are not receiving quality service. Every step shall be taken to correct this anomaly.

Arrears:

8.1 According to TGNPDCL filings of FY 2026-27 total arrears of Rs. 50,000 and more pending for six months as on 30-09-2025 are Rs. 17,968.45 crore. These arrears are higher than ARR approved by the Commission for FY 2025-26. According to TGSPDCL filings of FY 2026-27 total arrears of Rs. 50,000 and more pending for six months as on 30-09-2024 are Rs. 2, 418.68 crore. These arrears are equal to 5.88% of ARR approved by the Commission for FY 2025-26. Compared to the previous year TGSPDCL has reduced the arrears substantially. Substantial portion of these arrears have to come from state government departments. (While TGSPDCL mentioned the arrears due from Government departments TGNPDCL did not show these details. TGNPDCL provided circle wise information). According to TGSPDCL submission arrears due from state government departments stand at Rs. 1,543.06 crore accounting for 63.8% of the arrears. Situation may be the same or even worse in the case of TGNPDCL. In the case of TGNPDCL 99% of the arrears are due from HT consumers. According to Section 1.2 i) of UDAY – MoU all outstanding dues from the government departments to DISCOMs for supply of electricity shall be paid by 31-03-2017. Since then, arrears from state government departments in fact have increased.

8.2 If the arrears below Rs. 50,000 are also taken in to account total arrears due to TGDISCOMs will be much higher. Because of these mounting arrears TGDISCOMs are forced in to heavy debt burden and it is one of the reasons for losses incurred by the TGDISCOMs.

8.3 We request the Commission to advise the State Government to release arrears pending from state government departments in a time bound manner. We also request the Commission to direct DISCOMs to take effective steps to bring down arrears from other consumers.

9. We request the Commission to take our above submissions on record and allow us to make further submissions during the public hearing.

Thanking you.

Sincerely yours,

M. Thimma Reddy.