

TGERC HYDERABAD INWARD

30 JAN 2026

No.

Sign

दक्षिण मध्य रेलवे SOUTH CENTRAL RAILWAY



प्रधान कार्यालय / Headquarters Office,
विद्युत विभाग / Electrical Department,
चौ.मं.,सी ब्लॉक / 4th Floor, 'C' Block,
रेल निलयम / Rail Nilayam
सिकंदराबाद / Secunderabad - 500 025

स.नो.ई E.19/5/1/3/TGERC/Vol I

दिनांक Date:- 29.01.2026.

✓ **The Secretary,**
Telangana State Electricity Regulatory Commission,
Vidyut Niyamtran Bhavan,
Sy.No.145-P, G.T.S. Colony, Kalyan Nagar,
HYDERABAD-500 045.

Sub: Representation against the Proposed Retail Supply Tariff for HT-V(A) -
Railway Traction category of S.C Railways for FY-2026-27.

Ref: Public notice issued in the leading daily newspapers dated 08.01.2026.

DISCOMs of Telangana have issued public notice in newspaper on 08-01-2026 for the proposed retail supply tariff for the year 2025-26.

The objections/representation against the proposed retail tariff of HT-V (A) -Railway Traction category of South Central Railway is enclosed for kind consideration.

A copy of the representation has also been submitted to Chief Engineer (RAC), TGSPDCL and Chief Engineer (IPC & RAC) TGNPDCL.

Apart from this representation, South Central Railway is also requested to be heard in person during public hearing scheduled on 07.03.2026 at TGERC office.

Kindly acknowledge the receipt.

Encl- Copy of Objections/Representation on proposed HT-V(A) Tariff proposal.

Digitally signed by GOPAL
MUDAVATH
Date: 2026.01.30 10:17:20 +05'30'

(M. GOPAL)
CHIEF ELECTRICAL DISTRIBUTION ENGINEER
SOUTH CENTRAL RAILWAY
SECUNDERABAD

C/- 1. Chief Engineer (IPC&RAC), TGSPDCL, Corporate Office, 1st Floor, 'A' Block, Mint Compound, Hyderabad, Telangana 500063.

2. Chief Engineer (IPC & RAC), TGNPDCL, H.No. 2-5-31/2, Vidyut Bhavan, Nakkalagutta, Hanmakonda-506001.

2025 MAR 17

**THE OBJECTIONS ON THE PROPOSED TARIFF BY TG DISCOMS FOR
H.T. CATEGORY-V (A) (RAILWAY TRACTION) FOR THE YEAR 2026-27
ON BEHALF OF SOUTH CENTRAL RAILWAYS.**

- 1.0** Indian Railways is a vital and largest transport organization of Government of India, have vast network for surface transport accessible to all sections of society and play important roles in economic and financial growth of the country. Railways serve the public at large and being a public utility, it should be supplied with electricity at a reasonable price which would reduce its requirement for diesel. In the process there would be saving of foreign exchange. It will also prevent upward revision of fares for transportation of passengers and goods by the Railways. If the fare for passengers & Goods is increased to offset fuel (energy) cost, it will add to overall inflation.
- 2.0** South Central Railway avails traction power through 31 **TSSs** at 132 kV Traction sub-stations in the state of Telangana. The total **connected load is 474 MVA** and total consumption of Railway traction is 1302 **million units** projected for the year 2025-26 and paying a substantial amount of **Rs. 914 Crores** to DISCOMs in Telangana state.
- 3.0** The Railways is a bulk consumer and pay major revenues to TGDISCOMs. Hence, the grievances of Railways are to be considered while fixing the tariff for HT-V (A) category.
- 4.0** Government of India and state governments have taken policy decisions to encourage public/private electric road vehicles for decarbonization of transport system to reduce carbon footprint and protect the environment. Government of India (Ministry of Railways) took policy decision to electrify its entire existing Railway network

over Indian Railways on fast-track mode to enrich carbon free transportation and 99.2% of BG routes of IR have been electrified.

The hike in electricity tariff of Railway Traction will affect the operating cost of Railways, which may result in high freight charges, commodity prices and thereby rise in inflation and burdening common man and public of all sectors.

Rising operating costs in a labor-intensive Railway organization have a direct impact affecting financial sustainability, manpower planning and employment expansion.

5.0 Key aspects of Railway Electrification in Telangana State:

a) Sustainable Infrastructure & Growth:

Rapid electrification is a cornerstone of sustainable transport in Telangana, fostering growth and reducing carbon emissions.

b) Energy Efficiency:

Electric traction is significantly more energy-efficient and cost-effective than diesel, with a target to reduce CO₂ emissions through cleaner, modernized rail operations.

c) Base Load & Power Factor:

Railway Traction provided a reliable base load for the grid and helps maintain a high power factor, promoting better utility performance.

d) Strategic Tariffs:

Maintaining competitive, national-bench mark tariffs for Railway Traction is key for regional development and supporting the growth of Telangana's economic infrastructure.

6.0 Cost of Service for Railway Traction:

The proposed Cost of service for Railway Traction is as follows:

Discom	Cost of Service Rs/KWH
TGSPDCL	5.97 (As per the ARR submitted)
TGNPDCL	5.63 (As per the ARR submitted)

Average	5.80
----------------	-------------

The comparison of cost of service and existing/proposed tariff for Railway traction HT-V(A) category is given below.

Year	Average COS of Discoms	Existing/Proposed Traction tariff	% Variation
2026-27	5.80/KWH	7.03/KVAH	21%

From above, it may be seen that the traction tariff is higher by 21% over cost of service which is against the provisions of National Tariff policy.

The COS is being calculated in terms of KWh and energy is being charged for Railway traction in terms of KVAh.

7.0 National Tariff Policy :

As per the National Tariff Policy-January 2016, the tariffs shall progressively reflect the Cost of Supply. From the table in Para 5.0, it is noted that the percentage difference between the average cost of service of the two DISCOMs and the traction tariff proposed is 21% more, which is in contravention to the National Tariff Policy.

8.0 Existing/Proposed Traction Tariff for 2026-27:

Existing/proposed traction tariff with demand charges of Rs. 500/kVA and Energy Charges Rs.5.05/kVAh, which is equivalent to Rs. 7.03/kVAh is already at very high and unreasonable for national transporter like Railways.

- **Higher traction tariff slashes Rate of Return (ROR) for the new electrification projects, existing electrification projects and upgradation of existing electrification works which are under progress and may make them non- viable.**
- Further, it is worth to mention that SC Railways operates train services around the clock both during the day and at night, contributing to maintain and increase grid stability during off-peak load hours:

8.1 The details of existing Railways Traction Tariff rates with other states – a comparative statement:

Sl. No.	State	Demand Charges In Rs./kVA	Energy Charges in Rs./kVAH	Average Unit Price in Rs.
1	Odisha	250	5.30	6.29
2	Kerala	250	4.80	5.79
3	Chhattisgarh	375	5.25	6.74
4	Maharashtra	Under Open Access		5.84
5	Karnataka	Under Open Access		6.09
6	Madhya Pradesh	Under Open Access		5.60
7	Gujarath	Under Open Access		5.72
8	Jharkhand	Under Open Access		5.16
9	Bihar	Under Open Access		6.32
10	Uttar Pradesh	Under Open Access		5.67

8.2 The details of average unit cost of open access rates over Indian Railway and traction tariff rates in Telangana state – a comparative statement:

Sl. No.	Financial Year	Average unit cost in Rs/Unit in the states under open access over Indian Railways.	Average unit cost in the state of Telangana in Rs/Unit	Difference in Rs.
1	2021-22	5.56	5.72	+0.16
2	2022-23	6.40	7.00	+0.60
3	2023-24	6.14	6.94	+0.80
4	2024-25	5.68	7.03	+1.35
5	2025-26 (up to Sep-25)	5.49	7.03	+1.54

- Comparison highlights relative high tariff burden in Telangana state.
- Other states offer traction-friendly tariff structures.
- Align Telangana traction tariff with national benchmarks.
- Tariff rationalization directly impacts freight cost, passenger fares and state economy.

8.3 Tariff Schedule of Hyderabad Metro Rail (HMR) and Indian Railways:

Consumer	Existing/Proposed Tariff		
	Demand Charges Rs/KVA	Energy Charges Rs/KVAh	Average unit rate Rs/KVAh
HMR-HT-V(B)	500	4.95	6.93
Railways HT-V(A)	500	5.05	7.03
% increase over HMR			1.44

It is evident from the preceding data that there is a 1.44% more difference in the current tariff between HMR and Railways. Further, it is worth to mention that SC Railways operates train services around the clock both during the day and at night, contributing to maintain and increase grid stability during off-peak load hours, whereas HMR operates only with a fixed load during the day and no load during the night.

9.0 Electrification of more sections in Telangana:

By way of electrification of Railway network in Telangana additional infrastructure will be added, resulting into faster movement of goods and passenger traffic. Ultimately there is every possibility of upcoming industries in Telangana state.

9.1 Electrification projects recently completed:

Electrification Projects completed in last 3 yrs.: 1186 Kms

- I. Peddapalli - Nizamabad: 178 Km
- II. Falaknuma- Mahbubnagar Doubling with Electrification:98 Km.
- III. Malkajgiri – Medchal doubling with Electrification: 24 Kms.
- IV. Mahbubnagar – Kurnool Town: 128 Km.
- V. Medchal - Dharmabad : 166 Km.
- VI. Devarakhadra – Krishna: 65 Km
- VII. Janakampet – Bodhan : 27 Km.
- VIII. Moulali – Ghaktkesar (Quadruppling): 24 Km.
- IX. Kazipet – Ballaharsha (Tripling): 185 Km.

- X. Vikarabad – Matakunta: 79 Km.
- XI. Akanapet – Medak: 17 Km.
- XII. Kazipet – Vijayawada (Tripling): 195 Km.

9.2 Electrification projects under progress: 342 Km.

- i. Kazipet – Balharshah (Tripling): 18 Km
- ii. Kazipet – Vijayawada (Tripling): 25 Km
- iii. Medchal – Mudkhed (Doubling): 171 Km.
- iv. Mahbubnagar-Kurnool Town (Doubling): 128 Km.

9.3 Electrification projects under sanction: 149 Km.

- i. Manoharabad – Kothapalli: 149 KM.

9.4 Electrification projects under proposal stage and yet to be sanctioned: 622 Km.

- i. Sattupalli – Kovvur:95 Km.
- ii. Manugur – Ramagundam:200 Km.
- iii. Macherla – Nalgonda: 92 Km.
- iv. Kondapalli – Kothagudem: 125 Km.
- v. Kazipet – Ghatkesar: 110 Km.

a) Above New Line project sections are planned to be electrified in Telangana state. Existing high traction tariff affecting badly and not viable the upcoming electrification projects and slow down the existing projects also in Telangana state and effects the development of infrastructure works in the state of Telangana.

b) Further, Railway Board have chosen Railway network work over Telangana region to upgrade the traction system from existing 1x25 KV system to 2x25 KV system to enhance existing carrying capacity to realize Mission 3000 MT master plan of PMO office, wherein connected loads and power demand are envisaged to increase significantly.

c) Details of 2x25 kV AT system upgradation Projects in the state of Telangana over S.C. Railway:

I. 2x25 kV AT system upgradation works awarded and execution in progress:

Sl.No.	Section	Length in Km.
1	Balharshah-Ramagundam	142
2	Secunderabad - Kazipet	131
3	Kazipet - Dornakal Jn.	96
4	WADI - Vikarabad	112
5	Ramagundam - Kazipet	92

II. 2x25 kV AT system upgradation works Sanctioned, yet to be awarded:

Sl.No.	Section	Length in Km.
1	Kondapalli - Khammam	85
2	Khammam - Dornakal Jn. - Badrachalam Road.	78
3	Mahbubnagar - Dhone	184
4	Pagidipalli - Guntur - Motumari	337
5	Medchal - Mudkhed	225

d) In the second phase, it is proposed to convert the balance sections from the existing 1 × 25 kV AC traction system to the 2 × 25 kV AC traction system.

10.0 Incentive on Prompt/early payment:

Railways are prompt in payment of energy bills to the DISCOMs and for these, Railways certainly deserve some rebate/incentive. Reasonable rebate/incentive for prompt payment be granted as done in Odisha state. In Odisha, Railways entitled to a rebate of 1% (one percent) of the amount of monthly bill (excluding all arrears).

11.0 Off peak time loads for Railway Traction:

It is to mention that Railway traction is power intensive and loads are for passenger & goods train services which are run round the

clock. There is no distinction of peak to non-peak hours. Thus Railways are improving base loads of DISCOMs and supporting the grid stability. Apart from this, Railways is maintaining higher power factor.

12.0 Unblocking of leading kVARh:

As per the Para no. 3.21.20 of Hon'ble TGERC order, Tariff for Retail sale of Electricity for FY-2025-26, has approved the TGDISCOMs proposal for unblocking of leading kVARh for the purpose of kVAh billing with a three (3) months prior notice.

It is prayed to consider the following points from Railways end and relieve the financial burden on Railways due to unblocking of leading kVARh.

- a) Railway traction load changes every moment. Matching reactive power in real time is difficult in this system.
- b) When Railways operate in leading VAR, they supply reactive power to the grid. This supports grid voltage, but increasing kVAh billing due to tariff design, resulting in higher traction energy cost, there by improves voltage profile and reducing upstream system losses.
- c) Fixed capacitor banks stay in service to maintain power factor. During low load, these inject reactive energy into the grid.
- d) Traction loads are inherently dynamic and highly schedule-dependent, which limits effective real-time power factor control. In view of these operational constraints, imposition of power factor penalties under such conditions is technically inequitable.
- e) Traction power varies with train movement and passenger schedules, Railways have limited control over power factor during live operations. Penalizing this is not technically fair.
- f) Grid rules and tariff policies do not mandate billing for leading VAR unless voltage rising issues occur. Railways have not caused such problems.

- g) The current billing method penalizes Railways without giving any credit for helping the grid during off-peak periods, when it helps to maintain grid stability during low load condition, the leading kVARh injected by Railways during low load period acts as a dynamic compensation source that improves grid voltage, stability and reduces the line losses, acting as an ancillary service. Therefore, applying penalties on leading kVARh is technically unjustified.
- h) Installing advanced dynamic compensation needs high investment and long timelines like PQR (Power Quality Restorer).
- i) Railways are a national service. Their power system is not comparable to regular commercial users.

“In light of the above submissions, it is prayed that Railways may be exempted from levy of charges on leading reactive energy. The Railway traction system inherently contributes to grid stability, and the occurrence of momentary leading VAR during traction operations is unavoidable and operationally intrinsic.

Railways may therefore be considered as a special case, and billing may be confined to lagging reactive energy only, without levying any charges on leading reactive energy (kVARh)” to avoid financial burden on the Railways.

13.0 Railways Planning to avail traction power through open access.

- a) It is brought to the kind notice of the Hon’ble commission; Indian Railways are already availing power through “Open access” in 14 states. The “Deemed Distribution Licensee” status of Railways is under sub-judice at Hon’ble Supreme Court. However, Hon’ble Supreme Court in its interim orders dated 06.05.2024 and 08.11.2024, clarified that open access for Railways shall not be denied and cross subsidy and additional surcharges are not liable to pay till final order of the Hon’ble Supreme Court. South Central

Railway submitted application for grant of GNA NOC with TGTRANSCO on 17.06.2025 to avail power through open access as "Drawee entity connected with Intra-State Transmission System" as per CERC, General Network Access (GNA) Regulations'2022.

- b) Availability of ABT meters is a mandatory requirement for availing power through Open Access. An amount of ₹14.30 crore was deposited with TGTRANSCO by Railways during 2017-18, as per the estimates submitted by TGTRANSCO. However, despite extensive correspondence between Railways, TGTRANSCO, and TGDISCOMs, no substantial progress has been made in providing ABT meters compatible with Open Access in accordance with the latest regulations and guidelines in force.
- c) As per Section 39, 2 (d) Indian Electricity Act-2003, STU to provide non-discriminatory open access to its transmission system for use by all the entities eligible as per the Regulations in force.
- d) High traction tariff for Railways, forcing Railways to explore the other alternatives to avail traction power through bilateral arrangements under Open Access to reduce the cost of energy billing. Reasonable, competitive and low traction tariff for Railways on par with the other open access states is requested to retain bulk consumer and prompt payer of electricity bills.

14.0 Railways prayed:

- a) Railway traction tariff shall be on par with open access rates (average open access rate for Railways is Rs. 5.49/unit) in other states of Railways. Reasonable traction tariff for Railways may be considered to retain a bulk consumer and prompt payer like Railways. Reasonable traction tariff on par with the open access rates will further give impetus to Railway electrification projects and traction system upgradation from 1x25 kV system to 2x25 kV system over the Railway network in the state of Telangana. Railway Electrification is environment friendly, energy efficient and reduces

carbon footprint, which further reduces the import burden of high-speed diesel.

- b) Existing high traction tariff for Railways has been affecting the ongoing Railway Electrification projects which are under progress in the state of Telangana. This will have a detrimental effect on the electrification projects and other upcoming infrastructure projects in the state of Telangana.
- c) In this circumstance, existing/proposed tariff by TG Discoms equivalent charges of Rs 7.03 /kVAh (with average load factor 35%) is high and unreasonable. Higher tariff compared to "open access" and burdening the bulk consumer like Railways.

15.0 Conclusion:

Railway traction provides base load, maintains high power factor and save imported fissile fuel, apart from speedy, energy efficient and environmentally friendly public transport.

Encouragement for new electrified sections for development of infrastructure in the state of Telangana and also act as growth engine for the economy of country largely.

Keeping the above in view, Hon'ble commission is requested to consider and it is prayed that,

- a) ***The existing high traction tariff under category HT-V (A) Railway traction is to be reduced for the above-mentioned reasons as per the provisions of National Tariff Policy, to encourage electrification projects in Telangana state.***
- b) ***Railway Traction Tariff in line with Hyderabad Metro Rail, may be considered to avoid disparity, discrimination and injustice between the two public transport systems.***

- c) ***Railway Traction tariff reduction may be considered by exempting Railways from the burden of cross subsidy surcharge by virtue of provisions contained in the National Tariff Policy issued by Ministry of Power on 28th January -2016.***
- d) ***To give impetus to electrification of Railway network, it is requested to consider the reasonable rebate/ incentives for prompt payment of monthly energy bills.***
- e) ***Blocking of leading kVArh to be considered for Railways to avoid financial burden on the Railways in view of reasons/clarifications mentioned at P.No.11.***
- f) ***In the circumstances explained above, the Hon'ble Commission is humbly requested to kindly consider the objections submitted by the Railways and to review, rationalize, and suitably revise the existing tariff schedule and policies governing Railway Traction, keeping in view the Railways' status as a bulk consumer and a prompt payer of energy charges.***

GOPAL MUDAVATH

Digitally signed by GOPAL MUDAVATH
Date: 2026.01.30 10:15:40 +05'30'

(M. Gopal)
Chief Electrical Distribution Engineer
South Central Railway
Secunderabad