February 06, 2026

To
The Secretary,
T.S. Electricity Regulatory Commission,
Vidyut Niyantran Bhavan, GTS Colony, Kalyan Nagar, Hyderabad – 500 045

From
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Respected Sir

We wish to submit a few comments and suggestions on the ARR and RST petitions of the TG DISCOMs. We understand that the last date for submission of objections has passed, and hence humbly request you to condone the delay. Kindly take our submission on record and permit us to present this during the public hearing at Hyderabad.

Thanking you,
Yours truly

Srihari Dukkipati
Fellow, Prayas (Energy Group)

Comments from Prayas (Energy Group) on the ARR and RST petitions of the TG DISCOMs for FY 2026-27

1. Demand Forecast

Sections 2.1 (NP) and 3.1 (SP) of the petitions cover sales forecast. Category-wise sales for from FY21 to FY25 (FY20 to FY25 for NP) is provided and energy sales for FY27 is calculated using category-wise growth rates over FY25 actuals. NPDCL mentions that connected load growth is used for LT Agriculture sales projection and Electric Vehicles initiative for EV charging projection. SPDCL does not mention any such details. Both the DISCOM adopt 1,2,3,4 or 5 year Growth Rates or Manual Growth Rates for different categories, without providing any explanations.

We request the DISCOMs to provide clear explanations for selecting Growth Rates, especially for the major sales categories such as LT Domestic, LT & HT Commercial, LT & HT Industry and LT Agriculture.

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. NPDCL 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 NPDCL for FY24 (Actual), FY 25 & FY26 (Estimates) and FY 27 (Projected).

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

Table 1: Agriculture sales trends in NPDCL (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. **We request NPDCL to provide clarification on this, specifically on how the FY26 to FY27 growth rate was arrived at.**

Table 2 provides similar data for SPDCL.

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

Table 2: Agriculture sales trends in SPDCL (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.**

In this context, the ARR filing formats as per the MYT Regulations 2023 are quite useful for such analysis. One suggestion for improvement is to provide historical actual data for past three years. For this control period (FY25-FY29), all the Forms could provide actual data for at least the past three years, even if some of those years from the previous control period. It can be seen that some forms do provide this data (eg. F2- Number of connections, F3- Contracted Demand etc), but some do not (eg. F1- ARR, F4-Sales etc). **We request the DISCOMs to provide at least 3-year actual historical data in all forms.**

Hon'ble TGERC have been directing the DISCOMs to meter agriculture DTs and Directive 11 was to submit action plan within 2 months. In the petition, DISCOMs have responded that feeder metering is planned under RDSS and in that case DT metering would not be required. But in response to Directive 7 (Smart Meters), DISCOMs have submitted the RDSS proposals are awaiting approval from the government. Use of RDSS for smart metering (feeder, DT and selected consumers) and network augmentation would benefit TG DISCOMs and we request DISCOMs to expedite the RDSS proposals.

In the meantime, TG DISCOMs can use feeder metering to improve the estimation of agriculture consumption, as is being done in many states, including AP. This can be done even before feeder segregation is implemented. All 11 kV feeders in Telangana are reportedly metered. For mixed feeders, non-agriculture consumers are hopefully metered and mapped to the feeder. This metered consumption and expected losses (11 kV feeder, DT and LT lines) could be subtracted from feeder meter reading to arrive at the agriculture consumption.

We request the comments from DISCOMs about this method of estimating Agriculture sales. Hon'ble TGERC could consider preparing guideline for feeder-metering based agriculture consumption estimation. As done by the Maharashtra SERC and MPERC,

Hon'ble TGERC could also consider setting up a committee with members drawn from SAC, DISCOMs and TGERC to prepare these guidelines.

2. Power Purchase planning

We wish to highlight the importance of planning power purchase over a 5 or 10-years time horizon, using modelling studies. The current Resource Plan order 2023 would have to be revised, considering the many new developments. Modelling studies would help to identify cost optimised capacity addition and dispatch options under different scenarios. Specifically, it can suggest optimal energy storage addition plans and best use of market options to minimise power purchase cost, while maintaining reliable supply. **TSGENCO could explore the possibility of increasing the flexibility of coal power plant with some additional marginal investment**.

Hon'ble TGERC has already initiated the process of Resource Adequacy Regulations and DISCOMs are expected to prepare 10-year plans. As many as 15 SERCs have prepared Resource Adequacy Regulations (10-year planning horizon with one-year rolling plans) and some DISCOMs have started preparing RA plans. **As soon as these Regulations are finalised, DISCOMs could start preparing RA plans.**

As per the current petitions, power purchase quantum available from TSGENCO thermal stations is 44,790 MUs (combined across both DISCOMs) in 2026-27, which is more than double the power purchase from TSGENCO Thermal in 2024-25. In addition, "Other short-term purchase" of 11,641 MUs at an average price of 3.44 Rs/kWh and sale of surplus power of 2,985 MUs at an average revenue of 2 Rs/kWh has been estimated for the year 2026-27. Given that the expected revenue from surplus power is low at 2 Rs/kWh, it appears that the sale is expected to happen when market prices are low such as during the solar hours. This is in contrast to the average revenue realised from surplus power of 5.66 Rs/kWh in 2024-25. To help understand this better, **we request the DISCOMs to provide the expected hourly demand supply gap/surplus in 2026-27.**

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. **We request the DISCOMs to provide the status of commissioning of the 500 MW BESS project of TGGENCO. We request the DISCOMs to take up modelling studies to prepare power purchase plans to resource adequacy plans.**

Telangana has initiated the setting up of distributed solar of about 4000 MW under KUSUM-A, and Hon'ble TGERC has given consent to this in April 2025. **We request the DISCOMs to update the status of these projects and how they would influence the power purchase plans for FY27.**

There are a few paragraphs on Distribution Cost in Section 2.3.3 (Power Purchase Cost) of the SPDCL petition. It is not clear why this section is not included. A Table is given, which shows the Approved and Actual components of Distribution Cost in FY25. This Table is followed by a para on O&M cost. To quote: "*The operation and maintenance expenses incurred during FY2024-25 are higher than the Tariff order approved values by Rs. 439.87 crores which is mainly due to consideration of lower approval in the Tariff Order*." We request SPDCL to explain this section, and particularly, this sentence.

3. Addressing the 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 14th 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 in Table 3.

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 14th 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 14th Rating Report. Arrears are quite high with government departments as the main contributor.

In the 13th Integrated Rating & Ranking of power distribution utilities by MoP (February 2025), both TG DISCOMs have rating of "C-" compared to "C" in the 12th rating. The main reason for this appears to be the low score on financial sustainability. In the current 14th 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 (54th) and SPDCL is ranked 52nd.

We request the Hon'ble TGERC to review the financial health of DISCOMs or consider providing policy advice to the state government to set up an inter-departmental

committee to study the causes of such losses and suggest measures to reduce them over a period of time.

4. Quality of supply and accidents

We have repeatedly pointed out, that in addition to providing information in the performance reports section of the petitions, what matters is the trend of these parameters over the years, and analysis of the data to arrive at key aspects that affect the consumers. Analysis of this should provide inputs to tightening the performance benchmarks listed in the SoP Regulations such as time taken to repair failed DT, time taken to replace failed meter or address fuse off calls.

Since Quality of Supply & Service issues are raised by many objectors during Retail Supply Tariff public hearings, Hon'ble TGERC may wish to organise separate public hearings, say once in 2-3 years, only on this topic. DISCOMs could provide 3-year trends of SoP indicators and plans to improve them.

As for electricity accidents, the number of fatal human accidents continue to be high, though the numbers appear to be reducing. Figure 1 gives the trend of fatal human accidents in TG DISCOMs over the years. It also provides the fatality rate (Human fatalities/lakh population – HF/Lakh) in TG state, which is much higher than the All-India rate. For example, TG fatality rate in FY25 is 1.24 compared the all-India figure of 0.43.

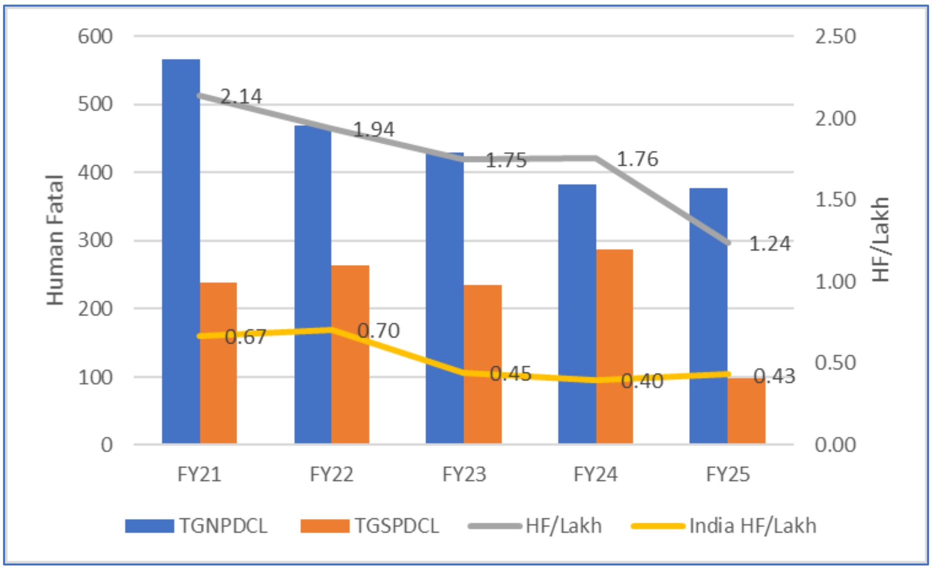

Figure 1: Trend of Human Fatal accidents in TG DISCOMs (From DISCOM ARRs and CEA)

There is wide variation in the number of human fatal accidents across circles/districts, as seen from Figure 2, which gives this data for FY25.

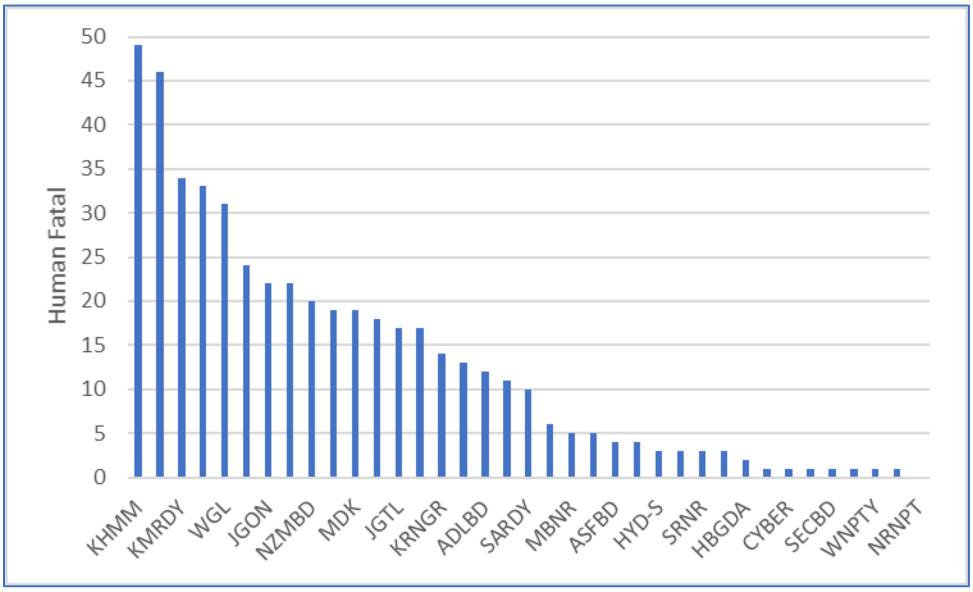

Figure 2: Circle wise human fatal accidents, FY25 (from DISCOM petitions)

DISCOMs could prepared accident reduction measures based on circle- wise or division-wise break-up data.

DISCOMs do not provide electrical locations and causes of accidents, except NPDCL providing causes for accidents. These details are available in the CEA reports. As per CEA's data for FY25, nearly 80% of the human fatalities occur due to accidents in Distribution system and 15% in Non-industrial consumer locations. Very few fatal accidents are reported from Generation, Transmission and Industrial consumer locations. As per the same report, and NPDCL petition, nearly 70% of the fatalities are due to accidental contact or line snapping. From all these, it is clear that DISCOMs have a crucial role to take steps to reduce accidents.

A related point to note is that there is a wide variation of the number of fatal human accidents reported by TG DISCOMs in the ARR petitions and as reported by CEA in its Annual Statistics or CEI's annual accident reports. This is illustrated in Table 4, which gives human fatal accidents reported by DISCOMs and CEA in the past three years.

	FY23	FY24	FY25
TG DISCOMs	664	671	476
CEA/CEI	89	98	27

Table 4: Mismatch in human fatal accidents – TG DISCOMs and CEA (From DISCOM petitions and CEA Annual Statistics and CEI Accident report)

It can be seen that the numbers reported by CEA is much less compared to that of TG DISCOMs. Since DISCOMs or State Chief Electrical Inspector Office must be providing this data to CEA, the reason for this mismatch is not clear. **We request DISCOMs to clarify this mismatch between DISCOM and CEA reported accident data**.

Hon'ble TGERC could set up a committee to study electricity accidents and suggest recommendations to reduce accidents. The committee could have members drawn from State Electrical Inspectorate, DISCOMs, Safety professionals, Rural consumer organisations and Academia.

5. **Smart Meters**

NPDCL, in its response to Directive 8 (Timebound action plan for replacement of existing meters with smart meters) mentions that procurement of 79,493 smart meters is in progress for consumers with consumption greater than 500 Units/month. **We request NPDCL to clarify if all these are domestic consumers and the circle/division where this activity is planned. What is the plan to recover the cost of this meter replacement?**

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