



**Southern Power Distribution Company of Telangana Limited**

#6-1-50, Corporate Office, Mint Compound, Hyderabad 500 063 website  
[www.tgsouthernpower.org](http://www.tgsouthernpower.org)

From  
Chief Engineer (IPC&RAC),  
TGSPDCL, Corporate Office,  
6-1-50, 1<sup>st</sup> Floor, Mint Compound,  
Hyderabad – 500 063.

To  
The Commission Secretary,  
TGERC, Vidyut Niyantran Bhavan,  
Sy.No.145-P,  
G.T.S. Colony, Kalyan Nagar,  
Hyderabad 500 045

Lr No.CE (IPC&RAC)/DE(IPC)/F.MYT/D. No. 4410 /25-26, dt: 09 .01.2026

Sir,

Sub:- TGSPDCL – IPC&RAC – TGGENCO filings for Annual tariff petition for FY 2026-27 containing ARR and revised tariff proposal for FY 2026-27 and True-Up for FY 2024-25 vide O.P.No.67 of 2025 for Generating Business for the existing thermal & hydel stations of TGGENCO under MYT tariff framework before TGERC – Objections/ suggestions of TGDISCOMs – Submission - Regarding.

Ref:- Public Notice by TGGENCO, dated: 20.12.2025.

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The objections/suggestions of TGDISCOMs in respect of O.P. No.67 of 2025, filed by TGGENCO on Annual tariff petition for FY 2026-27 containing ARR and revised tariff proposal for FY 2026-27 and True-Up for FY 2024-25 for Generating Business for the existing thermal & hydel stations of TGGENCO under MYT tariff framework, are hereby submitted for the kind consideration of the Hon'ble Telangana State Electricity Regulatory Commission (TGERC).

Further the additional objections/suggestions (if any) by TGDISCOMs on the aforesaid TGGENCO filings will be submitted during the Public hearing on 22.01.2026.

Encl: As above

Yours faithfully,

B.Ravi

Chief Engineer (IPC&RAC)

Email Id:- [seipctsspdcl@gmail.com](mailto:seipctsspdcl@gmail.com)

Ph:-+91 8712468147

Copy submitted to  
The CE/Coal & Comml./TGGENCO/Vidyuth Soudha  
The ED/Comml/TGPCC/Vidyuth Soudha

Copy to  
The Chief Engineer/IPC&RAC/TGNPDCL

## Comments on TGGENCO ARR Filings

The comments of TGDISCOMs on TGGENCO Filings are as follows –

Sl.No.	Plant	Para No. in the petition if available	Proposal of the TGGENCO as made in the petition	Comments/ suggestions/ objections												
1	TGGENCO as whole	16.14 of petition	Additional pension liabilities and water charges	<div><div><div><div><div></div><div>The projected Additional Pension Liabilities &amp; Water charges in the filings are higher than MYT approved order. The details are as below</div></div></div><table><tr><th>Description</th><th>TGGENCO filings</th><th>MYT Approved</th><th>Difference</th></tr><tr><td>Additional Pension Liabilities (in Cr)</td><td>1902.23</td><td>1617.06</td><td>+285.17</td></tr><tr><td>Water charges(in Cr)</td><td>53.48</td><td>33.84</td><td>+19.64</td></tr></table></div><div>Further, the request of TGGENCO claim towards Security Expenses, Ash transportation expenses, Energy conservation</div></div>	Description	TGGENCO filings	MYT Approved	Difference	Additional Pension Liabilities (in Cr)	1902.23	1617.06	+285.17	Water charges(in Cr)	53.48	33.84	+19.64
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				charges, Cyber security expenses and fire protection expenses that are extra in the nature of general expenses. The Hon'ble Commission is requested not to allow for pass-through in tariff.
2	BTPS, Srisailam LB HES and KTPP-II	16.5 of petition	Interest and Finance charges	<ul style="list-style-type: none"> <li>The plant level audited reports of GFA, accumulated depreciation are required to calculate the normative loan and interest charges.</li> <li>The variation between MYT approved amounts and proposed amounts for FY27 is high for BTPS, Srisailam LB HES and KTPP-II. The reasons for the high variations are not mentioned in the filings and may be explained</li> </ul>
3	BTPS	16.10 of petition	Interest on working capital(IOWC)	<ul style="list-style-type: none"> <li>The variation between IOWC MYT approved and actuals of FY25 for BTPS is more 16.39 Cr. The reasons for the same may be explained.</li> </ul>
4	TGGENCO as whole	16.11 of petition	Return of Equity (RoE)	<ul style="list-style-type: none"> <li>The plant level audited reports of GFA, accumulated depreciation are required to calculate the equity portion and</li> </ul>



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				<p>return on equity for different plants.</p> <ul style="list-style-type: none"> <li>Reasons for high RoE variation for plants Nagarjuna sagar, Srisaillam LB, Lower jurala HES are to be explained.</li> </ul>
5	TGGENCO as whole	15.2 of petition	O&M Expenses	<p>As per true up of FY 2024-25 the O&amp; M expenses approved in the MYT order are ₹1869.03 Crores where as the actual O&amp;M expenses are ₹2700.87 Crores and the variation is ₹831.84 Crores which is substantially higher than MYT-approved normative levels. Employee cost increase attributed to PRC-2022 is claimed retrospectively. The Commission has already directed that PRC impact must be subjected to prudence checks of the station wise actual.</p>
6	TGGENCO as whole	Para 16.9 of petition	Debt–Equity Ratio	<p>Interest shall be allowed only on debt corresponding to the normative debt– equity ratio as prescribed under the MYT Regulations. Any interest attributable to debt in excess of the normative level, or arising due to equity infusion beyond the</p>

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				approved norm, is inadmissible for tariff recovery and shall not be passed on to the DISCOMs. Further, interest arising from project delays, cost overruns, on account of generator does not qualify as a legitimate tariff pass-through and must be borne by the generator. The petition is not clear between loan drawals and Commission-approved capital works; in the absence of such correlation, the interest claims do not satisfy the prudence test under the MYT framework.
7	TGGENCO as whole	Para 18 of petition	Degraded Operating Parameters	Compensation for higher auxiliary consumption, increased Gross Station Heat Rate (GSHR), and higher Specific Fuel Consumption (SFC) arising due to part-load operation or reserve shutdown is the operational decision for managing grid stability in response to grid conditions, cannot be passed through to TGDISCOM's. Any allowance of such compensation would unjustifiably burden consumers and shall be disallowed.

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8	TGGENCO as whole	-	Sale of Un-requisitioned Power	As per the LPSC Regulations, generating stations are mandated to participate in the Day-Ahead Market (DAM) and Real-Time Market (RTM) for the sale of un-requisitioned power. In the event of non-compliance or non-participation for such operational decisions is attributable to the generator, and the generator shall not be eligible to recover fixed costs for such un-requisitioned power.
9	TGGENCO as whole	Para 16.16 of petition	Fuel Cost Escalation (2%)	The escalation of 2% claimed for FY 2026-27 towards coal and Secondary Fuel Oil (SFO) prices lacks justification. Any escalation, if at all admissible, shall be determined solely on the basis of the latest audited actual of FY 2025-26, duly accounting for the revision of GST on coal from 18% to 5%, and shall be subjected to a rigorous prudence check by the Hon'ble Commission.
10	TGGENCO as whole	Para 24 of petition	Payment Security	The proposal to mandate a Letter of Credit (LC) is objected to, as it would impose unjustified financial burden on State

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				<p>utilities already operating under significant liquidity constraints. Superimposing an LC requirement over existing payment security arrangements would severely constrain operational cash flows, impair DISCOMs' ability to meet day-to-day power procurement from exchanges and statutory obligations. Further, the MYT framework does not envisage mandatory LCs as a routine payment security mechanism. The proposed requirement therefore amounts to regulatory overreach, is disproportionate and contrary to consumer interest under Section 61(d) of the Electricity Act, 2003, and is liable to be rejected in entirety.</p>
11	TGGENCO as whole	Para 16.12 of petition	Non-Tariff Income (NTI)	<p>For FY 2026–27, NTI was approved at ₹118.18 Crore, whereas the revised claim is ₹85.69 Crore, resulting in a significant reduction of about ₹32 Crore. Similarly, for FY 2024–25, against an approved NTI of ₹109.51 Crore, the actual is only ₹78.39 Crore, leading to a variation of ₹31.12 Crore. The Hon'ble Commission is requested to carry out a</p>

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				detailed prudence check
12	TGGENCO as whole	Para 27-f of petition	Filing Fees & Publication Expenses	Recovery of filing fees and publication expenses from beneficiaries is not permissible, as these are procedural costs incurred by the generator for complying with regulatory requirements and do not contribute to power generation, efficiency improvement, or any direct benefit to consumers. Such expenses are part of the normal administrative overheads of the generator, for which provision already exists under A & G expenses, and there is no provision in the MYT Regulations allowing their separate recovery through tariff. Allowing these costs to be passed on would place an unnecessary and avoidable burden on consumers, contrary to the intent of Section 61(d) of the Electricity Act, 2003; therefore, the same shall be disallowed in full.
13	TGGENCO as whole	-	Consumer Interest & Prudence	Allowing the claims as filed would impose undue burden on consumers. All claims must be subjected to strict prudence check under Section 61(d) of the Electricity Act, 2003.



