

Objections on filings of TG TRANSCO in OP Nos. 68 and 69 of 2025 before the Hon'ble TGERC

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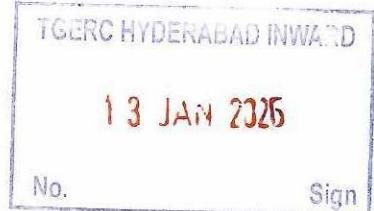
I.Gopinath <ceo@sicma.in>

10 January 2026 at 16:13

To: secy-tserc@telangana.gov.in

Cc: ce.rac@tgtransco.com, Sangam Asati <sangam@mercadosemi.in>, ramandeep@mercadosemi.in, Bhushan Rastogi <bhushan@mercadosemi.in>, SICMA INFO <info@sicma.in>

To,
The Secretary
Telangana Electricity Regulatory Commission
Kalyan Nagar
Hyderabad - 5000038



Dear Sir,

We write with reference to the notifications issued in connection with the proposals for **True-Up for FY 2024–25 and Annual Tariffs for FY 2026–27** filed by **TG TRANSCO** in respect of their **Transmission Business and SLDC Activity** in OP nos. **68/2025 and 69/2025** respectively, before the Hon'ble Telangana Electricity Regulatory Commission.

On behalf of the **South Indian Cement Manufacturers' Association**, as stakeholders in the power sector, we are filing herewith our **Preliminary Objections** against the said two filings of TG TRANSCO.

We request the Hon'ble Commission to consider the objections filed by us and permit the undersigned and/or our consultants, Mercados Energy Markets India Pvt Ltd., to participate/make additional submissions/produce additional details and documentations during the course of the Public Hearing(s) as scheduled.

Further, we request for an **opportunity to be heard during the Public Hearings**, preferably in **Hybrid mode**, to enable us to effectively place our concerns before the Hon'ble Commission.

Yours faithfully

I. Gopinath
Chief Executive Officer
South Indian Cement Manufacturers' Association

Copy to: CE (Comml & RAC), TG TRANSCO, Room#149, A Block, Vidyut Soudha, Hyderabad - 500082


SOUTH INDIAN CEMENT MANUFACTURERS' ASSOCIATION

Injeti Gopinath | CEO
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2 attachments

-  **SICMA - Preliminary Objections in OP no. 68 of 2025 (TG TRANSCO) before TGERC.pdf**
502K
-  **SICMA - Preliminary Objections in OP no. 69 of 2025 (TG TRANSCO) before TGERC.pdf**
497K

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Preliminary Objections on the Filings of TG TRANSCO

in OP No. 68 of 2025

Before the Hon'ble Telangana Electricity Regulatory Commission

In the matter of:

True-Up for FY 2024–25 and ARR for FY 2026–27, in respect of TG Transco's Transmission Business

TRUE-UP for FY 2024–25

1. Transmission Loss

TGTRANSCO should provide a detailed break-up of the transmission loss as claimed in the True-Up for FY 2024–25 (i.e., 2.19%). TGTRANSCO should also provide clarification and justification as to how it has been able to reduce the actual transmission loss for FY 2024–25 by 0.11% with respect to FY 2023–24, whereas the approved transmission loss for the same period was reduced only by 0.02%.

2. System Availability

TGTRANSCO should provide proof for claiming transmission availability of 99.90% during FY 2024–25. TGTRANSCO should also substantiate its claim by providing reports of system outages and shutdowns carried out in FY 2024–25.

3. Advance Against Depreciation

Advance against depreciation cannot be claimed contrary to the Regulations at this stage. The Hon'ble Commission undertook extensive stakeholder consultation before the issuance of the MYT Regulations, wherein TGTRANSCO was also provided an opportunity to make its representation. Once the Regulations were notified, any modification to the same may not be entertained by the Hon'ble Commission. Therefore, TGTRANSCO cannot claim any relaxation to the provisions of the Regulations at the time of filing the True-Up. It ought to have preferred a higher forum challenging the Regulations themselves.

4. O&M Expenses

The variation in O&M expenses has not been justified or claimed considering the normative expenses for FY 2024–25, in the context of controllable and uncontrollable items. TGTRANSCO has claimed the difference in O&M expenses with respect to actual expenses and not with respect to normative expenses, which is not in accordance with the methodology specified in the MYT Regulations.

5. Employee Benefit Expenses

The audited accounts for FY 2024–25 provide employee benefit expenses of ₹1,043.12 crore, which include SLDC expenses. However, in the segmental accounts reported on page 38 of the audited accounts, the total employee benefit expenses including SLDC are shown as ₹1,237.14 crore, out of which ₹55.71 crore pertains to SLDC business. TGTRANSCO has claimed ₹1,005.50 crore as employee expenses for TGTRANSCO; however, there is no way to substantiate this claim due to the discrepancy observed in the audited accounts for FY 2024–25. The Hon'ble Commission is requested to seek additional information in this regard.

In case employee expenses for SLDC are to be considered as ₹55.71 crore, then as per the audited statement, the employee expenses for TGTRANSCO would be ₹987.41 crore (₹1,043.12 crore – ₹55.71 crore) and not ₹1,005.50 crore as claimed in the Petition.

6. Capitalisation

TGTRANSCO is requested to provide reasons for the lower capitalisation achieved in FY 2024–25 as compared to the approved capitalisation for FY 2024–25.

7. Interest Expenses

The MYT Regulations provide for interest expenses to be allowed on a normative basis. However, TGTRANSCO has claimed interest expenses on actuals based on the audited accounts. The concept of True-Up is not meant to change the approach of admission of expenses under the RTM principles.

8. Return on Equity

TGTRANSCO has claimed waiver for not reducing RoE due to delay in filing of the MYT Petition. It is submitted that the rate of RoE, once determined in the MYT Order, cannot be revised at the time of True-Up. Therefore, RoE shall be allowed at the rate approved in the MYT Order for FY 2024–25.

ARR / TARIFF for FY 2026–27

9. Transmission Loss

TGTRANSCO has projected transmission losses of 2.46% for FY 2025–26 and 2.44% for FY 2026–27, representing a reduction of 0.20% per year with respect to the approved loss for FY 2024–25. However, in the True-Up, TGTRANSCO has claimed an actual transmission loss of 2.19% for FY 2024–25, which is significantly lower than the approved loss of 2.48%. Therefore, transmission losses for FY 2025–26 and FY 2026–27 should be projected taking the actual loss for FY 2024–25 (i.e., 2.19%) as the base rather than the approved loss for FY 2024–25.

10. Capitalisation for FY 2026–27

TGTRANSCO has claimed capitalisation for FY 2026–27 at ₹4,949.18 crore as against the approved capitalisation of ₹1,312.51 crore. TGTRANSCO has consistently over-projected capitalisation for future years on an annual basis. Even in the True-Up for FY 2024–25, the capitalisation claimed was much lower than the approved capitalisation for FY 2024–25. This reflects inaccurate planning of capital works, which ultimately places an undue burden on retail consumers.

11. Grossing up of RoE with MAT Rate

RoE shall not be grossed up by the MAT rate unless actual MAT has been paid by TGTRANSCO. Therefore, RoE shall be allowed only at the base rate of 14.00%.

12. Non-Tariff Income

TGTRANSCO has claimed Non-Tariff Income of ₹455.19 crore in the True-Up for FY 2024–25, whereas for FY 2025–26 and FY 2026–27 it has claimed ₹328.48 crore and ₹325.27 crore respectively. The Hon'ble Commission is requested to allow Non-Tariff Income for FY 2025–26 and FY 2026–27, keeping the base as the actual Non-Tariff Income claimed in the True-Up for FY 2024–25.

13. Adjustment of Surplus for FY 2024–25

TGTRANSCO has proposed to adjust the surplus arising from the True-Up for FY 2024–25 over a period of two years, i.e., FY 2026–27 and FY 2027–28. The Hon'ble Commission is requested to direct that, since TGTRANSCO has already recovered a higher tariff than what it was entitled to recover for FY 2024–25, the entire surplus should be adjusted in the ensuing year itself, i.e., FY 2026–27.

Further, the Objector seeks liberty to advance additional submissions on the instant Petition at the time of the Public Hearing.

For SOUTH INDIAN CEMENT
MANUFACTURERS' ASSOCIATION



Authorised Signatory

I.Gopinath

Chief Executive Officer
(OBJECTOR)

Date: 10th January 2026

Place: Hyderabad

SOUTH INDIAN CEMENT MANUFACTURERS' ASSOCIATION

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Preliminary Objections on the Filings of TG TRANSCO

in OP No. 69 of 2025

Before the Hon'ble Telangana Electricity Regulatory Commission

In the matter of:

True-Up for FY 2024–25 and ARR for FY 2026–27, in respect of TG Transco's SLDC Activity

TRUE-UP for FY 2024–25

1. Inconsistent RoE Claim

No tax has actually been paid during FY 2024–25 (current tax is NIL) as per the accounts. Accordingly, tax on RoE shall be NIL, consistent with the MYT Regulations.

2. Mismatch in NTI

The Net Tariff Income claimed does not reconcile with the audited financials and remains unsubstantiated. The NTI shown in the NTI section does not match the NTI factored into the ARR calculation.

3. Mismatch in Revenue from SLDC Charges

Revenue from SLDC charges does not reconcile with the audited statements.

4. Unexplained Pension and Gratuity Expenses

SLDC's contribution towards pension and gratuity has not been provided.

5. High Depreciation

A comparison of the actual depreciation with the depreciation approved by the Commission in the previous Tariff / MYT Order indicates a significantly higher amount, even after excluding ₹1.19 crore from the actual depreciation.

6. Disapproval of RoE Rate Consideration

The prayer seeking waiver of reduction in RoE on account of delay in filing the MYT Petition should not be accepted.

7. Justification of High Employee Expenses

Employee expenses are very high when compared to the standard. Further details are required in this regard.

8. Details Required for Ongoing Works

The write-up on the status of ongoing works as on 31.03.2025 requires additional details, including the expected commissioning schedule of the project and the phasing of works over the remaining period of completion.

ARR / TARIFF for FY 2026–27

9. Income Tax Cannot Be Provided on a Projection Basis

The MYT framework does not allow projected tax; only actual tax paid may be considered. Accordingly, the effective income tax rate should not be considered in the calculation of RoE for FY 2026–27.

10. Outstanding and Addition of Debt

It is mentioned in the Interest and Finance Charges section that the debt has been taken as 75% of the Net Fixed Assets instead of Gross Fixed Assets.

11. Error in Computation of Receivables in IoWC

Receivables, which should be equivalent to 45 days of the ARR, work out to ₹11.96 crore; however, they have been considered as ₹11.07 crore.

12. Error in Computation of Base Equity

In the RoE section, it is stated that the equity value should be 25% of the Net Fixed Assets instead of Gross Fixed Assets.

13. Unusual Capitalisation

The opening GFA for FY 2026–27 is approximately ₹52 crore, while the proposed capital expenditure during the year is around ₹43 crore, constituting nearly 84% of the total assets capitalised since the company became operational. It is difficult to justify the capitalisation of such a substantial proportion of total assets within a single

year, i.e., FY 2026–27. Accordingly, detailed justification and supporting information are required.

The total capitalisation during the period October 2025 to March 2027 is approximately ₹100 crore, which appears unusually high when compared to zero capitalisation during the period April 2025 to September 2025. Capitalisation should be allowed in line with past trends or at the time of True-Up.

14. Justification on Closing CWIP

The closing CWIP has been shown as NIL, implying that no works are expected to spill over into the subsequent year. Accordingly, justification is required on how the capital expenditure proposed in FY 2026–27, amounting to ₹43.84 crore, is proposed to be completed and capitalised within the same financial year.

15. Mismatch in Capital Expenditure

The capital expenditure proposed for FY 2026–27 is assumed to be capitalised within the same year. However, the capital expenditure considered at ₹43.84 crore does not align with the capex indicated in the Investment Plan, which amounts to ₹39.60 crore.

16. Explanation on Weighted Average Interest Rate in IoL

Detailed information on borrowings, outstanding loan balances, and the computation of the weighted average interest rate applied for calculating interest on loans is required.

Further, the Objector seeks liberty to advance additional submissions on the instant Petition at the time of the Public Hearing.

For SOUTH INDIAN CEMENT
MANUFACTURERS' ASSOCIATION



Authorised Signatory

I. Gopinath
Chief Executive Officer
(OBJECTOR)

Date: 10th January 2026

Place: Hyderabad