



SOUTHERN POWER DISTRIBUTION COMPANY OF TELANGANA LIMITED

From
Chief Engineer (IPC&RAC),
TGSPDCL, Corporate Office,
6-1-50, Mint Compound,
Hyderabad – 500 063.

To
The Commission Secretary,
TGERC,
Vidyut Niyantran Bhavan, GTS Colony
Hyderabad – 500 045.

Lr. No. CE(IPC&RAC)/DE(IPC)/F.No. /D.No. 744 /26-27, Dt: 15-06-2026

Sir,

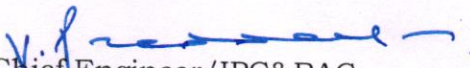
Sub:- TGSPDCL - IPC - Replies to the objections/suggestions raised by stakeholders on the petition seeking consent of the Hon'ble TGERC for procurement of 1500 MWh power through Battery Energy Storage Systems (BESS) proposed to be established by TGGENCO under the Viability Gap Funding (VGF) Scheme supported through the Power System Development Fund (PSDF) at the available lands of TGTRANSCO 400 kV Substations at Maheshwaram and Choutuppal in O.P. No.10 of 2026 – Submission – Reg.

With reference to the subject cited above, the point-wise replies to the objections/suggestions submitted by the stakeholder on the aforesaid petition are enclosed herewith.

It is requested that the enclosed replies may kindly be placed before the Hon'ble Commission for its consideration. It is also requested that TGDISCOMs may be permitted to submit further replies/clarifications, if any, during the public hearing scheduled to be held on 18.06.2026.

Encl: As above

Yours faithfully,


Chief Engineer/IPC&RAC,

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Designation: CE (IPC&RAC)

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The ED/Commercial/TGPPCC/ Vidyuth Soudha, Hyderabad

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The CE/IPC&RAC/TGNPDCL/Vidyut Bhavan, Nakkalagutta, Hanamkonda,
Warangal, Telangana 506001

Telangana Southern Power Distribution Company Limited (TGSPDCL)

&

Telangana Northern Power Distribution Company Limited (TGNPDCL)

Responses to Objections / Suggestions

On

Approval for procurement of 1500 MWh power through BESS

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1.	M Venugopala Rao Senior Journalist & Convener, Centre for Power Studies, H.No.1-100/MP/101, Monarch Prestige, Journalists' Colony, Serilingampally Mandal, Hyderabad - 500 032	2

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Response to M Venugopala Rao (Initial Submission dated 2nd June 2026)		
1.	We were preoccupied with preparing and making submissions on formation of TGRPDCL till the 29th of last month when public hearing was held on the same. As such, we could not study the two subject OPs and prepare submissions so far. It is not possible to study the same, analyse the issues, prepare and file our submissions before the due date, i.e., 8.6.2026 or within one week from today. The subject issue is a complicated one and is being taken up for consideration by the Commission for the first time. For interested objectors like me, it takes a lot of time to study, analyse and prepare meaningful and purposeful submissions in the matter, with both the petitions running into 538 pages By 11th of this month, we have to file our submissions before APERC on an equally important issue, i.e., on creation of a Rual DISCOM exclusively for supply of power to agricultural consumers in Andhra Pradesh. In view of highly complicated and complex issues involved in this issue also, we are seeking extension of time from APERC to file our submissions.	In the purview of the Hon'ble Commission
2.	TGDISCOMs have sought consent of the Commission for procurement of 1500 MW through BESS to be established by TGGENCO (OP 10 of	TGDISCOMs hold the Hon'ble Commission in the highest regard and have fully adhered to the regulatory process at

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	2026). Without getting consent of the Commission, the DISCOMs have entered into agreement with TGGENCO for the same and the latter floated bids and selected bidders for setting up BESS units and is requesting the Hon'ble Commission to give its consent for adoption of the tariffs discovered through competitive bidding. The approach of DISCOMs and GENCO shows their gross disrespect for the regulatory process of the Commission and verges on impropriety. Their approach is tantamount to taking consents of the Commission for granted.	every stage. It is clarified that no agreement has been executed with TGGENCO prior to obtaining approval of the Hon'ble Commission. The present petition itself has been filed seeking approval for the proposed procurement.
3.	The tariffs discovered through competitive bidding are very much higher compared to tariffs for BESS discovered by other states and even the neighboring state of Andhra Pradesh.	TGDISCOMs submit that the comparison drawn with tariffs discovered in Andhra Pradesh needs to be seen in the context of differences in storage duration. The BESS projects in Andhra Pradesh, namely 1000 MW/2000 MWh and 500 MW/1000 MWh are structured for 2-hour duration with 2 cycles per day, with discovered tariffs ranging from ₹1.48–₹1.65 lakh/MW/month and ₹2.08–₹2.22 lakh/MW/month respectively. In the current context, BESS is designed for 4-hour duration with 1 cycle per day. Owing to this higher duration and storage requirement, the tariff levels are different and cannot be directly compared with shorter-duration systems.

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		It is further submitted that the prevailing tariffs discovered across the country for similar 4-hour, 1-cycle BESS projects are in the range of ₹3.59 to ₹4.57 lakh/MW/month. In comparison, the tariffs discovered under the TGGENCO tender are well within this range.
4.	Instead of TGDISCOMs themselves floating tenders and selecting bidders, leaving that job to TGGENCO and agreeing to pay a commission of Re.0.07 per kwh throughout the period of agreement, i.e., for a period of 15 years, is highly detrimental to the interests of the consumers of the DISCOMs.	TGDISCOMs submit that, as per G.O.Ms No. 41 dated 17.11.2025, Govt of Telangana nominated TGGENCO as the Nodal Agency to invite the bids. TGDISCOMs in line with draft BESS guidelines have proposed a trading margin of 0.5% of the applicable tariff instead of a fixed ₹0.07/unit.
5.	Some of the terms of the agreement also are detrimental to larger consumer interest and need to be modified and corrected	TGDISCOMs submit that the proposed BESSA terms and conditions are in line with the standard BESSA framework issued by Ministry of Power, without deviation, and have been formulated in the interest of consumers.
6.	In the light of proposed formation of Rythu DISCOM, this arrangement would give rise to further complications. We can make detailed submissions on these issues, after careful study of the issues.	It is submitted that the proposed formation of Rythu DISCOM will not pose any challenges to the present arrangement, as the procurement is being undertaken at the State level. State-level power procurement will continue to be coordinated through TGPPCC, as done earlier, and the same

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		framework will remain in place leaving no scope for complications.
7.	That no objector could file objections and suggestions in the subject issue so far confirms the kind of complexity of the issue and need for sufficient time to study, analyse and prepare submissions	Under the purview of Hon'ble commission
8.	This issue will have long-term impact on the interests of the state, DISCOMs and their consumers. Hence, a careful examination of all the implications of the proposed arrangement is imperative before the Hon'ble Commission taking an appropriate decision to protect interests of the consumers.	TGDISCOMs respectfully submit that the proposed BESS arrangement has been developed after careful assessment of state's energy requirements, demand pattern, and increasing renewable integration, with a view to maintaining an optimal power mix. Cost benefit analysis has also been carried out, which shows that BESS enables use of low-cost power during solar hours and its supply during peak periods, thereby reducing overall power purchase cost. Accordingly, the proposal is appropriate and in the interest of consumers, while ensuring reliable and efficient power supply.
9.	The petition of TGDISCOMs need to be taken up first and after giving consent for procurement of the proposed energy under BESS, the petition of TGGENCO needs to be taken up for the consideration of the	TGDISCOMs submit that they shall abide by the decision of the Hon'ble Commission in this regard.

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	Hon'ble Commission. Or, else, as we have been suggesting over the years, all issues, i.e., need for power, here, under BESS, tariff and agreement may be taken up under one petition for consideration of the Hon'ble Commission to take a holistic view of the issues involved before taking an appropriate final decision.	
10.	In view of the above submissions, we request the Hon'ble Commission to extend time for filing objections and suggestions in the subject matter and reschedule dates of public hearings.	Under the purview of Hon'ble commission
Response to M Venugopala Rao (Detailed Submission dated 8th June 2026)		
1.	Against our we request to extend time for submission of our objections and suggestions at least by 20 days and reschedule dates of public hearings appropriately in OP Nos.10 and 13 of 2026, the Hon'ble Commission has conveyed orally that it is not possible to extend time accordingly, but permitted us to file our objections till the date of public hearings for which we thank the Hon'ble Commission. However, we want to reiterate that the time for filing submissions granted by the Hon'ble Commission is not sufficient for study, analysis and preparation of submissions in the subject matter, in the circumstances explained in our preliminary submissions dated 2.6.2026. After the DISCOMs filed OP No.10 of 2026, it took 45 days for the Hon'ble	Under the purview of the Hon'ble Commission

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	Commission to seek clarifications on eight points from the DISCOMs, and for the latter 44 days to send their replies running into about five pages (plus voluminous annexures). When such is the case, one can understand how difficult it is for serious objectors to study the two petitions, additional information and annexures running into 538 pages, analyse the issues and prepare comprehensive, meaningful and purposeful submissions within the period stipulated by the Commission, that, too, in the circumstances we have explained in our preliminary submissions dated 2.6.2026.	
2.	In G.O.Ms.No.41 dated 17.11.2025, the government of Telangana permitted TGGENCO for setting up 1500 MWh standalone BESS project at the available lands of 400/200 kv sub-stations of TGTRANSCO at Maheshwaram and Choutuppal under tariff-based global competitive bidding under VGF supported through PSDF under build, own and operate mode with a tenure of 15 years. In the subject petition, TGSPDCL and TGNPDCL have sought consent of the Hon'ble Commission for procurement of 1500 MWh power through battery energy storage system to be established by TGGENCO under VGF scheme supported through PSDF. However, the way in which OP Nos.10 and 13 of 2026 are filed, the second one filed by TGGENCO,	We hereby submit that, TGDISCOMs are consistent with Government directives, applicable guidelines, and established regulatory practice, and remain subject to approval of this Hon'ble Commission.

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	verges on gross impropriety, making the regulatory process of the Hon'ble Commission a mockery. It is tantamount to presenting the Hon'ble Commission with a fait accompli, thereby expecting the latter to simply regularize what has been done by the DISCOMs and TGGENCO. We request the Hon'ble Commission to examine the following points, among others: a) When the DISCOMs seek consent of the Hon'ble Commission for procurement of 1500 MWh power through BESS to be established by TGGENCO, the Commission is expected to examine their petition, call for objections and suggestions from interested public, hold public hearings and then give its order. In this process, the Commission is expected to examine the need for the said BESS arrangement and justification for the request of the DISCOMs. Only after the Commission gives its consent, as sought by the DISCOMs, the latter are expected to enter into an agreement with TGGENCO for supply of the said power under BESS.	a) TGDISCOMs have duly approached this Hon'ble Commission through OP No.10 of 2026 seeking prior consent for procurement of BESS capacity. The contention that agreements ought to have been executed only after approval is factually misplaced, as no final or binding agreement has been executed with TGGENCO. The BESS Sale Agreement (BESSA) placed on record is only a draft and has been submitted purely for the purpose of examination by this Hon'ble Commission. It is further submitted that the said draft agreements are expressly contingent upon approval and adoption of tariff by this Hon'ble Commission.

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	b) Even without getting consent of the Commission, as sought by the DISCOMs, TGGENCO has floated tenders, selected bidders, issued LoAs and filed OP No.13 of 2026, seeking consent of the Commission for adopting the tariffs discovered through E-reverse auction, approval for signing Battery Energy Storage Purchase Agreement (BESPA) with the selected bidders and not to treat the trading margin it gets from DISCOMs as non-tariff income. c) In response to the queries of the Hon'ble Commission, TGSPDCL,	b) It is submitted that TGGENCO has undertaken the bidding process in accordance with G.O. Ms. No.41 dated 17.11.2025 and the applicable Ministry of Power guidelines for BESS procurement. The floating of tenders, evaluating bids, and issuance of Letters of Award are only procedural and preparatory steps undertaken as part of project implementation and are expressly subject to tariff adoption by this Hon'ble Commission. It is further submitted that under Section 63 of the Electricity Act, tariff is discovered through competitive bidding and thereafter adopted by the Commission, and the sequence followed in the present case is consistent with established regulatory practice. The initiation of the bidding process was necessitated by the time-bound nature of VGF support under PSDF and the inherent project gestation timelines, and such actions do not, in any manner, prejudice or bypass the authority of this Hon'ble Commission. c) It is submitted that the submission of draft BESSA and

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	in its reply dated 10.4.2026, has submitted the draft sale agreement (BESSA) proposed to be signed with TGGENCO, along with BESS purchase agreement communicated by TGGENCO, as annexures. d) While TGDISCOMs have filed OP No.10 of 2026 on 12.1.2026, TGGENCO has filed OP No.13 of 2026 on 25.4.2026. In other words, even without TGDISCOMs getting consent of the Hon'ble Commission, as sought in OP No.10 of 2026, TGGENCO has proceeded with floating tenders, selecting bidders and issuing LoAs to the latter. It implies that TGDISCOMs and TGGENCO have taken consents of the Hon'ble Commission for granted.	BESPA agreements is a transparent disclosure made to facilitate detailed examination by this Hon'ble Commission. It is reiterated that these draft agreements do not create any legal or financial binding obligations unless and until they are approved by this Hon'ble Commission. d) TGGENCO and TGDISCOMs have acted in a coordinated manner in furtherance of the policy directions issued by the Government of Telangana. The sequence of events does not imply that approval of this Hon'ble Commission has been presumed or taken for granted. All actions undertaken are intermediate and conditional, and the finalization of procurement is expressly subject to consent and tariff adoption by this Hon'ble Commission.
3.	As is well known, Telangana Power Coordination Committee, consisting of higher officers of TGTRANSCO and TGDISCOMs, has been dealing with power purchases for the DISCOMs, without any commission being paid by the latter. Similarly, the Committee can take up the task of floating tenders for BESS and other formalities. Or, the DISCOMs themselves can take up the entire process. There is no	TGDISCOMs submit that, as per G.O.Ms No. 41 dated 17.11.2025, Govt of Telangana nominated TGGENCO as the Nodal Agency to invite the bids. TGDISCOMs in line with draft BESS guidelines have proposed a trading margin of 0.5% of the applicable tariff

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	need to get BESS arrangement through an “intermediary procurer,” paying an unwarranted and unjustified “trading margin” of 7 paise per unit to the latter for the entire period of agreement, i.e., 15 years. It will impose avoidable and additional burdens on consumers of the DISCOMs. Arrangement of BESS through an “intermediary procurer” is perverse, as if the DISCOMs were not competent enough to get that arrangement themselves. TGGENCO is not establishing BESS units. By assuming the role of an “intermediary procurer,” TGGENCO is eliminating itself from participating in competitive biddings to set up BESS units and playing the role of a broker getting commission, i.e., “trading margin” for administrative work it does.	instead of a fixed ₹0.07/unit and TGGENCO accepted the same. The proposed arrangement is subject to the approval of this Hon’ble Commission and is aimed at ensuring efficient and transparent procurement while safeguarding consumer interests.
4.	In its letter dated 4.4.2025 addressed to the Ministry of Power, Gol, TGGENCO, conveyed that “with reference to the MoP letter dated 28.03.2025 under reference, it is to communicate that Telangana State is willing to establish 2000 MWh Battery Energy Storage System (BESS) under VGF, supported through Power System Development Fund (PSDF).” In the guidelines for viability gap funding scheme for development of battery energy storage systems supported through power system development funds, it is stipulated that “State utilities or agencies authorized by State Governments or Central Government	TGDISCOMs submit that, as per G.O.Ms No. 41 dated 17.11.2025, Govt of Telangana nominated TGGENCO as the Nodal Agency to invite the bids.

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	shall be eligible.,” and that “eligible entities are required to invite bids, either by themselves or through Renewable Energy Implementing Agencies designated by Central Government.” On 9.6.2025, MoP, Gol, approved allocation of BESS capacity of 1500 MWh to the state of Telangana.	
5.	In the subject petition, TGSPDCL has pointed out that “with the present installed Solar capacity of 6669.85 MW (excluding Rooftop) and upcoming capacity of 1461.30 MW, totalling to 8131.16 MW and also upcoming capacity of 1258.90 MW Solar capacity under PM-KUAUM Component-A, establishment of BESS will not only improve the operational flexibility but also would be helpful in reducing the high price open market purchases during peak hours.” We request the Hon’ble Commission to examine the following points, among others: a) Solar power is given the status of must-run. The principle of merit order dispatch does not apply to it. DISCOMs have to purchase solar power contracted under purchase agreements, irrespective of their requirement, and in the process may have to back down thermal power with highest variable cost and pay fixed charges for the same in order to purchase solar power. In such a situation, solar power supplied	a) TGDISCOMs submit that, solar is must-run and it will be fully utilized. In this context, proposed approach is to charge during solar hours through low-cost market purchases when prices are lower or in case of surplus solar than required demand, and discharge/ utilize the same during peak hours when power costs are high. This enables an estimated saving

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	should be consumed simultaneously by the consumers of the DISCOMs. The question of solar power becoming surplus and storing the same under BESS in such a situation does not arise. What needs to be stored under BESS is surplus power. b) In G.O.Ms.No.8 dated 8.5.2026, it is stated that “the allocation of PPAs between the three Distribution companies of Telangana namely TGRPDCL, TGSPDCL and TGNPDCL shall be done in such a manner that a higher share of Renewable Energy is allotted to TGRPDCL and category wise uniform tariff is maintained across the State.” If a higher share of renewable energy is allotted to TGRPDCL, most of it can be supplied and consumed during the day time by agricultural consumers and other consumers under the third DISCOM. In such a situation, to what extent BESS is required by TGRPDCL and the incumbent DISCOMs needs to be worked out. c) As per resource adequacy plan prepared by the Central Electricity Authority, it is recommended to the TGDISCOMs to get BESS capacities of 1723 MW for two hours and 2000 MW for four hours a day during 2026-27, 361 MW for 4 hours and 1665 MW for six hours	of ~₹1.5/unit, thereby reducing overall power purchase cost for DISCOMs. Accordingly, BESS is not intended to store must-run solar power per, but to optimize power purchase costs while ensuring that renewable energy is fully utilized. b) TGDISCOMs submit that, while the demand profile of TGRPDCL consumers is largely aligned with RE generation patterns, there remains a portion of demand outside RE hours, particularly during morning peak and night periods. Further, TGRPDCL is required to ensure 24×7 reliable power supply to agricultural consumers, which extends beyond solar generation hours. In this context, BESS facilitates storage of low-cost energy during solar hours and its utilization during peak. c) We hereby submit that the proposed 1500 MWh BESS under VGF is in line with the allocation approved by the Ministry of Power and serves as an initial step supported by funding. The DISCOMs have adopted a phased approach,

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	during 2027-28 and 366 MW for six hours during 2028-29 and thereafter for three consecutive years, i.e., up to 2031-32, no BESS capacity needs to be added. BESS units are to be set up within 18 months from the date of signing agreement. Going by the recommendations of the CEA, the proposed BESS capacity of 1500 MW would not be sufficient. Since MoP, GoI, approved a BESS capacity of 1500 MW only to the state of Telangana, the DISCOMs seem to have confined to that. In other words, instead of relying on recommendations of the CEA, TGDISCOMs are expected to work out requirement of BESS capacity, that, too, based on cost-benefit analysis. Similarly, if more BESS capacity is required, based on cost-benefit analysis, even without VGF, the DISCOMs can get it on their own.	keeping in view regulatory requirements, cost considerations, and implementation timelines. TGDISCOMs are currently working on future requirements and any further addition of BESS capacity will be taken up based on the assessed requirement, CEA recommendations, and cost-benefit analysis.
6.	In the subject petition, SPDCL has referred to the revised notification dated 27.9.2025 of MoP, GoI, on renewable consumption obligation (RCO), specifying minimum share of RE to distribution licensees and other consumers. As per the said notification, percentage of RE ranges from 29.91% for 2024-25 to 43.33% for 2029-30. We request the Hon'ble Commission to examine the following points, among others:	

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	a) For the last two FYs and the current FY, TGDISCOMs have not been complying with the notification of MoP, GoI, on RCO. It is because the said notification is not binding on the DISCOMs and is recommendatory only. RPPO order issued by TGERC is only binding on the DISCOMs. b) Addition of RE should depend on requirements of the state, not on whimsical notifications of the GoI. c) A mechanical compliance with such whimsical notifications of the GoI would lead to saddling the DISCOMs with unwarranted RE, intensifying imbalance between fluctuating demand curve and power mix. d) Addition of unwarranted RE would lead to increase in availability of surplus power, backing down the same and paying fixed charges for such backing down, imposing avoidable burdens on the consumers. e) DISCOMs have been following the targets fixed by the Hon'ble Commission under RPPO order in force. TGERC is also expected to	a) Although, TGDISCOMs are adhering to TGERC set RPPO, the new RCO targets mandated by MoP, GoI shall be complied with by all State DISCOMs. b, c & d) TGDISCOMs submit that RE procurement is being planned and undertaken strictly based on the actual requirement and demand profile of the state. The adopted approach ensures an optimal power mix, ensuring RPPO/RCO targets compliance and efficient utilization thereby mitigating the need for unnecessary backing down and preventing any avoidable financial burden on consumers. e) Under the purview of Hon'ble commission

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	fix such targets, considering requirement of RE to maintain equilibrium between fluctuating demand curve and power mix to the extent technically practicable and in a phased manner. f) For the FY 2026-27, TG DISCOMs have projected total availability of 1,13,996 MU and purchase of 94,720 MU. The projected availability of surplus power is 18,286 MU or 19.31%. When such is the case, adding RE as per the notification of the GoI would be disastrous. Moreover, availability of additional power under sources not considered for FY 2026-27 also will be there. g) The submission of SPDCL that “in order to meet these higher RPO targets mandated by MoP, TGDISCOMs shall plan for additional RE power integration into the grid, which mandates inclusion of BESS in the system,” is questionable and unwarranted. It is like administering a wrong medicine in the name of curing the disease, but actually further worsening the condition. This kind of perverse approach has become the standard pattern of protagonists of pro-corporate and anti-people	f) Despite having a Energy surplus of 11,025 MUs (9%), it is pertinent to note that there will be time blocks in the year when the instantaneous power requirement in the state is higher than total generation capacity, pushing TGDISCOMs to procure the power deficit from short-term sources. Accordingly, TGDISCOMs are planning capacity additions in a need-based manner to ensure an optimal power mix and maintain reliable supply to consumers. g) TGDISCOMs submit that the proposal for BESS is based on system requirements and cost-benefit analysis, considering the Renewable additions planned in the State. BESS enables storage of low-cost power during solar hours (~₹1.79/unit) and its use during peak hours, with an effective delivered cost of ₹4.87–₹5.03/unit, which is significantly lower than the average market price during peak hours

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	reforms.	(₹6.51/unit) resulting in savings of about ₹1.48–₹1.64/unit, while reducing reliance on costly short-term purchases
7.	SPDCL has submitted that “large scale integration of RE into the grid poses challenges to Grid operation in balancing the deviation due to variability and unpredictability of RE generation. Due to change in dynamics of generation mix with RE, particularly Solar into Grid, meeting demand before & after solar period is a challenging task. Keeping in view the surplus power availability during Solar hours, BESS provides a feasible solution for handling such surplus power during peak hour requirement. BESS would be helpful in maintaining load generation balance and in minimizing deviation on account of variations from variable RE.” We request the Hon’ble Commission to examine the following points, among others: a) To the challenges of deviation due to variability and unpredictability of RE generation, BESS is no solution. If generation of RE is lesser than the projected quantum based on determined capacity utilisation factor, BESS cannot come to the rescue of the DISCOMs.	a) TGDISCOMs submits that BESS may not address instances of under-generation of RE, they are specifically intended to manage the inherent variability of RE sources. By facilitating the time-shifting of energy from surplus periods, particularly during solar generation hours, to peak hours, BESS contributes significantly to maintaining grid stability,

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	b) If generation of RE is as per determined CUFs, or exceeds the projected level, it cannot be treated as surplus, being treated as must-run. Once generated and fed into Grid, each type of power, thermal or hydel or RE or other, loses its individual identity and, for all practical purposes, it is just power with same utility to the consumers. Going by the variable costs, thermal power becomes surplus under the principle of merit order dispatch. Only surplus power needs to be stored under BESS to meet peak demand, if required. Storing costly thermal power under BESS is prohibitive in terms of costs. For FY 2026-27, TGDISCOMs have proposed to sell a surplus power of 774 MU at a total cost of Rs.438 crore, or an average cost of Rs.5.66 per unit, that, too, without adding fixed charges. If fixed charges and BESS charges are added, the cost for storing surplus thermal power becomes prohibitive. Therefore, the proposal for storing power under BESS conceals this fact and pretends that solar power will be stored under BESS and tries to justify it on the ground that cost of solar power stored under BESS is relatively lesser than the prices of power in the market and exchanges.	ensuring minimizing deviations. b & c) TGDISCOMs submit that the proposal for BESS is based on system requirements and cost-benefit analysis, considering the Renewable additions planned in the State. In this context the planned BESS is for storage of low cost power during solar hours (~₹1.79/unit) and its use during peak hours, with an effective delivered cost of ₹4.87–₹5.03/unit, which is significantly lower than the average market price during peak hours (~₹6.51/unit) resulting in savings of about ₹1.48–₹1.64/unit, while reducing reliance on costly short-term purchases.

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	c) When cost-benefit analysis is made, the average cost per unit of surplus power available should be taken into account for a realistic and rational assessment of total cost under BESS. d) For FY 2026-27, TG DISCOMs have proposed to make short-term purchases of 11,641 MU at a total cost of Rs.4500.21 crore, i.e., an average cost of Rs.3.87 per unit. This is despite projecting availability of surplus power at an abnormal level of 18,786 MU! This strange dichotomy shows how faulty and imbalanced is the approach of GoTS and DISCOMs in entering into long-term PPAs for purchasing various types of power - proposing to make short-term purchases at an average price of Rs. 3.87 per unit and making short-term sale of power at an average price of Rs.5.66 per unit. How far it is possible is anybody's guess. Will purchasing short-term power @ Rs.3.87 per unit be preferable to storing RE under BESS?	d) TGDISCOMs submit that the projected surplus of 11,025 MU is on an annual energy basis; however, there will be time blocks when instantaneous demand exceeds available generation, particularly during peak hours when solar generation is not available, necessitating short-term purchases. TGDISCOMs, in the estimation of sale of surplus electricity, have considered block-wise surplus generation along with block-wise market purchases, and sale has been planned only when market price is higher than the variable cost, ensuring revenue. The planned BESS is for storage of low cost power during solar hours (~₹1.79/unit) and its use during peak hours, with an effective delivered cost of ₹4.87–₹5.03/unit, which is significantly lower than the average market price during peak hours (~₹6.51/unit) resulting in savings of about ₹1.48–

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	e) Recognising challenges to Grid operation in balancing the deviation due to variability and unpredictability of RE generation, on the one hand, and stressing that TGDISCOMs shall plan for additional RE power integration into the grid, on the other, is a strange admixture. RE being purchased by the DISCOMs is getting integrated into Grid automatically by virtue of must-run status bestowed on it. Purchase of unwarranted RE additionally creates additional problems. The higher the purchase of unwarranted RE, the higher will be availability of surplus power and attendant problems and burdens. BESS cannot resolve such problems. Nor can BESS contribute to meeting RPPO/RPO obligations by the DISCOMs, as its contribution is limited to storing surplus power and supplying the same at specified hours. Purchasing unwarranted RE and opting for BESS are like creating problems and challenging tasks - availability of additional surplus power and backing it down, problems of grid integration, etc., - and incurring additional expenditure for BESS in the name of solving the problems.	₹1.64/unit. e) TGDISCOMs submits that the proposal for BESS is based on system requirements and detailed cost benefit analysis, considering the renewable additions planned in the State. With increasing solar penetration, there are surplus conditions during solar hours and deficits during peak hours, and BESS facilitates time shifting of energy, thereby contributing to grid stability. It is further submitted that solar power, being must-run, will be fully utilized. The proposed approach is to charge BESS during solar hours through low-cost power (~₹1.79/unit), including market purchases when prices are low or surplus solar availability exceeds demand, and discharge during peak hours when prices are higher. The effective delivered cost of ₹4.87–₹5.03/unit is significantly lower than the average market price during peak hours (~₹6.51/unit), resulting in savings of about ₹1.48–₹1.64/unit, thereby reducing overall power purchase cost. Further, as per MoP guidelines on Energy Storage

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		Obligation, at least 85% of the energy stored in BESS is to be sourced from RE on an annual basis, ensuring increased renewable energy utilization. Accordingly, BESS is not intended to store power indiscriminately, but to optimize power procurement costs, enhance RE utilization, and ensure reliable supply through an optimal power mix.
8.	Responding to the pointed query of the Commission - clarification on the intended utilization of the BESS by TGDISCOMs including whether procurement is capacity-based, energy-based or both, the dispatch philosophy (peak shaving, renewable energy firming, ancillary services, etc. - in the additional information, SPDCL has submitted that “BESS is intended to be utilized for peak shaving, minimizing Area Control Error (ACE) on account of generation variations including RE, Demand variations and forced outages etc., and also for Ancillary services. In addition to these, Grid Forming (GFM) inverter technology is introduced for utilizing in Black start operations. This project is unique in nature.” The DISCOM has avoided to clarify whether procurement is capacity-based, energy-based or both. Such a deliberate evasion to the pertinent and pointed query of the Commission is indicative of questionability of the arrangement being	TGDISCOMs submit that the subject procurement under BESS is capacity-based, as per the applicable guidelines, wherein the bidding parameter is specified as Rs/MW/month.

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	made. In the guidelines for VGF, it is pointed out that “Bidding Parameter : Rs.per MW/Month or Rs./KWH after factoring in the VGF.” We will make submissions on this issue in OP No.13 of 2026.	
9.	In the parameters of the tender documents, it is incorporated that “No. of Operational Cycles : 1 (one) operational cycle per day, i.e., 1 complete charge-discharge cycles per day. Storage Duration : The BESS project should be preferably be with 4-hour discharge duration 1 (one) cycle in a day i.e., within 24 hours period.” This is another important point on which we will make submissions in OP No.13 of 2026.	Not pertaining to TGDISCOMs.
10.	Relating to the conditions for eligibility for VGF, it is stated that “the BESPA shall be signed within 9 months from the date of issue of guidelines dt. 09.06.2025, to be eligible for VGF. Further vide letter dated 6 th April, 2026, Ministry of Power conveyed that timeline for signing of BESPA for the BESS capacity allocated to Telangana, under VGF scheme supported through PSDF extended up to 30.4.2026.” Whether BESPA is already signed by TGGENCO with selected bidders is not known. Even without the DISCOMs getting consent of the Commission for the said procurement of power under BESS, the deadline for eligibility for VGF seems to be the reason for this hasty	MoP has extended due dates for several states. For TGGENCO, MoP has extended the date till 30.06.2026 for signing of BESPA. We hereby submit that, TGDISCOMs are consistent with Government directives, applicable guidelines, and established regulatory practice, and remain subject to approval of this Hon’ble Commission.

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	process. However, it also underlines avoidable delay caused by the government of Telangana and the DISCOMs in deciding and taking up the process in time and the latter failing to submit their petition to the Commission with all required information and clarifications. In its response to the query of the Hon'ble Commission, SPDCL, in the additional information, has submitted that "as per MoP order dt:09.06.2025, due date for signing of Agreement is 9 months from the date of order (i.e.,08.03.2026). Further, MoP, New Delhi, extended the time for signing of Agreement up to 30.04.2026." It again confirms the failure to take up and complete the process in time, knowing full well the extended deadline for eligibility to get VGF.	
11.	We request the Hon'ble Commission to examine all relevant factors, before taking a final decision on the request of TGDISCOMs to permit them to opt for BESS through TGGENCO. Without examining all relevant factors and giving consent to the DISCOMs to procure power under BESS through GENCO and considering other crucial issues in another petition of GENCO, seeking consent for adoption of the tariff discovered through competitive bidding, etc., is not a desirable practice. Had only one petition been filed well in advance, with relevant details of the process proposed to be undertaken for the subject BESS	TGDISCOMs submit that the proposal has been placed before the Hon'ble Commission through due process with relevant details, in accordance with established regulatory practice. TGDISCOMs are consistent with Government directives and applicable guidelines, and the matter is respectfully placed for kind consideration and approval of the Hon'ble Commission.

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	arrangement, it would have facilitated taking a holistic view and giving an appropriate order by the Commission in time. Subject to availability of time, we will make detailed submissions in OP No.13 of 2026 as to how it is undesirable and detrimental to larger consumer interest to give consents as sought by the DISCOMs and GENCO.	
12.	We request the Hon'ble Commission to hold public hearings in both physical and virtual modes and provide us a link to participate in virtual mode to make further submissions.	Under the purview of Hon'ble commission.