

**To**

**The Secretary**

**Telangana Electricity Regulatory Commission**

**Sy.No.145-P, Vidyut Niyantran Bhavan**

**Kalyan Nagar, GTS Colony, Hyderabad**

**June 13, 2026**

**Respected sir,**

**Sub : Further submissions in OP No.13 of 2026 filed by TGGENCO, seeking consent of the Hon'ble Commission for adoption of tariff discovered through competitive bidding for 1500 MWh through BESS to be supplied to TGDISCOMs**

**Further to our submissions dated June 2, 2026, we are submitting the following additional points for the consideration of the Hon'ble Commission in the subject petition:**

- 1. Against our 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 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 the subject petition, TGGENCO has requested the Hon'ble Commission to accord approval for adoption of tariff as per the E-reverse auction conducted by it for 1500 MWh battery energy storage systems for "on demand" usage discovered under tariff-based global competitive bidding with viability gap funding supported through PSDF under build, own and operate basis at vacant lands of 2 locations of TGTRANSCO with 15 years tenure to be paid to Sarus Infrastructures Pvt. Ltd., Hyderabad, @ Rs.2,98,000/- (excluding GST) per month for a capacity of 187.5**

**MW/750 (187.5 MWx4hrs} at Maheshwaram and Coal India Limited, Kolkata, @ Rs.3,14,000/- (excluding GST) per month for a capacity of 187.5 MW/750 MWh (187.5 MWx4hrs} at Choutuppal. GENCO has also requested the Hon'ble Commission that "trading margin received by TGGENCO may not be considered as Non-Triff income which needs to be passed to Beneficiaries." We request the Hon'ble Commission to examine the following points, among others:**

**a) Against 16 bidders who participated in the bidding, the above two companies were selected by TGGENCO after E-reverse auction, i.e., after negotiating with the bidders for reduction of charges they quoted. Charges for BESS have been coming down. The charges for BESS discovered through competitive biddings in several states are lower than the charges finalised by TGGENCO. Therefore, terms of competitive bidding and E-reverse auction and the way in which they are conducted by GENCO are questionable.**

**b) In Andhra Pradesh, APDISCOMs requested APERC for approval/consent for charges to be paid under the subject scheme as given hereunder, as per the bids invited by NHPC LTD. to the following companies selected by it under E-reverse auction :**

- |                         |                   |                                                                                                    |
|-------------------------|-------------------|----------------------------------------------------------------------------------------------------|
| <b>a) Jammalamadugu</b> | <b>225/450 MW</b> | <b>Rs.2,08,000 per MW per month to Patel Infrastructure Ltd.</b>                                   |
| <b>b) Kuppam</b>        | <b>50/100 MW</b>  | <b>Rs.2,10,000 per MW per month and</b>                                                            |
| <b>c) Ghani</b>         | <b>225/450 MW</b> | <b>Rs.2,22,000 per MW per month, both to Acme Solar Holdings Limited for a period of 12 years.</b> |

**In OP No.65 of 2025, APERC has given its order dated 16.3.2026, approving the above-mentioned charges. (copy of the order is enclosed - annexure I).**

**c) While the average charge is Rs.2,13,333 per MW per month for the three companies selected by NHPC for APDISCOMs, the average charge for the two companies selected by TGGENCO for TGDISCOMs is Rs.3,06,000 per MW per month. The tariffs discovered by TGGENCO are more by Rs.82,667 per MW per month or 38.75%. The additional burden on TGDISCOMs for 375 MW per month works out to Rs.3.10 crore and Rs.37.20 crore per year and for the period of 15 years of the agreement it works out to Rs.558 crore.**

**d) The term of agreement in the case of APDISCOMs is 12 years, whereas it is 15 years in the case of TGDISCOMs. The term of agreement being more by 3 years for TGDISCOMs, on that count also the BESS charges per MW per month for them should have been lesser than those for APDISCOMs.**

**e) APDISCOMs, through APTRANSCO, invited bids for 1000/2000 MW BESS and finalised 7 bidders, after conducting E-reverse auction. The charges for BESS range from Rs.1,48,000 to Rs.1,65,000 per MW per month. The average price works out to Rs.1,55,857**

per MW per moth. Compared to that price, the average price of Rs.3,06,000 per MW per month for TGDISCOMs is more by Rs.1,51,143 per MW per month or by 96.98%. Compared to this price, the additional price for 375 MW per month for TGDISCOMs works out to Rs.5.667 crore and for one year it works out to Rs.68.01 crore and for 15 years of the agreement, the additional burden works out to Rs.1020.21 crore. (copy of petition No.18 of APDISCOMs is enclosed - annexure II).

f) For 1500 MW of BESS for TGDISCOMs, capital cost is estimated to be Rs.1260.98 crore. For this capital cost, paying the avoidable and hefty additional sum of Rs.1020.21 crore is nothing but a fraud being perpetrated on the consumers of power in the state.

g) VGF @ Rs.18 lakh per MW works out to Rs.67.50 crore for BESS of 375 MW for TGDISCOMs. Compared to the avoidable additional burden in the form of higher BESS charges of Rs.1020.21 crore, selection of the said bidders by TGGENCO under the pretext of getting the benefit of Rs.67.50 crore of VGF cannot be justified in any manner. Since the deadline for eligibility for getting the benefit of VGF is running out, TGGENCO has completed the process of bidding - such an approach is also not justifiable.

h) The above facts confirm that TGGENCO failed to negotiate prudently with the bidders under E-reverse auction for reduction of BESS charges quoted by them, taking into consideration the BESS charges already discovered through competitive biddings in other states and the latest market trends. E-reverse auction seems to have been transformed into a hollow formality, much to the undue advantage of the selected bidders at the cost of consumers of TGDISCOMs. TGGENCO should have cancelled the bids, for the charges being highly inflated.

i) Even without the benefit of VGF, through real competitive biddings and effective E-reverse auction, with better terms and conditions, TGDISCOMs have the opportunity to get BESS at much lower tariffs and protect interests of their consumers.

3. In O.P.No.65 of 2025, APERC has disallowed the trading margin of 7 paise per unit to NHPC Ltd. As a result, the government of A.P. is constrained to nominate APTRANSCO as intermediary procurer to call for biddings relating to O.P.No.18 of 2026, without payment of trading margin. Under the subject BESS arrangement, the DISCOMs can get 15 lakh units per day and have to pay Rs.1.05 crore, Rs.382.2 crore per annum and Rs.5733 crore for a period of 15 years. Incorporating such absurd provisions in the guidelines under VGF is atrocious. For doing administrative work of inviting tenders and selecting bidders, TGGENCO is collecting specific amounts towards administrative overheads from the bidders. Provision for payment of trading margin of 7 paise per kwh should be rejected outright. Similarly, the request of TGGENCO that “trading margin received by TGGENCO may not be considered as Non-Tariff income which needs to be passed to

Beneficiaries” also should be rejected outright. Allowing the said trading margin to TGGENCO and treating the same as non-tariff income, i.e., to pass on the same to consumers reducing the tariffs to be paid to it is also unwarranted, because, trading margin, ipso facto, is highly objectionable and detrimental to larger consumer interest.

4. If consent is given for procurement of power under BESS, as proposed in the subject petition, it would impose an avoidable burden of Rs.6753.21crore (Rs.1020.21 crore in the form of excessive charges plus Rs.5733 crore towards trading margin of 7 paise per unit) additionally on the consumers of the DISCOMs.
5. TGGENCO, as a generator of power, can participate in the competitive biddings to set up BESS units. When Telangana power coordination committee is there, it can take up the process of calling for tenders and selecting bidders. Or, TGTRANSCO, whose CMD is the chairman of TPCC, or TGDISCOMs themselves, can handle that task. There is no need for opting for any intermediary procurer to do this job for a trading margin of 7 paise per unit for a period of fifteen years.
6. In G.O.Ms. No.41 dated 17.11.2025, it is stated that “in the reference 5<sup>th</sup> read above (letter dated 15.11.2025), the TGGENCO has submitted that Solar projects in Telangana are developed under a distributed network model, spread across different districts. To co-locate a solar plant of suitable capacity to the proposed BESS, approximately 700 acres of land would be required. Considering the high land prices around Hyderabad and nearby zones, TGGENCO also does not possess adequate land at its existing project locations for developing co-located BESS with solar. Even if additional land is considered for acquisition, the process would be time-consuming. As per the MoP Order dated 09.06.2025, agreements for BESS projects must be concluded within 9 months, i.e., by 08-3.2026, making co-located development impractical within the prescribed timeframe.” **Further, it stated that** “the Chairman & Managing Director, TGGENCO stated that standalone BESS can be installed at multiple strategic locations and functions independently of any generating source, making it easier to integrate within the existing transmission network. Such systems can charge from the grid during off-peak hours at lower electricity prices i.e. Rs.2.90 per unit approx. (including power sourced from the open market) and discharge during peak hours, reducing peak power purchase costs. In contrast, a co-located BESS would require entering into a PPA with the solar developer and the charging tariff would be governed by the PPA, limiting operational and cost flexibility.” **We request the Hon’ble Commission to examine the following points, among others:**
  - a) Arrangement of BESS is to store surplus power and use it as and when required. The above-stated approach of TGGENCO evades this aspect.

- b) The basis for the imagination of GENCO that during off-peak hours power at a lower price of Rs.2.90 per unit would be available for storage under BESS is not explained.**
- c) RE is given must-run status under PPAs in force. Irrespective of requirement of the DISCOMs, RE must be purchased, even if leads to backing down of thermal power and paying fixed charges for the power backed down. As per the principle of merit order dispatch, power with highest variable cost becomes surplus power. Such surplus power is thermal power. Therefore, the question of RE becoming surplus and storing it under BESS does not arise.**
- d) Since the proposed BESS units are to be set up near sub-stations of TGTRANSCO, the power to be stored under BESS needs to be supplied to those units from the source of its generation, using transmission and distribution networks of TRANSCO and DISCOMs, causing transmission and distribution losses. For supplying the same from BESS also involves transmission and distribution losses.**
- e) If surplus power is to be stored under BESS, and if BESS units are set up near power stations whose power becomes surplus under merit order dispatch, it would contribute to avoidance of substantial transmission and distribution losses. Since no such arrangement is proposed to be made, the benefit of avoidance of transmission and distribution losses to the extent possible is missing.**
- f) The contention of TGGENCO that setting up of BESS units and making co-located development within the timeframe prescribed in the MoP order dated 09.06.2025 is impractical implies that BESS unit and generating unit from which power is to be stored in the former need to be set up at the same location simultaneously. But that is not the purpose for which BESS units are intended. The purpose is to store surplus power available from existing generating units with whom the DISCOMs had power purchase agreements in force and to come into force.**
- g) Going by the same order of MoP, agreements for BESS projects must be concluded by 8.3.2026. Did GENCO and DISCOMs enter into required agreements between them and with the selected bidders for getting storage facility from the proposed BESS units by 8.3.2026, without even getting consents of the Hon'ble Commission as sought by them in OP Nos. 10 and 13 of 2026? If**

**they sign the agreements after due date, is it possible to get the benefit of VGF?  
Is the VGF benefit factored in the BESS charges of the selected bidders?**

- h) For co-location, if BESS unit is set up near an existing power plant whose power becomes surplus under merit order dispatch as per the PPA the DISCOMs had with it, the question of signing a fresh PPA for BESS unit does not arise.**
  - i) It is obvious that TGGENCO is ignoring the ground realities that availability of abnormal quantum of surplus power, on the one hand, and need for an equally abnormal quantum of purchase of power in the market and through exchanges, on the other, are projected by TGDISCOMs. The very purpose of BESS is to make use of such surplus power during peak hours. If that is not the purpose, and if the questionable trend of entering into long-term power purchase agreements with generators of power, both thermal and RE, indiscriminately and imprudently, continues, creating avoidable imbalance between fluctuating demand curve and power mix, with availability of abnormal quantum of surplus power, on the one hand, and purchasing abnormal quantum of power in the market and through exchanges at higher prices, on the other, they can continue to stress on the need for more and more capacities under BESS. It is like creating and precipitating the problem of avoidable imbalance between demand curve and power mix and in the name of solving it, opting for BESS and even purchasing power in the market and through exchanges for BESS, without solving the problem of availability of unwarranted surplus power and the attendant burdens associated with it for the consumers of the DISCOMs. Unfortunately, successive state governments, DISCOMs and SERCs have not been paying heed to the need for maintaining equilibrium between demand curve and power mix to the extent technically practicable, as and when they decide and enter into long-term power purchase agreements and giving consents to the same by TGERC, respectively.**
- 7. It is preferable to opt for double cycle, instead of single cycle, as power under BESS can be supplied to meet demand during morning and evening peak hours. If it is for single cycle to meet peak demand during either morning or evening peak hours, in case that much power is not required during the peak hours concerned, it will be problematic to the DISCOMs. Even if they do not require that power partly or fully, the DISCOMs will have to pay for the BESS power not required as provided in the agreement - “BESSD shall not be eligible for any compensation in case of capacity contract. However, for such cases also the BESSD shall be liable to receive applicable tariff as per the provisions of BESPA and Buying Entity shall make such payment as per provisions of this agreement.” Under single cycle, the DISCOMs will have no opportunity to get the benefit of having BESS power for morning or**

evening peak hours, depending on their requirements. If the DISCOMs use BESS power under single cycle, exceeding their requirement to meet peak demand, they will have to back down thermal power to that extent and pay fixed charges for that.

8. The calculations of benefit under BESS shown are questionable. On what basis such calculations are made is not clear. If RE available under PPAs in force, for the sake of argument, is stored under BESS and supplied as and when required, to that extent thermal power to be backed down would be supplied to the consumers. In other words, to store RE under BESS, costly power would be supplied to the consumers. Such an arrangement would not reduce overall cost of power purchase, except costs of BESS to it. As pointed out above (6©), the question of RE available under PPAs in force being stored under BESS and comparing the cost of that power - cost of RE per unit plus cost of BESS - with price of purchase of power in the market and through exchanges at specific point of time and showing the difference between the two as saving to the consumers is hypothetical and a statistical legerdemain. We reiterate that average cost of surplus power plus cost of BESS need to be taken into account for making any meaningful comparison with prices of power in the market and exchanges and considering the benefit or otherwise of such an arrangement. Elements of uncertainty in terms of availability and prices of power in the market and exchanges daily are problematic to purchase cheaper power on day-to-day basis for the purpose of BESS.
9. In the light of availability of abnormal quantum of surplus power to the DISCOMs, that TGGENCO is not talking about storing thermal power from its plants under BESS is a confirmation that storing thermal power to be generated and supplied from its projects like Bhadradri and Yadaadri under BESS is prohibitive. Moreover, by virtue of higher variable costs, power from both the projects of GENCO would become surplus and needs to be backed down under the principle of merit order dispatch. GENCO fails to implement projects in time, with prudent costs, and does not know how to resolve the problems of backing down generating capacities of its projects under the principle of merit order dispatch, but is pontifying on how BESS projects need to be used by the DISCOMs.
10. It is not for TGGENCO, here, in its role as a broker, to talk about which power should be stored under BESS. It is for TGDISCOMs, in consultation with SLDC, to take appropriate decisions for storing power from which source and when under the BESS units and the same need to be specified and clarified by them. In this connection, I request the Hon'ble Commission to consider my submissions dated 10.6.2026 in O.P.No.10 of 2026 in conjunction with my submissions in the subject petition.

- 11. The way TGGENCO has filed the subject petition is questionable and verges on procedural impropriety. GENCO is not a licensee of the Commission. Nor are the developers of BESS projects licensees of the Commission. Therefore, without GENCO entering into an agreement for procurement of power under BESS, as proposed, there is no need to consider the prayers of GENCO, here, in the role of a broker, for adoption of BESS charges and payment of the said trading margin by the DISCOMs. The Hon'ble Commission is not expected to, and cannot and should not, take up the subject petition based on draft agreements between TGGENCO and developers of the said BESS units and between TGGENCO and TGDISCOMs for its regulatory consideration and issue its orders. Moreover, as distribution licensees, it is for TGDISCOMs to seek consent of the Commission for adoption of tariffs for BESS and payment of the said atrocious trading margin proposed to be paid to GENCO. Only when the DISCOMs seek such consents from the Commission based on an agreement signed by them with GENCO, the signed agreements between the latter and developers of the said BESS projects will have any reckoning for regulatory consideration of the Hon'ble Commission. Therefore, the subject petition of TGGENCO should be rejected summarily and returned by the Hon'ble Commission.**
- 12. That TGDISCOMs and TGGENCO have not submitted a signed agreement between them and TGGENCO and selected developers of BESS projects, too, have not submitted signed agreements between to the Hon'ble Commission shows that they want to submit the same, after they get consents of the Commission in O.P.No.10 of 2026 and the subject petition. In other words, this process is going on in the questionable pattern of seeking consent of the Commission for procurement of power first, later seeking consent of the Commission for adopting the tariffs and finally consent to the agreements. We have been suggesting repeatedly to successive Commissions to dispense with this kind of piecemeal consideration of issues relating to procurement of power and direct the DISCOMs to submit their petitions for consideration of capital cost, tariff and power purchase agreement and take holistic and comprehensive view through regulatory process, including holding public hearings, and give its reasoned order. Agreements entered into between parties concerned are subject to the consent of the Commission and if consent is rejected by it, they stand cancelled, without any liability of the parties concerned. Such clauses can be incorporated in the agreements, as has been the standard practice.**
- 13. For the reasons stated above, among others, we request the Hon'ble Commission to summarily reject the subject petition of TGGENCO.**
- 14. As we have to study some other important petitions pending before APERC and file our submissions within extended time for the same, we request the Hon'ble Commission to make further submissions in the subject petitions before or during**

**the public hearings, depending on time available to study some other points in the 538 pages, and responses of TGGENCO and TGDISCOMs to our written submissions and prepare further submissions.**

- 15. We request the Hon'ble Commission to hold public hearings in the subject petition both in physical and virtual modes and provide us an opportunity to participate through virtual mode.**

**Thanking you,**

**Yours sincerely,**

**M. Venugopala Rao**

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