



Southern Power Distribution Company of Telangana Limited

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From
Chief Engineer (IPC & RAC),
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To
Sri. M. Venugopala Rao,
Senior Journalist & Convener,
Centre for Power Studies,
H.No.1-100/MP/101, Monarch
Prestige, Journalists Colony,
Serilingampally Mandal, Hyd – 500032.

Lr.No.CE(IPC&RAC)/SE(IPC&RAC)DE(IPC)/F.NTPC/D.No.1967/26,Dt:29.09.2026

Sir,

Sub:- TGSPDCL – IPC – Responses/replies to the comments and suggestions filed in I.A. No. 18 of 2026 in O.P. No. 21 of 2026 and before the Hon'ble TGERC regarding the adoption of tariff for procurement of aggregated solar capacity of 2545 MW – Forwarded – Regarding.

Ref: 1) Objection submitted by Sri M. Venugopala Rao in O.P. No. 21 of 2026 & I.A. No. 18 of 2026.

2) Lr.No.ED(Comml)/SE(IPC)/DE2/RE/F.No.133 Solar/D.No.55/26, Dt: 08.09.2026.

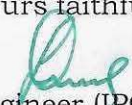
With reference to your comments and suggestions submitted on the petition filed by TGDISCOMs (O.P. No. 21 of 2026 and I.A. No. 18 of 2026) before the Hon'ble TGERC for the adoption of tariff for procurement of **2545 MW** solar power from NTPC (1045 MW), NHPC (500 MW), and SECI (1000 MW), the detailed point-wise replies are herewith enclosed.

The enclosed responses have been prepared in alignment with the clarifications furnished by the **ED/Commercial/TGPCC** vide reference (2) cited above.

This is for your kind information and perusal.

Encl: Replies

Yours faithfully,


Chief Engineer (IPC & RAC)

Copy submitted to:

✓ The Secretary, Hon'ble TGERC, Hyderabad. (along with proof of service for kind consideration).



Objections & Replies – M Venugopal Rao in OP No.21 of 2026 in IA No.18 of 2026, filed by TGDISCOMs, seeking consent to the PPAs/PUAs/PSAs for a total capacity of 2545 MW of solar power and adoption of tariff

Para No	Objection	Reply
1	Though the DISCOMs had submitted the subject issues together, the Hon'ble Commission should have taken up their agreements with NTPC, SECI and NHPC separately. The agreements are with different companies under different schemes and some of the terms and conditions in the agreements also are different. All the documents submitted by the DISCOMs run into 743 pages and it takes a lot of time to study the same, understand the implications, analyse and prepare submissions	Under the purview of Hon'ble TGERC
2 (a)	For 1045 MW Solar power from NTPC under CPSU Scheme Phase II Tranche III at a tariff of Rs.2.45 per Kwh (including trading margin). Power usage agreement (PUA) between NTPC and TGDISCOMs was signed on 7.12.2021. As per PUAs signed on 1.11.2023, SCODs of Nokh-1 plant, Nokh II plant and Nokh III plant, each with a capacity of 245 MW and NTPC REL Khavda solar PV station with a capacity of 310 MW were extended to 31.3.2025 by IREDA. As per supplementary agreement (amendment No.1) between NTPC and DISCOMs, the tariff is increased to Rs.2.57 per kwh	Subsequent to signing of PUAs, IREDA amended maximum Usage Charges from Rs 2.45/unit to Rs 2.57/unit on account of revision of GST from 5% to 12%. Accordingly, Supplementary PUAs were signed. Extension of SCD is in the perview of MoP/IREDA
2 (b)	For 500 MW solar power from NHPC under CPSU scheme phase II, tranche III at a tariff of Rs. 2.45 (including trading margin). Power supply agreement between NHPC and TGDISCOMs was signed on 28.3.2023. As per PUA dated 4.4.2024, scheduled commercial operation date (SCOD) was extended by IREDA till 2.3.2026 for supply of 500 MW from NHPC solar PV plant with the same tariff of Rs.2.45 per Kwh	Extension of SCD is in the perview of MoP/IREDA

2 (c)	For 1000 MW Solar power from SECI under ISTS Tranche IX with a tariff of Rs 2.37/Kwh for 700 MW and Rs.2.38/Kwh for 300 MW (excluding trading margin). Power sale agreement was signed between TGDISCOMs and SECI on 17.2.2022, while power purchase agreement was signed on 19.4.2022 between SECI and solar power developer (SPD) IB Vogt Solar Seven Private Limited for 300 MW (with SCOD as per PUA dated 11.10.2023 extended and expected by September, 2025), PPA between SECI and Eden Renewable Bercy Private Limited for 300 MW was signed on 20.4.2022 (with SCOD extended as per PUA dated 11.10.2023), and PPA between SECI and AMP Energy Green Five Private Limited for 100 MW was signed on 12.4.2022 and the plant was commissioned on 11.6.2024). Relating to Ayana Renewable Power Three Private Limited for 300 MW, PSA and PPA were signed on 17.2.2022 and 19.4.2022, respectively, and SCOD for 97.16 MW on 15.6.2024, for 97.16 MW on 10.8.2024, for 101.68 MW on 2.2.2025 and for 4 MW on 8.2.2025	Extension of SCD is in the perview of MoP/SECI
3	In response to the petition filed by TGDISCOMs for adoption of tariff for procurement of solar power from NTPC, NHPC and SECI, the Hon'ble TGERC, in its letter dated 17.6.2025 to the DISCOMs, pointed out, inter alia, that "it had granted in-principle approval to the TGDISCOMs for procurement of the above-mentioned solar power, taking into account the benefits of the waiver of Inter-State transmission System (ISTS) charges granted by the ministry of Power (MoP) for a period of 25 years, applicable to solar projects commissioned on or before 30.06.2025. However, subsequent implementation of the General Network Access (GNA) regulations has impacted the applicability of the 100% ISTS charge waiver. Furthermore, a significant portion of the proposed capacity may face delays beyond 30.06.2025, potentially affecting eligibility for the ISTS charge waiver. These delays according to Commission's view are primarily attributable to the solar power developers." In PUAs, it is	-Even after the introduction of GNA regulations, the projects under the ISTS waiver scheme are being exempted suitably while computing the Transmission charges -As informed by SECI & NHPC, MoP/MNRE considered the ISTS charges waiver extension in respect of the projects whose SCD is before 30.06.25, but delayed due to connectivity related reasons

	maintained that scheduled commissioning date shall mean date that is eighteen (18) months from the Effective Date of the PPA (between SPD and intermediary procurer). Effective date is explained as the date of signing of PUA	
4	In response to the letter dated 17.6.2025 of the Hon'ble Commission, from what the DISCOMs, in their reply dated 18.11.2025, and in the subject petition submitted, inter alia, it is evident that the very purpose of entering into agreements with NTPC/SECI/NHPC for supply of the said solar power has been, and continues to be, afflicted with several problems and making the whole arrangement whimsical and questionable, without anybody taking any responsibility and accountability for the failures of commission and omission	Based on the prevailing Connectivity issues, MoP/MNRE grants respective Projects SCOD extensions under 'force majeure conditions'
5	As pointed out by the DISCOMs, only a part of the contracted capacities of the said solar power plants has been commissioned and the balance is yet to be commissioned. SCOD of the balance capacities has been extended by intermediary procurers, i.e., NTPC, NHPC and SECI, and it is not made clear whether the plants for the balance capacities have achieved SCOD as per the extended dates, whether supply of solar power to the TGDISCOMs is commenced, and, if not, when it would commence. As rightly pointed out by the Hon'ble Commission, these delays according to Commission's view are primarily attributable to the solar power developers. The DISCOMs have avoided to explain what action they have been taking in the light of the failures of the developers of the solar power plants, as well as the intermediaries, in commencing generation and supply of solar power under the said agreements	- As on date, except 500 MW under NHPC PUA & 300 MW under SECI, remaining capacity of 1745 MW is already commissioned -DISCOMs regularly follow up with the Central PSUs regarding the status of the projects -Delays are primarily due to the connectivity issues and the same are being identified by MNRE/MoP and accordingly MNRE/MoP grants extension of SCOD under 'force majeure conditions'.
6	While the scheduled period for execution of the solar power plants is agreed as 18 months, as per the said agreements, no provisions for any remedy and timely corrective action incorporated in the said agreements, fixing responsibility of the parties concerned, to ensure that the plants are executed in time, operationalized and generation	- As on date, except 500 MW under NHPC PUA & 300 MW under SECI, remaining capacity of 1745 MW is already commissioned -DISCOMs regularly follow up with the

	and supply of power to the TGDISCOMs ensured. Despite such abnormal anarchy, the DISCOMs seem to be helpless and cannot do anything, except meekly signing on the dotted lines in the agreements and supplementary PUAs, unmindful of questionability of the terms and conditions therein which are deleterious to the intended purposes of the DISCOMs and their consumers, and waiting supinely till the contracted solar power is, or would be, supplied by the parties to the agreement. Out of 2545 MW, capacities to the tune of 1288.3 MW were commissioned as on 10.11.2025 and the balance for 1256.7 MW have to be commissioned. There has been no supply of power even from the plants which were commissioned	Central PSUs regarding the status of the projects -Delays are primarily due to the connectivity issues and the same are being identified by MNRE/MoP and accordingly MNRE/MoP grants extension of SCOD under 'force majeure conditions'. -Power Supply is there from the already commissioned Projects
7	While declaration of SCODs of the solar power plants and generation and supply of solar power to the TGDISCOMs are getting delayed abnormally, thereby defeating the purpose of signing the agreements for timely supply of contracted power, the proposed benefits under the said central schemes are getting evaporated and additional burdens in the form of tariff revision upwards, ISTS charges, etc., are being imposed on the DISCOMs and their consumers. And, for this, the so-called trading margin of 7 paise per Kwh has to be paid by TGDISCOMs to the brokers, i.e., the so-called intermediary procurers, for their role in serving the interests of the SPDs and working against the interests of the DISCOMs!	- Agreements with NTPC (1045 MW) & NHPC (500 MW) are Power Usage Agreements (PUAs), hence, there would be 'no trading margin' as the Solar plants are owned by them. Trading margin applies to the Power Sale Agreement (PSA) with SECI for 1000 MW only. - Payment of Trading Margin is as per the MNRE/MoP approved TBCB guidelines & Trading License Regulations
8	When agreements were signed between the TGDISCOMs and the companies concerned in the years 2021, 2022 and 2023, there is no justification in submitting the same for the consideration and consent of the Hon'ble Commission, with an abnormal and avoidable delay ranging from 2 to 4 years, that, too, one petition for all the agreements with different companies. That the Hon'ble Commission was constrained to seek relevant information and clarifications from the DISCOMs on their petition and that the latter took about five months to	-Agreements with Central PSUs for purchase of 2545 MW of Solar is not a new one. These Agreements were entered with (a) NTPC for 1045 MW on Dt:07.12.2021 (b) SECI for 1000 MW on Dt: 17.02.2022 (c) NHPC for 500 MW on Dt: 28.03.2023 -TGDISCOMs sought a prior consent

send their reply dated 18.11.2025 and another five months for filing their final petition on 9.4.2026 show the kind of deficiencies in filing the same by the DISCOMs, leading to avoidable delay. We have been repeatedly submitting to successive Commissions to direct the DISCOMs to submit petition for determination of capital cost of the project concerned, tariff and PPA, shortly after the same is signed by the parties concerned for consideration and consent of the Commission, instead of filing petitions separately with an abnormal time gap for approval for entering into agreement for procurement of power, tariff and PPA, but to no avail. Petitions for consent of the Commission to the PPAs are being filed by the DISCOMs, after declaration of SCOD or a few months before original or revised SCOD and considered by the Commission. This kind of fragmented filing and taking up of the same by the Commission separately is facilitating the developers of the power plants concerned to get themselves absolved of their responsibility for abnormal delay in declaring SCOD and start generation and supply of power to the DISCOMs, much to the detriment of the latter and their consumers in various ways such as increase in capital cost, tariffs and forcing the DISCOMs to purchase power in the market at higher prices to meet their demand due to failure of the developers to supply contracted power as per original schedule agreed in the agreements. Had consent to the PPA been sought and given in time, with appropriate terms to protect interests of the DISCOMs and their consumers and ensuring fulfilment of obligations of the developer, the kind of problems and questionable terms in the PPA, as in the subject petition, would have been avoided and for their failures of commission and omission in fulfilling their obligations in time, the developers/intermediary procurers would have been held accountable as per terms of the agreement. It is unfortunate that, despite cropping up of such questionable and avoidable consequences detrimental to long-term interests of the DISCOMs and

for procurement from the above Solar Agreements with NTPC, NHPC & SECI from the then TGERC through Petition OP No. 69 of 2022 and the then TGERC issued consent, vide TGERC Order Dt: 26.10.2022. While issuing this consent order, TGERC directed the DISCOMs to approach the Commission for adoption of tariff upon the same is approved by CERC, alongwith all relevant Agreements

- Accordingly, TGSPDCL on behalf of TGDISCOMs filed the above Agreements before TGERC as and when the respective agreements were executed with the respective agencies -It may be noted that all the provisions in these agreements are as per the TBCB guidelines issued by MoP & respective Scheme guidelines

	their consumers repeatedly in case after case over the years, successive Commissions have been allowing and adopting the fragmented approach, without paying heed to our suggestion. We had made elaborate submissions on such issues on the regulation relating to determination of generation tariff, etc., proposed by the Commission earlier, but the latter finalised the draft as proposed by itself, without any change/amendment whatsoever. In the PUAs between intermediary procurers and DISCOMs, it is stipulated that “within 120 days after Effective Date of the PPA, SECI/and/or the Buying Entity(ies) shall obtain adoption of tariff from its State Electricity Regulatory Commission and/or CERC (as applicable), on the terms and conditions contained in this Agreement read with the terms and conditions contained in the Power Purchase Agreement entered into between SECI and SPDs.”(Article 2.1.3). It is further stipulated that “if the requisite SERC and/or CERC (as applicable) order is issued after the timeline as per Article 2.1.3, this shall entail a corresponding extension in Scheduled Financial Closure and the Scheduled Commissioning Date for equal number of days for which the SERC and/or CERC order has been delayed beyond such period as specified in Article 2.1.3.” Despite such conditions in the PUAs, for what purpose the TGDISCOMs delayed submission of the subject petition abnormally, instead of submitting in time separate petitions after signing PUAs with intermediary procurers, i.e., 2 to 4 years back?	
9	The DISCOMs have submitted that delay in availability of inter-state transmission network is one of the reasons for non-supply of solar power by the SPDs through intermediary companies and rescheduling of SCOD of some of the plants. It is the responsibility of the SPD/intermediary procurer to supply power up to interconnection point at the periphery of the Telangana state and it is their responsibility to contract required ISTS capacity for transmission of solar power accordingly in time. They cannot shirk their responsibility to do so	-As already explained above, delays are primarily due to the connectivity issues and the same are being identified by MNRE/MoP and accordingly MNRE/MoP grants extension of SCOD under ‘force

under the pretext that failure of the CTU to provide transmission network as contracted is the reason for such a failure. It is incorporated in the PUAs that "the delay in grant of connectivity/LTA by the CTU and/or delay in readiness of the ISTS substation at the Delivery Point, including readiness of the power evacuation and transmission infrastructure of the ISTS network, is a factor attributable to the CTU/transmission licensee and is beyond the control of the SPD; The above shall be treated as delays beyond the control of the SPD and SCD for such Projects shall be revised as the date as on 60 days subsequent to the readiness of the Delivery Point and power evacuation infrastructure and/or operationalization of LTA. Decision on requisite extension on account of the above factor shall be taken by SECI." What are the agreements SPDs/intermediary procurers had with CTU for required transmission capacities? Are there any terms to impose penalties on the CTU for delay in making contracted transmission capacities available, because such avoidable delays lead to loss to the SPDs and the DISCOMs due to non-supply of solar power? The DISCOMs have submitted that they had written letters to the intermediary procurers on need for getting ISTS transmission capacities, as if they had nothing else to do in this matter as per terms of PUAs to protect their interests and those of their consumers. Who contracted for how much transmission capacity, whether it is ready or not, who is responsible for delay in keeping it ready as per agreement, if transmission capacity is ready fully or partly, who is responsible for not making use of it to supply solar power, are there any provisions for imposing penalties for such failures, who should get those penalty amounts for the loss caused to the DISCOMs ultimately and such other relevant points need to be examined by the DISCOMs and made public. In the PUAs, it is incorporated (Article 6.10.1) that "if the transmission delay is directly attributable to the organization building the transmission network and some penalty is imposed on him, then a	majeure conditions' -Provisions in all the agreements are in line with the TBCB guidelines approved by MoP & respective Scheme guidelines -In respect of PSA for 1000 MW, wherein SPDs are involved, SECI and DISCOMs periodically conduct review meetings on the progress of projects.
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	part of that penalty may be utilized by SECI/Buying Entity for compensating the generation loss>”	
10	The Modi government has been announcing grandiose targets like adding 5 lakh MW of RE by 2030, imposing irrational, imbalanced and arbitrary targets on the states to add very high percentages of RE under RPPO and Energy Conservation Act, without itself taking any responsibility for the kind of adverse consequences that have been, and would be, arising as a result of implementing its diktats by willing states. While imposing obligations on the states to add RE as per its diktats, and threatening to impose penalties if they fail to achieve the targets, the Modi government is not taking any responsibility to plan and execute addition of ISTS network to meet requirements of RE capacities being added in the country, leading to frittering away of precious resources invested for RE projects and harming the interests of the DISCOMs and their consumers, with non-supply of RE contracted	-
11	The state government and DISCOMs do not seem to have applied their mind in agreeing to signing PSUs with NTPC/NHPC/SECI with arbitrary and harmful conditions such as allowing the intermediary procurers and IREDA to reschedule SCODs of the plants of SPDs and delay supply of power to the DISCOMs accordingly. Have SCODs of the plants been declared even as per the revised SCODs? Time is the essence of any agreement and that is what is getting defeated under the questionable terms and conditions of the schemes and agreements	-Agreements with NTPC (1045 MW) & NHPC (500 MW) are Power Usage Agreements (PUAs), hence, there would be ‘no trading margin’ as they are owned by them. Trading margin applies to the Power Sale Agreement (PSA) with SECI for 1000 MW only. As on date, except 500 MW under NHPC PUA & 300 MW under SECI, remaining capacity of 1745 MW is already commissioned.
12	Delay in declaring SCODs of the plants concerned and availability of contracted ISTS transmission network has been imposing avoidable burdens on the DISCOMs and their consumers additionally, as per the questionable, imbalanced and irrational terms and conditions in the	

	PUAs. We request the Hon'ble Commission to examine the following points, among others:	
a	Considering increase in GST from 5% to 12%, SPDs/intermediary procurers revised the tariffs for solar power upwards and DISCOMs seem to have agreed to the same meekly by entering into supplementary PUAs. No information is furnished by the DISCOMs - with SPDs and intermediary procurers taking no responsibility whatsoever to explain their stand before the Hon'ble Commission - which SPD paid GST @ 12% and when. The submissions indicate that, for the entire contracted capacities of SPDs, impact of increase in the rate of GST is factored to revise the tariffs upwards, irrespective of actual rate of GST they might have paid periodically. As per rescheduled SCODs, the DISCOMs do not seem to have verified whether SPDs are paying GST @ 12% or 5%. VGF and such offers of the Modi government are turning out to be illusory allurements to trap the DISCOMs to opt for procurement of RE under the schemes and policies being announced by it, imposing avoidable burdens on their consumers additionally, with tricks such as abnormal increase in the rate of GST	GST claims fall under 'Change in Law' provisions of the Agreements and this 'Change in Law' provision is a universal standard provision in any power purchase agreement. Every GST claim shall be first identified and approved by CERC as per the agreements. Further, subsequent to the orders of CERC, all the documents related to the respective GST claims shall be verified and certified by the Auditors before payments
b	Even while claiming to encourage generation and consumption of RE, the Modi government continues, as usual, to play tricks to take back in the form of increased GST, etc., whatever it gives in the form of VGF, etc., after agreements have been made between SPDs, intermediary procurers and DISCOMs	-
c	The Modi government had issued its policy decision to waive ISTS charges and losses to RE projects executed during the periods specified, and modified the same, without making it clear that it would compensate those charges to the CTU. The Modi government used CERC as a conduit to bring about GNA regulations and issue orders imposing ISTS charges and losses on the DISCOMs of the region under which the transmission project comes to pay ISTS charges fully,	-All these agreements have been signed under 'Inter State Transmission - ISTS Charges exemption' scheme. As per this scheme, ISTS charges are not applicable to the power drawn under these agreements - As informed by SECI & NHPC,

irrespective of the capacities of transmission contracted for supply of RE. CERC lacked moral courage to direct that the union government should bear the ISTS charges as applicable under its declared policy, and acted as more loyal than the king. GNT regulations and orders given by CERC are a blatant violation of the policy of the union government on waiver of ISTS charges. That the Modi government did not object to the GNT regulations of CERC - which are against its declared policy - confirms its complicity in the questionable and illegal approach of CERC. Appeals filed by DISCOMs of some of the state governments against the regulations and orders of CERC are pending before appellate authorities. Government of Telangana and its DISCOMs do not seem to have challenged the GNT regulations and orders of CERC, with their usual alacrity to impose such questionable burdens on the consumers and wash of their hands. The DISCOMs have submitted that ISTS charges, obviously, under GNT regime, from December 2024 to May 2025 ranged between 39 to 59 paise per Kwh (the lowest 39 paise per unit is for one month only). In other words, with addition of ISTS charges and losses, the actual tariffs would be much more than the tariffs increased due to increase in the rate of GST. Here, too, the DISCOMs had simply written letters to intermediary procurers to get extension for waiver of ISTS charges, as if they had nothing else to do under the terms of the agreements to get such a waiver which is a bait offered by the Gol but watered down disingenuously. In PUAs, it is incorporated that "the exemption/waiver of the inter-state transmission charges for the conveyance of power namely Open Access Charges, CTU charges scheduling charges (if any) and any other charges from injection/delivery point to the receiving substation(s) of Buying Entity provided in Article 3.2.1 herein shall be governed by the provisions of the above Orders and the Regulations that may be notified by the Central Commission in regard to the above. The provisions of the Article 3.2.1 in regard to the liability

MoP/MNRE considered the ISTS charges waiver extension in respect of the projects signed before 30.06.25, but delayed due to connectivity related reasons

	of the Buying Entity to pay inter-state transmission charges shall stand modified by such exemption/waiver provided as per above Orders and the regulations of the Central Commission, as applicable."	
13	Including terms such as payment of the so-called trading margin of 7 paise per unit during the entire period of the PUAs by the DISCOMs to intermediary procurers under the said schemes is another instance of cunningness of the Gol to trap the DISCOMs in its tricky snare. For generation of solar power of 2545 MW with a CUF of 19% for a period of 25 years, the DISCOMs will have to pay an abnormal amount of Rs.741.25 crore towards trading margin @ 7 paise per Kwh. Imposing such an abnormal burden on the consumers of the DISCOMs is atrocious. The terms of the schemes of the Gol are so framed to falsely show that the intermediary procurers are doing a great job for which they deserve the so-called trading margin, while the reality is that they are doing administrative work for selecting SPDs as a one-time measure and thereafter working as a post-office, without any risk whatsoever to themselves. Agreeing to such conditions by the state government and its DISCOMs shows their lack of concern for protecting larger consumer interest. In its order dated 24.6.2026 in OP Nos. 10 and 13 of 2026, responding to the objections to payment of trading margin of 7 paise per unit to TGGENCO by TGDISCOMs, the Hon'ble Commission observed that "the initially proposed trading margin of Rs. 0.07 per unit has been revised after the re-negotiation by TGDISCOMs and accepted by TGGENCO to 0.5% of the applicable capacity charges, thereby substantially reducing the financial impact on consumers. Accordingly, TGGENCO shall be entitled only to the approved trading margin of 0.5% of capacity charges and no additional charges shall be recoverable without prior approval of the Commission." We would like to emphasize that the Hon'ble Commission is competent to determine the trading margin accordingly, even without any negotiation between intermediary	- In all Solar and Wind Projects, in every state, Trading Margin is 7p/Unit, as per the TBCB guidelines of MoP. -In respect of BESS, since it is a service facility, even TGDISCOMs too have bargained for a Trading Margin of 0.5% on capacity charges with TGGENCO and signed agreement accordingly.

	procurer and the DISCOMs and agreement for this purpose. In its order dated 16.3.2026 in OP No.65 of 20025, Hon'ble APERC, responding to our objections to payment of trading margin of 7 paise per unit, dwelt at length on the issue and observed that "the Commission finds the rationale on the contention raised by one of the objectors regarding NHPC's excessive trading margin claim. While NHPC's role as a BIA is essential, its claim for a 7 paise/kWh trading margin is fundamentally misaligned with the nature of a BESS project. It represents an unjustified financial windfall. The 7 paise/kWh margin is a legacy metric designed for traditional power generation, where a trader buys and sells physical units of electricity (Energy). A BESS does not generate energy; it provides a service. APDISCOMs supply their own energy to charge the battery and then take it back. NHPC is not "trading" energy; they are administering a fixed-capacity storage contract. Therefore, applying a volumetric energy markup (paise per kWh) to a capacity-leasing service is fundamentally flawed.	
	"A close reading of the BESSA reveals that NHPC assumes zero financial or operational risk. The agreements are specifically drafted to completely insulate NHPC, placing the entire financial burden for security, guarantees, and delay penalties on APDISCOMs. NHPC claims it assumes operational risks, but BESSA explicitly shields it from any independent exposure. The BESSA explicitly states that the sale of capacity by NHPC to the DISCOMs is "entirely on a back-to-back basis" with the intent that "there shall be no residual liability on the NHPC towards the BESSD which will not be fulfilled by the Buying Entity".	Not related to the present petition
	The agreement further cements this by stating that the DISCOMs' obligations are enforceable purely on a mutatis mutandis basis, "without any additional or independent exposure whatsoever to NHPC". If the developer fails to perform, NHPC is entirely protected.	Not related to the present petition

	The BESSA states: "The Parties agree that as an intermediary, NHPC shall have no legal obligation to pay any amount towards this compensation, except when the amount of such compensation has been recovered from the BESSD by NHPC without any conditions and encumbrances". NHPC is acting as a pure post office; they only pay out once they receive the money	
	"NHPC claims it is providing an Escrow and a Payment Security Fund, implying that these are services it funds. But there is no mention of the 'Escrow' in the BESPAs between NHPC and BESSDs. Further, it is the BESSDs that contribute to the Security Fund (Rs.5 Lakhs/MWh), and NHPC only maintains it. Though NHPC maintains LC as payment security with BESSDs and pays the Late Payment Surcharge (LPS) for delayed payments to BESSDs, these liabilities are passed on to the DISCOMs via a back-to-back arrangement through BESSAs. Under Article 2.5 of the BESSA, the Buying Entity (DISCOM) must provide a single, unconditional, revolving, and irrevocable Letter of Credit and Article 2.5.6 mandates: "All costs relating to opening, maintenance of the Letter of Credit shall be borne by the Buying Entity". NHPC does not spend a single rupee to maintain this LC. Under Article 2.6, the DISCOM is strictly required to provide a State Government Guarantee (or a Tri-Partite Agreement) to secure payment. Security is backed by the sovereign guarantee of Andhra Pradesh, not by NHPC's balance sheet. "Article 2.7 states that the Buying Entity (DISCOM) is responsible for providing the Payment Security Fund to cover 3 months of billing. Under Article 2.3 of the BESSA, if the DISCOM pays beyond the Due Date, a Late Payment Surcharge (LPS) is strictly payable to NHPC. The BESSA explicitly incorporates the rigorous Electricity (Late Payment Surcharge and related matters) Rules, 2022. This means the LPS base rate increases by 0.5% for every month of delay	Not related to the present petition

"If a DISCOM defaults, NHPC draws immediately on the DISCOM-funded Letter of Credit. If that fails, they invoke the State Government Guarantee. And for every day the payment is late, NHPC collects penal interest. NHPC's cash flows are flawlessly protected. Therefore, NHPC's contention regarding the "Risk Premium" compensation is entirely unjustified when there is no actual risk. NHPC's assertion that a 7 paise/unit margin is required to cover its "risks and security mechanisms" is contradicted by the BESPAs and BESSAs. Because NHPC assumes absolute zero financial risk, its role is limited to purely administrative accounting. Further, NHPC collected from the Selected Bidders amounts at Rs.1,00,000/MWh + 18% GST towards administrative overheads, Project monitoring activities, coordination with State Authorities and others, DISCOM/STU, pre-commissioning and commissioning expenses, etc.	Not related to the present petition
"Moreover, NHPC's own defence references the MoP BESS Guidelines dated March 10, 2022 (Clause 2.G(4)), stating it permits an Intermediary Procurer to charge "7 paise/kWh OR 0.5% of Capacity Charges (whichever applies)". Because this is a standalone BESS project procured purely on a Capacity Basis (Rs./MW/Month), the "whichever applies" clause heavily dictates that the margin must be tied to the Capacity Charge, not the volumetric energy flow. Applying the 7 paise/kWh margin results in an exorbitant and unjustified administrative fee compared to the 0.5% capacity option. A one MW battery cycled twice a day delivers 4 MWh (4,000 kWh) daily, or roughly 120,000 kWh monthly at maximum Capacity. At 7 paise/kWh, NHPC collects Rs. 8,400 per MW per month simply for administering the contract. Using the highest discovered tariff of Rs.2,22,000/MW/month, a 0.5% administrative margin equals just Rs.1,110 per MW per month. By choosing the 7 paise metric instead of the 0.5% capacity metric offered in the same MoP guideline, NHPC is extracting an administrative fee that is more than 7.5 times higher	Not related to the present petition

	than the latter. This is an unjustified burden on AP consumers for a purely administrative, pass-through service. NHPC cites Regulation 8(1) of the CERC Trading Licence Regulations to justify the 7 paise. However, CERC trading margins are meant to compensate traditional traders who assume the risk of volume fluctuations, open access, and energy market volatility. In this back-to-back BESSA/BESPA arrangement, NHPC assumes absolutely zero energy-volume risk. They are a "BESS Implementing Agency" (BIA) executing a fixed-capacity tolling agreement. Their compensation should reflect fixed administrative effort (a percentage of the capacity charge), not an energy trader's volume-based markup.	
	As regards the contention of NHPC that other State Commissions permitted 7 paise per unit trading margin, it may be noted that APERC is an independent statutory body whose primary mandate under Section 86(1)(b) of the Electricity Act, 2003, is to regulate electricity purchase and procurement to protect the consumers of Andhra Pradesh and it is not legally bound by the decisions of other State Commissions	Not related to the present petition
	Therefore, the Commission rejects the unjustified 7 paise/kWh margin and directs the DISCOMs to cap the same at 0.5% of the Capacity Charges, as explicitly provided as an option in Clause 2.G(4) of the MoP Guidelines. The DISCOMs shall amend the BESSAs appropriately to reflect the same.	Not related to the present petition
	Whether parties to the agreements negotiate and agree to 0.5% of the capacity charges towards trading margin or not, the Hon'ble Commission is competent to decide that rate and direct the parties to the agreements to amend the relevant terms accordingly, if it decides to give consents to the agreements as sought in the subject petition	Not related to the present petition
	In the power sale agreement dated 17.2.2022 signed by SECI and TGDISCOMs, it is incorporated that "Discom(s) acknowledge(s) and accept(s) that SECI is only an Intermediary Company and is facilitating	-Central PSUs like SECI overlook several RE Projects across India as per

the purchase of sale of electricity generated from the Solar Power Projects and, therefore, cannot assume independently, any obligation, financial or otherwise, either to the SPD or to Discom(s), (unless otherwise specifically provided otherwise in the PPA), except on a back to back basis, namely, that whatever obligation is enforced by the SPD under the PPA against SECI, Discom(s) shall be bound to fulfil the obligation on a back to back basis towards SECI and similarly, whatever rights that Discom(s) may claim under this Agreement against SECI, shall be subject to due enforcement of the corresponding rights on a back to back basis by SECI against SPD, without an independent obligation on the part of SECI." It is clear that the role of SECI, as intermediary procurer or broker, is risk-free. For the failures of commission of SPDs under the said agreements, buyers, here, SECI, NTPC and NHPC, take no responsibility and buying entities, i.e., TGDISCOMs, will simply have to face resultant adverse consequences, notwithstanding the perceived virtues - "the proposed intermediary procurer arrangement is consistent with the procurement framework envisaged under the applicable Government of India guidelines and enables centralized coordination, contract management and administration." Are TGDISCOMs and TGPCC incapable of doing it? When being consistent with the proposed intermediary procurement framework envisaged under the applicable Government of India guidelines is detrimental to larger consumer interest, accepting or giving consent to the same by the state government/TGDISCOMs or TGERC, as the case may be, would turn out to be a hollow formality. The efficacy of the regulatory process will be judged by the way the Hon'ble Commission gives regulatory consent to the proposed arrangement or protects larger consumer interest by rejecting the subject petition or directing the parties to the agreements to amend terms and conditions prudently	the approved TBCB guidelines/RE Policies of MNRE/MoP under Gol. Hence, several states examine the RE offers of such central PSUs since they offer competitive Tariffs. Further, all the Tariffs and claims will be subject to the scrutiny of CERC and State ERCs
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14	The condition in the PSAs for “generation compensation” to the SPDs, when the solar power plants are ready, but the necessary power evacuation/transmission infrastructure is not ready, for reasons not attributable to the SPD, leading to offtake constraint, and if the transmission delay is directly attributable to the organization building the transmission network and some penalty is imposed on him, then a part of that penalty may be utilized by SECI/Buying Entity for compensating the generation loss is questionable. If solar power cannot be supplied up to the injection point at the border of the state of Telangana, due to the above-mentioned reasons, it results in supply loss to the DISCOMs, forcing them to purchase power in the market at higher prices. There are no conditions in the PUAs to compensate, how much and who should compensate the DISCOMs for supply loss and additional expenditure incurred for purchasing power in the market. Whatever be the reasons for non evacuation of power from solar power plants, SPDs/intermediary procurer cannot be absolved of their obligation to supply power to the DISCOMs. If the ISTS transmission delay is directly attributable to the CTU, whether conditions for imposing any penalty on the latter are incorporated in the agreement between SPD and CTU need to be examined and made public. Did the DISCOMs examine the agreement between SPD and CTU? When SECI or other intermediary procurers do not take any responsibility for such failures, and when they do not incur any loss on account of the same, allowing SECI or other intermediary procurer also to utilise a part of that penalty for compensating generation loss to SPD is lopsided. In any case, DISCOMs, who suffer supply loss, are not responsible for the failures of CTU. Penalty, if any collected from CTU, shall be passed on to the DISCOMs for compensating supply loss. The condition in the PSAs that the buying entity shall pay to the SPD “a minimum generation compensation” as incorporated in the PSA if the DISCOMs/load dispatch centre direct the SPD to back	-As already explained above, delays are primarily due to the connectivity issues and the same are being identified by MNRE/MoP and accordingly MNRE/MoP grants extension of SCOD under ‘force majeure conditions’ -Provisions in all the agreements are in line with the TBCB guidelines approved by MoP. -In respect of PSA for 1000 MW, wherein SPDs are involved, SECI and DISCOMs periodically conduct review meetings on the progress of projects.
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	down, except for reasons of grid security or safety of any equipment or personnel or other such conditions, justifies corresponding obligation on the SPD to pay a similar minimum compensation for supply loss to the DISCOMs on account of the failure of the SPD to supply contracted power.	
15	For the above-mentioned reasons, among others, the tariffs to the DISCOMs would far exceed the tariffs already revised upwards, affecting interests of the consumers by imposing substantial burdens additionally on them. Therefore, it is not desirable to adopt such tariffs and give consents to the agreements, as sought by the DISCOMs. It is a pity that the DISCOMs are constrained to file the petition and try to justify what is patently against their interests and those of their consumers, allowing the SPDs and intermediary procurers to escape from accountability and answerability to respond to the objections and suggestions of interested public during the regulatory process of the Commission and the public hearings	As noted by the Hon'ble TGERC in order dated 26.10.2022 in OP No. 69 of 2022, the tariffs in the subject agreements constitute competitive rates discovered through competitive bidding
16	The way terms of the said schemes are manipulated and the Gol played tricks to deprive the DISCOMs of benefits such as VGF, waiver of ISTS charges and losses, increase rate of GST, provision for payment of trading margin of 7 paise per kwh, and failure to get contracted CTU network capacities added in time, leading to abnormal delays with continuing uncertainties, much to the detriment of the DISCOMs and their consumers, the entire exercise is increasingly becoming questionable. It underlines the need for a better alternative approach. Even without the schemes of the Gol, the state government and its DISCOMs can invite bids for procuring required solar power, ensuring real competition with as wider a participation of bidders as possible, with a condition that the solar plants be set up in the state itself at vantage points depending on local demand in a decentralised manner and reap better benefits. Such an alternative approach would avoid payment of trading margin of 7 paise per unit, ISTS charges and	-TGDISCOMs are also contemplating inviting bids for Solar power on decentralized mode -Comparing with a tariff of Rs 2 per Unit is not appropriate since such Tariffs depend on several factors like geographic locations, state specific policies, infrastructure facilities available like in Solar Park Model etc.,

	losses, reduce need and expenditure for intra-state transmission and distribution capacities, fetch tax revenue to the state government, provide opportunities for employment to local people to the extent possible, contribute to stability of grid and voltage level and lesser transmission and distribution losses and give boost to local economy. While tariffs for solar power being discovered through competitive biddings in the country are coming down to as low as Rs.2 per unit, the same under schemes of Gol are getting increased as in the cases pertaining to the subject petitions. In fact, TGDISCOMs used to emphasize before TGERC on the benefits of decentralized setting up of solar power plants in the state. A realistic comparison of pros and cons between opting for procurement of solar power under the subject schemes of the Gol and getting solar power plants set up in the state itself, after selecting the same through real competitive biddings, will make clear which approach is more beneficial and desirable. TGGENCO may be encouraged to set up required solar power plants in the state, with necessary support from the state government	
17	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 and make further submissions, after receiving and studying the responses of TGDISCOMs	Under the purview of Hon'ble TGERC