

==== Forwarded message =====

From: Superintending Engineer <seipctsspdcl@gmail.com>

To: "Nagaraj Naram" <secy@tserc.gov.in>, "Satish Kumar" <maheshsatish97@gmail.com>, "ED Commercial" <edcommercialspcc@gmail.com>, <deipc@tgndcl.com>, "Chief General Manager" <cgmir@tgndcl.com>

Date: Thu, 29 Jan 2026 11:24:18 +0530

Subject: Comments/ Suggestions in respect of the Petitions filed by TGGENCO before Hon'ble TGERC vide Op.No.77 of 2025 & 76 of 2025 petitions for determination of Capital cost & provisional tariff in respect of Unit-II (800MW) & Unit-I (800MW) of YTPS respectively - Reg.

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Sir,

I am herewith enclosing the Comments/ Suggestions on behalf of TG DISCOMs in respect of the Petitions filed by TGGENCO before the Hon'ble Telangana Electricity Regulatory Commission (TGERC), as detailed below:

1. O.P. No. 77 of 2025 – Petition for determination of Capital Cost and Provisional Tariff in respect of Unit–2 (800 MW) of YTPS for the period from FY 2024-25 to FY 2028-29; and
2. O.P. No. 76 of 2025 – Petition for determination of Capital Cost and Provisional Tariff in respect of Unit–1 (800 MW) of YTPS for the period from FY 2025-26 to FY 2028-29.

It is hereby submitted for the kind consideration of the Hon'ble Telangana State Electricity Regulatory Commission (TGERC).

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Regards,

O/o. The Chief Engineer/ IPC&RAC,
TGSPDCL, Hyderabad.

Comments on YTPS Filings

The comments of TGSPDCL on TGGENCO YTPS Filings are as follows –

Sl.No.	YT PS Unit 1/2	Para No. in the petition if available	Proposal of the TGGENCO as made in the petition	Comments/ suggestions/ objections
1	1 & 2	Para 20 of Unit-1 & Para 21 of Unit-2 petitions	Energy charge rate of Unit -1 and 2 for year FY-27 is 4.078/unit	<ul style="list-style-type: none"> Energy Charge Rate: SCCL has reduced coal price by Rs.741/- per MT. The price reduction is considered for plants KTPS, KTPP and BTPS in annual ARR filings of FY27. But the same reduction is not considered for energy charge rate(ECR) of YTPS. The filed ECR for FY 27 for both Unit-1 & 2 is 4.078/kWh, but with coal price reduction by SCCL, the price comes to be 3.37/unit.
2	2	Form-1 of Unit-2 Petition	The projected annual fixed charges for Unit-2 is 1942.78 Cr	<ul style="list-style-type: none"> Fixed Charges : YTPS unit-2 is commissioned in December 2024 . The fixed charges for YTPS Unit-2 for FY27 as per filing is 1942.78 Cr. NTPC TSTPP Unit-2 (commissioned in March 2024) which has 85% allocation to Telangana has fixed charges of 803.6 Cr (100% FC comes to 945.4 Cr). Fixed charges of YTPS Unit-2 for FY 27 is more than double to that of NTPC TSTPP Unit-2. Currently, TGDISCOMS are only recovering around 30% of the fixed charges paid to Generators, TGTRANSCO and PGCIL in form of fixed charges from consumers. Higher fixed charges of YTPS leads to increased revenue gap for DISCOMS.

Sl.No.	YT PS Unit 1/2	Para No. in the petition if available	Proposal of the TGGENCO as made in the petition					Comments/ suggestions/ objections	
			Description	Unit-1	Unit-2	Unit-3	Unit-4		Unit-5
3	1 & 2	Form 19.2 of Unit -1 and Unit-2 Petitions	Equipment cost including spares	4,733.9	3,278.3	4,332.7	1,969	2,347	There is huge difference among the equipment and spare costs for the 5 units of YTPS. The lowest is 1969.09 Cr for Unit-4 while the highest is 4733.98 for Unit-1 which is more double than of Unit-4. Reasons for such differences may be elaborated.
4	1 & 2	Form 19.2 of Unit -1 and Unit-2 Petitions	Startup Fuel costs for various units of YTPS					<ul style="list-style-type: none"> The startup fuel costs considered for Units 1 and 2 are 76.22 Cr and 51.47 Cr respectively. The same for Unit-3, 4 & 5 is 175.18 Cr for each unit, which is around 3 times to that of Unit-2. Reason for the increased startup fuel cost may be elaborated Breakup of ETC (Erection, Testing and Commissioning) which is 2306.74 Cr is not provided 	
5	1 & 2		Depreciation					<p>It is observed that the Gross Fixed Assets have been arrived at by including the entire Interest During Construction (IDC) up to the actual Commercial Operation Date (CoD) of the plant. The delay in achieving the CoD has been attributed to the COVID-19 pandemic, and accordingly, the first extension was proposed up to March 2023 for Units-1 and 2. However, subsequent second and third extensions have been granted up to February 2026, without indicating any valid reason. Hence, the corresponding IDC for the period beyond the admissible extension may need to be reduced.</p> <p>Further, the depreciation calculation for Unit-2 has not been given clearly in Form-4 (Fixed Assets and Depreciation). It is also observed</p>	

Sl.No.	YT PS Unit 1/2	Para No. in the petition if available	Proposal of the TGGENCO as made in the petition	Comments/ suggestions/ objections
				that there is a reduction in the depreciation values when computed in accordance with TGERC (MYT) Regulation, 2023.
6	1 & 2		Interest and Finance Charges on Loan	<p>Discrepancies have been observed in Form-5 (Interest and Finance Charges on Loans) for both Unit-1 and Unit-2 of YTPS. In the actual loan portfolio, the average loan balance has been derived by grossing up the total interest amount using the applicable interest rate (%) instead of computing the average of the opening and closing loan balances. This deviation from the normal methodology has resulted in an excessive computation of the average loan component and a corresponding interest component</p>
7	1 & 2	Form-7	Return on Equity (RoE)	<p>It is observed from Form 19.5 (Financial Package) for both Unit-1 and Unit-2 of YTPS that the Debt–Equity ratio (excluding undischarged liabilities) for the final package as on 31.03.2025 has been considered as 78.65% : 21.35% and original financial package as 80% : 20%. But in Form-7 for both Unit-1 and Unit-2 the Return on Equity has been prepared by considering equity at 25%.</p> <p>Upon recalculation of the Return on Equity by adopting the equity ratio of 21.35%, the revised Return on Equity for Unit-1 and Unit-2 is lower by ₹104.51 crore and ₹319.27 crore, respectively, as detailed below:</p>

Sl.No.	YT PS Unit 1/2	Para No. in the petition if available	Proposal of the TGGENCO as made in the petition	Comments/ suggestions/ objections																																																	
				<table border="1" data-bbox="1167 547 2145 1026"> <thead> <tr> <th data-bbox="1167 547 1384 675">Return on Equity as per</th> <th data-bbox="1384 547 1491 675">FY 2024-25</th> <th data-bbox="1491 547 1615 675">FY 2025-26</th> <th data-bbox="1615 547 1742 675">FY 2026-27</th> <th data-bbox="1742 547 1870 675">FY 2027-28</th> <th data-bbox="1870 547 1998 675">FY 2028-29</th> <th data-bbox="1998 547 2145 675">Total</th> </tr> </thead> <tbody> <tr> <td colspan="7" data-bbox="1167 675 2145 715" style="text-align: center;">Unit-1</td> </tr> <tr> <td data-bbox="1167 715 1384 754">TGGENCO</td> <td data-bbox="1384 715 1491 754">---</td> <td data-bbox="1491 715 1615 754">201.35</td> <td data-bbox="1615 715 1742 754">336.33</td> <td data-bbox="1742 715 1870 754">357.05</td> <td data-bbox="1870 715 1998 754">357.05</td> <td data-bbox="1998 715 2145 754">1251.78</td> </tr> <tr> <td data-bbox="1167 754 1384 850">TGDISCOMs</td> <td data-bbox="1384 754 1491 850"></td> <td data-bbox="1491 754 1615 850">171.95</td> <td data-bbox="1615 754 1742 850">287.23</td> <td data-bbox="1742 754 1870 850">330.98</td> <td data-bbox="1870 754 1998 850">357.05</td> <td data-bbox="1998 754 2145 850">1147.21</td> </tr> <tr> <td colspan="7" data-bbox="1167 850 2145 890" style="text-align: center;">Unit-2</td> </tr> <tr> <td data-bbox="1167 890 1384 930">TGGENCO</td> <td data-bbox="1384 890 1491 930">85.51</td> <td data-bbox="1491 890 1615 930">505.84</td> <td data-bbox="1615 890 1742 930">531.47</td> <td data-bbox="1742 890 1870 930">531.47</td> <td data-bbox="1870 890 1998 930">531.47</td> <td data-bbox="1998 890 2145 930">2185.76</td> </tr> <tr> <td data-bbox="1167 930 1384 1026">TGDISCOMs</td> <td data-bbox="1384 930 1491 1026">73.02</td> <td data-bbox="1491 930 1615 1026">431.95</td> <td data-bbox="1615 930 1742 1026">453.84</td> <td data-bbox="1742 930 1870 1026">453.84</td> <td data-bbox="1870 930 1998 1026">453.84</td> <td data-bbox="1998 930 2145 1026">1866.49</td> </tr> </tbody> </table>	Return on Equity as per	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	Total	Unit-1							TGGENCO	---	201.35	336.33	357.05	357.05	1251.78	TGDISCOMs		171.95	287.23	330.98	357.05	1147.21	Unit-2							TGGENCO	85.51	505.84	531.47	531.47	531.47	2185.76	TGDISCOMs	73.02	431.95	453.84	453.84	453.84	1866.49
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8	1 & 2		O&M expenses	<p data-bbox="1144 1062 2145 1345">Operation and Maintenance (O&M) expenses have been claimed in accordance with Clause 45.5 of TGERC Regulation No. 2 of 2023, which provides for adoption of the norms specified by the Central Electricity Regulatory Commission (CERC) under its Multi Year Tariff Regulations. However, the actual details of the O&M works undertaken or the corresponding expenditure incurred have not been furnished.</p> <p data-bbox="1144 1393 2145 1465">In view of the absence of such supporting details, the Hon'ble Commission may obtain the complete and verifiable details of the</p>																																																	

Sl.No.	YT PS Unit 1/2	Para No. in the petition if available	Proposal of the TGGENCO as made in the petition	Comments/ suggestions/ objections
				actual Operation and Maintenance works carried out along with the corresponding expenditure incurred, and to undertake a prudence check of the actual O&M expenses claimed.
9	1 & 2		Water charges	Water charges claimed may be examined based on the consumption of KTPS-VII, with an annual escalation of 5% from FY 2025-26 to FY 2028-29. However, it is submitted that the water consumption is required to comply with the MoEF&CC Notification dated 07.12.2015. Further, as per CERC Regulations, O&M expenses are determined after duly factoring in water charges. Therefore, the claim for water charges as a separate component may not be appropriate.
10	1 & 2		Non-tariff income	Non-tariff income has been shown as nil throughout the control period. However, the same may be considered once receipt of non-tariff income commences.
11	1 & 2		Renewable Generation Obligation	Ministry of Power vide Resolution dated 27.02.2023 on Renewable Generation Obligation as per the revised Tariff Policy, 2016 specifies that coal/Lignite based Thermal Generating Station with Commercial Operation Date (COD) of the Project between 1 st April 2023 and 31 st March 2025 shall be required to comply with RGO of 40% by 1 st April 2025 and any/other coal/Lignite based Thermal Generating Station with Commercial Operation Date (COD) of the

Sl.No.	YT PS Unit 1/2	Para No. in the petition if available	Proposal of the TGGENCO as made in the petition	Comments/ suggestions/ objections															
				<p>Project after 1st April 2025 shall be required to comply with RGO of 40%.</p> <p>In both petitions, TGGENCO has requested Hon'ble Commission to permit them to claim any additional capital expenditure to be incurred for meeting the Renewable Generation Obligation.</p> <p>In this regard, the Hon'ble Commission is requested not to burden TGDISCOMs by including this expenditure incurred by the project for meeting the Renewable Generation Obligation in the Capital cost of the Project.</p>															
12	1 & 2		Interest During Construction	<p>It is observed that the total cost of the project including IDC (Interest During Construction) is revised as detailed below:</p> <p style="text-align: right;">(in Rs. Crore)</p> <table border="1" data-bbox="1167 1070 2145 1453"> <thead> <tr> <th></th> <th>Start Up Fuel Cost</th> <th>Total Hard Cost</th> <th>IDC</th> <th>Total Project Cost (including IDC)</th> </tr> </thead> <tbody> <tr> <td>PPA dated 11.03.2020</td> <td>50</td> <td>25,567.62</td> <td>4265.63</td> <td>29965.48</td> </tr> <tr> <td>Revised Administrative</td> <td>700</td> <td>26,292.37</td> <td>8100</td> <td>34542.95</td> </tr> </tbody> </table>		Start Up Fuel Cost	Total Hard Cost	IDC	Total Project Cost (including IDC)	PPA dated 11.03.2020	50	25,567.62	4265.63	29965.48	Revised Administrative	700	26,292.37	8100	34542.95
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Sl.No.	YT PS Unit 1/2	Para No. in the petition if available	Proposal of the TGGENCO as made in the petition	Comments/ suggestions/ objections					
				approval dated 31.03.2023					
				Revised Administrative approval dated 20.03.2025	700	27664.89	8309.54	36131.99	
				<p>It is observed that neither any justification nor any explanatory details are found for the substantial increase in the start-up fuel cost from ₹50 crore to ₹700 crore. Some discrepancies are also observed in the interest calculations in Form 19.8 IDC for both Unit-1 and Unit - 2. There is a substantial increase in the Interest During Construction (IDC) component from Rs.4,265.63 crore to Rs.8,309.54 crore without giving any appropriate justification.</p>					
13	2		Form 11	<p>It is observed in Form 11 (Fuel Details for computation of Energy Charge Rate for Coal) for YTPS Unit-2 that there is variation between weighted average GCV of Coal as billed and weighted average GCV of Coal as received for the months of January, February and March 2025 as 1414Kcal/Kwh, 984Kcal/Kwh& 558Kcal/Kwh which is on higher side.</p>					
14	1 & 2		Form 4	<p>It is observed in the petitions O.P.No.76 and 77 of 2025 that GFA of unit-2 (1X800MW) is projected as Rs.10,263.56 Crs as against YTPS Unit-1 (1X800MW) Rs.6,095.12 Crs as on 31.03.2026 in their filings which is 68.40% more than the Unit-1 GFA. If the same is allowed excess Annual</p>					

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				<p>Fixed Cost is payable to TGGENCO in the initial years.</p> <p>Statement showing the excess AFC claimed against YTPS Unit-2 that of Unit-1 as both the units are of same capacity i.e., 800MW.</p> <table border="1" data-bbox="1160 638 2145 1109"> <thead> <tr> <th>YT PS</th> <th>Capacity</th> <th>Project ed GFA as on 31.03.2026 Rs. in Crs</th> <th>COD</th> <th>Debt Equity</th> <th>Interest & Finance</th> <th>2026-27 Rs. in Crs</th> <th>2027-28 Rs. in Crs</th> <th>2028-29 Rs. in Crs</th> </tr> </thead> <tbody> <tr> <td>Unit -2</td> <td>800MW</td> <td>10263.56</td> <td>21.01.2025</td> <td>75:25:00</td> <td>10.72%</td> <td>1948.60</td> <td>1918.09</td> <td>1890.17</td> </tr> <tr> <td>Unit -1</td> <td>800MW</td> <td>6095.12</td> <td>12.07.2025</td> <td>75:25:00</td> <td>10.72%</td> <td>1337.77</td> <td>1391.63</td> <td>1376.48</td> </tr> <tr> <td colspan="2">Difference</td> <td>4168.44</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>	YT PS	Capacity	Project ed GFA as on 31.03.2026 Rs. in Crs	COD	Debt Equity	Interest & Finance	2026-27 Rs. in Crs	2027-28 Rs. in Crs	2028-29 Rs. in Crs	Unit -2	800MW	10263.56	21.01.2025	75:25:00	10.72%	1948.60	1918.09	1890.17	Unit -1	800MW	6095.12	12.07.2025	75:25:00	10.72%	1337.77	1391.63	1376.48	Difference		4168.44						
YT PS	Capacity	Project ed GFA as on 31.03.2026 Rs. in Crs	COD	Debt Equity	Interest & Finance	2026-27 Rs. in Crs	2027-28 Rs. in Crs	2028-29 Rs. in Crs																																
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