



The Federation of Telangana Chambers of Commerce and Industry

ISO 9001:2015

Empowering Industry, Commerce & Trade

Registered under the Companies Act, 1956

REGD OFFICE : 11-6-841, Federation House, Federation Marg, Red Hills, Hyderabad - 500004, Telangana, India. Tel : 91-40-23395515, 16, 17 e-Mail : info@ftcci.in ; Website : www.ftcci.in

CIN U91110TG1964NPL001030

R. Ravi Kumar
President

K K Maheshwari
Senior Vice President

Srinivas Garimella
Vice President

FTCCI/2025-26/Energy/421

Date: 22.05.2026

The Secretary,
TGERC,
Vidyut Niyantaran Bhavan, Sy.No.145-P,
G.T.S. Colony, Kalyan Nagar,
Hyderabad

Dear Sir,

Sub: Comments/Suggestions/objections on the Petition for grant of Licence to "Telangana Rythu Power Distribution Company Limited (TGRPDCL)".

Referring to the subject, please find enclosed the Comments/Suggestions/objections on the Petition for grant of Licence to "Telangana Rythu Power Distribution Company Limited (TGRPDCL)" filed under section 14 of the Electricity Act, 2003 and in accordance with Distribution Licence Regulation no.4 of 2016, vide O.P No. 11 of 2026 by TGRPDCL.

We request the **Hon'ble Commission** to **condone the delay** caused due to paucity of time, consider the objections/comments submitted herein, and provide the opportunity to present them in person at the Public Hearing scheduled to be held on 28/05/2026 and submit any additional comments.

Thanking you,
Yours Sincerely
(for FTCCI)

T. Sujatha
Sr. Director



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Vice President

Before the Hon'ble Telangana Electricity Regulatory Commission (TGERC)

Vidyut Niyantran Bhavan, GTS Colony, Hyderabad

FILING NO./26

CASE NO./26

In the matter of Petition for grant of Licence to "Telangana Rythu Power Distribution Company Limited (TGRPDCL)" in accordance with the provisions under section 14 of the Electricity Act, 2003 and as per Distribution Licence Regulation no.4 of 2016, vide O.P No. 11 of 2026

In the matter of ...

Telangana Rythu Power Distribution Company Limited (TGRPDCL)
Room No-2, Second Floor, Block-B, H No. 6-1-58, Mint Compound, Hyderabad-500004

Applicant

The Federation of Telangana Chambers of Commerce and Industry (FTCCI)
11-6-841, Federation House, Red Hills, Hyderabad -500004

Respondent

May 2026

Introduction

FTCCI has examined TGRPDCL's petition for a distribution license dated 06/04/2026, with reference to GO MS 44 dated 17/12/2025, in order to submit our comments regarding the public notice issued by TGERC on 18/04/2026.

The touchstones adopted by us for studying and evaluating the application are as follows:

- Compliance with applicable legal and regulatory requirements.
- A comprehensive "Statement of Objectives" to clearly understand the purpose that TGRPDCL intends to serve, including a logical alignment of the stated objectives with the intended beneficiaries, namely the farm sector.
- A detailed business plan covering:
 - Sales forecast, load projections, and energy sources for the next five years.
 - Means of finance for meeting the assets and other resources required to achieve the above targets.
 - Projected Balance Sheets, Profit & Loss Accounts, and Cash Flow Statements for the next five years.

The manpower planning for the proposed DISCOM must consider the entire State, comprising 33 districts, 584 mandals, and 10,909 revenue villages, where the agricultural sector currently accounts for nearly 42% of the total energy consumption in the State. This issue assumes considerable significance, as there are approximately 30 lakh agricultural consumers, including both small and large farmers, with an annual energy requirement exceeding 35,000 MU, subject to variations in monsoon conditions.

It is also pertinent to note that, unlike States such as Kerala, Gujarat, Chhattisgarh, Goa, and Mizoram, agricultural distribution lines in Telangana are not fully metered, with only about 26% presently metered. Further, the existence of mixed feeders in several areas makes implementation and DT metering a significant operational challenge.

➤ Considering the above criteria, we have made a brief analysis below.

1. Compliance with the Act (U/S 2(19) and TSERC regulation (Section 2.3) to issue a “DISTRIBUTION LICENSE “

Section 2(19) of the Act defines a “distribution system” as a system of wires and associated facilities between the delivery points on the transmission lines or the generating station connection and the point of connection to the consumer’s installation.

In the present case, TGRPDCL is proposed to utilize 11 kV feeders belonging to the existing DISCOMs on the DT side, with agricultural consumers at the receiving end. Under the Act, the licensee is responsible for maintaining and operating the distribution system within its area of supply.

However, the ownership of the proposed distribution system of TGRPDCL remains unclear. As presently understood, there is no clear delineation of asset ownership in operational terms, particularly where assets are to be jointly involved in supply and maintenance activities.

The TGERC Distribution license U/S 2.3 states a distribution system “means any system consisting of mainly cables, service lines and overhead lines, electric plant, meters having design voltage of 33kv and under and shall include any other system of higher voltage as the commission may specifically recognize. A distribution system shall not include any part of the Transmission System.

THE TGERC regulation 2016 u/s 2.1(11) defines ***distribution as “conveyance of wheeling of electricity by means of a distribution system.***

In view of the above definitions, the ownership of assets proposed to be vested with TGRPDCL remains unclear and ambiguous, thereby creating uncertainty regarding the deployment of personnel for operation and maintenance, assignment of responsibilities, budgeting, and undertaking CAPEX requirements whenever necessary.

Unless there is clear and unambiguous demarcation of asset ownership, there is a significant likelihood of deficiencies in consumer service, thereby defeating the very primary objective of the proposed arrangement.

We are of the considered view that there are legal and regulatory hurdles in complying with the requirements for grant of a “Distribution License” to TGRPDCL. Unless these concerns are adequately clarified through an appropriate Government Order, we respectfully submit that the issuance of the license may be kept in abeyance, if not rejected.

2. Statement of Objectives

We note with regret that neither the petition filed by TGRPDCL for grant of license dated 06/04/2026 nor GO MS No. 44 dated 17/12/2025 contains a well-defined “Statement of Objectives” for the formation of the proposed new DISCOM. There is no clear explanation regarding the shortcomings of the existing two DISCOMs in achieving the intended objectives, nor is there any clarity on how the proposed DISCOM would overcome the present deficiencies.

The inclusion of a “Statement of Objectives” is an established and accepted practice in the introduction of any new Act, Regulation, or major amendment thereto, in order to ensure transparency and provide clarity regarding the intended purpose and expected outcomes.

The formation of TGRPDCL constitutes a major structural change intended to serve the agricultural sector. It is, therefore, essential that a comprehensive “Statement of Objectives” be provided.

Accordingly, we request the Hon’ble Commission to direct TGRPDCL to submit such a statement, along with the additional information referred to below, so as to substantiate its claim for grant of a “Distribution License.”

Further, GO MS No. 44 dated 17/12/2025 refers to the poor financial health of the existing DISCOMs in meeting the commitment of providing free power supply to the agricultural sector.

The GO further states “to address the said concern and to improve the electricity supply position of the state, the Government decided to set up the third DISCOM in the state responsible for handling electricity for specific consumer categories supported by Government.”

We are unable to comprehend how the formation of a Rythu DISCOM with an equity base of only Rs. 5 crores would mitigate the serious financial health issues presently faced by the existing two DISCOMs. This concern becomes even more significant since, as explained later, the proposed DISCOM appears to have no independent revenue streams or scope for cross-subsidy support, with the only likely source of revenue being the Government subsidy expected to be received.

Further, GO MS No. 44 dated 17/12/2025 states that, out of the total consumer arrears of Rs. 35,983 crores, nearly 79%, amounting to Rs. 28,486 crores, would stand transferred to TGRPDCL. In addition, the proposed DISCOM would also inherit liabilities of Rs. 26,950 crores payable to the State GENCOs, along with a working capital burden of Rs. 9,032 crores.

This does not appear to provide a sound financial foundation for a newly formed TGRPDCL, which would commence operations with Government receivables exceeding Rs. 35,000 crore and liabilities of a similar magnitude as of the end of 2025. Such a financial structure raises serious concerns regarding the long-term viability and sustainability of the proposed entity.

3. Business Plan Details

We refer to Schedule E of the application, particularly Seriatim 20, which pertains to details of debt, proposed borrowings from lenders, and letters of financial support. The application, however, is substantially silent on these critical aspects and merely states that the same are “yet to be tied up.”

Further, seriatim 22, relating to the “Approach & Methodology,” identifies four consumer categories, but states that the detailed business plan “will be submitted within three months.”

Similarly, seriatim 23, which seeks data relating to the applicant’s future business plans, including five-year projections covering maintenance, O&M, growth, expansion, and funding arrangements to meet such obligations, has been responded to by stating that the information “will be submitted within three months of the distribution license coming into force, as per Clause 38.1 of Regulation 04 of 2016 (Distribution License Regulations).”

Such replies appear to presume prior approval of the license application before the submission of the very information necessary for evaluating the applicant’s technical and financial capability.

In our respectful submission, the application in its present form is materially incomplete, and it is highly regrettable that such an incomplete application has progressed to the stage of public hearing.

We further submit that there appears to be no immediate urgency warranting consideration of this incomplete application at this stage. Accordingly, we suggest that TGRPDCL be directed to submit a comprehensive and detailed application containing all requisite particulars before the matter is taken up for further consideration.

4. Question of Financial Sustainability of TGRPDCL

The estimated Cost of Service (COS) for TGRPDCL, based on the present annual consumption of approximately 35,000 MU, would be nearly Rs. 20,000 crore, considering the current Average Billing Rate (ABR) of about Rs. 5.85 per kWh. At present, this cost is partly met through Government subsidy of around Rs. 8,000 crores, while the remaining burden is supported through cross-subsidy contributions from HT and commercial category consumers.

However, in the case of the proposed DISCOM, there appear to be no cross-subsidizing consumer categories within its consumer base. In the absence of such revenue support, it remains unclear as to how TGRPDCL can achieve financial sustainability and long-term viability as a distribution company.

Concluding Submissions

In our introductory submissions, we had outlined the parameters adopted by us for evaluating the petition dated 06/04/2026 filed by TGRPDCL seeking grant of a "Distribution License."

In the submissions made under paragraphs 1, 2, 3, and 4 above, we have demonstrated that the petition lacks:

A clearly defined statement of objectives;

A viable business plan;

Sales forecasts and future operational plans;

Identifiable means of finance; and

A financially sustainable framework for operations.

In the absence of these essential elements, we are unable to discern any substantial operational, business, or financial viability in the present petition.

We apprehend that the proposal may involve short-term financial considerations which could potentially compromise long-term consumer interests.

We also regret to observe that the petitioner's response under Section 23, stating that the required information "will be submitted within three months of the Distribution License coming into force," suffers from the inherent defect of presuming approval from a statutory authority even before the mandatory details are furnished and evaluated. Such an approach is wholly unacceptable from any applicant, particularly from a public sector entity.

We respectfully submit for the consideration of this Hon'ble Commission whether an application of similar nature filed by a private sector applicant would have progressed to the stage of public hearing without submission of the requisite particulars.

Our Prayers

We therefore respectfully pray that this Hon'ble Commission may be pleased to:

Return the petition filed by TGRPDCL with directions to submit a comprehensive and detailed application for reconsideration; or, alternatively,

Keep the present application in abeyance and constitute an Expert Committee, including independent expert bodies such as Prayas Energy Group and other stakeholders, to undertake a pilot study evaluating the legal, technical, operational, and financial viability of the proposal; and

Permit us to make such additional submissions as may become necessary in view of the wider implications of the proposal for industry and commerce, and further allow our nominated representative to participate and make submissions during the public hearing proceedings.

For The Federation of Telangana Chambers of Commerce and Industry (FTCCI),

Place: Hyderabad

Date: 22.05.2026



T Sujatha

Sr. Director, FTCCI