

The Secretary

Telangana State Electricity Regulatory Commission

S.No.145, Vidyut Nyantran Bhavan

GTS Colony, Hyderabad 500 045

May 27, 2026

Respected sir,

Sub : Final submissions in OP No.11 of 2026 in the matter of application for grant of distribution licence to Telangana Rythu Power Distribution Company Limited

Further to our submissions dated 25.4.2026, 5.5.2026 and 18.5.2026, and in response to the responses of TGRPDCL to our written submissions, we are submitting the following points for the consideration of the Hon'ble Commission in the subject petition:

1. In its reply to our submissions dated 25.4.2026, TGRPDCL has maintained that “TGRPDCL submits that the gap between ABR and ACoS is not solely due to arrears or delays in filing ARR and true-up petitions. A major structural issue is that agricultural consumption is estimated, and a significant portion of these estimates is regularly disallowed by the Hon'ble Commission. When such disallowances occur, the DISCOMs must absorb the cost, which widens the ACS–ARR gap. Even the True-ups are allowed to quantum of approved agricultural sales. The formation of the third DISCOM enables separate and accurate energy accounting.” We request the Hon'ble Commission to examine the following points, among others:

a) TGRPDCL has failed to explain as to how the unsubstantiated gap between ABR and ACoS is responsible for the precarious financial condition of the DISCOMs. The argument that “due to the gap between the Average Billing Rate (ABR) and the Average Cost of Service (ACoS), the financial position of TGDISCOMs has deteriorated over time” is an uncharitable accusation against successive SERCs. It implies that successive SERCs are responsible for deterioration of the financial position of the DISCOMs over the years, because the former are determining CoS and tariffs. It is a calumny against the Commission. Such an ingenious argument is a crude attempt to put the blame on the Commission for the failures of commission and omission of the governments. People with professional integrity, intellectual honesty and moral courage to recognise and tell the truth, what is right or wrong and how to correct what has been going haywire, cannot and do not put forth or ingeminate such ingenious arguments.

b) When the Hon'ble Commission disallows “a significant portion” of estimates of agricultural consumption, as contended by the DISCOM, the DISCOMs can contest the same as permissible under law. What is disallowed by the Commission cannot be treated and claimed as arrears or dues. Disallowance of such claims by the Commission cannot be treated as a gap between ABR and ACoS and the DISCOMs cannot claim the costs of

quantum of such disallowance from the state government. Without going into justification or otherwise of the estimates of agricultural consumption of power by the DISCOMs and of disallowance of “a significant portion” of such estimates by the Commission, it is suffice to say that, due to such disallowance, the amount the state government would have to pay otherwise to the DISCOMs is avoided, if no such disallowance takes place. In other words, the said disallowance is a regulatory favour to the state government, not to agricultural consumers who are getting free supply of power. That the DISCOMs could not challenge such disallowance as permitted under law, or seek permission of the state government to challenge the same before appropriate appellate authority, shows their helplessness. Since estimates of agricultural consumption of power and the methodology being adopted for the same continue to be controversial, the general contention is that it is possible that a significant portion of technical and commercial losses also might have been claimed as, or included in the estimates of, agricultural consumption.

c) What is the accumulated loss to the existing DISCOMs on account of disallowance of the claimed “significant portion” of agricultural consumption of power estimated by them?

d) When TGRPDCL contends that the gap between ABR and ACoS is not solely due to arrears or delays in filing ARR and true-up petitions, it is wide of the mark. First, it is nobody’s contention that arrears or delays in filing ARR and true-up petitions are reasons for the unsubstantiated gap between ABS and ACoS. Second, such delays are reasons for delay in claiming and getting what is legitimately due to the DISCOMs and the resultant accumulation of arrears or dues to an abnormal level over the years. Failure of successive state governments to permit or direct the DISCOMs to file those petitions in time, as well as their failures to pay to the DISCOMs as per the orders of TGERC, is the reason for the abnormal accumulation of dues or arrears, making the financial position of the DISCOMs precarious. Third, abnormal delays in filing ARR and true-up petitions are not at all the reasons for unsubstantiated gap between ABR and ACoS, but they are mainly, if not solely, responsible, coupled with failures of the government and its entities to pay what is due to the DISCOMs in time, for the precarious financial condition of the latter.

e) The contention that “the formation of the third DISCOM enables separate and accurate energy accounting” is like begging the question. Does existence of the present two DISCOMs - SPDCL and NPDCL - come in the way of separate and accurate energy accounting for agricultural consumption? Cannot the measures that need to be taken by TGRPDCL to enable separate and accurate energy accounting for agricultural consumption be taken under the incumbent DISCOMs?

f) TGERC has accepted request of GoTS to defer consideration of a true-up of Rs.7635.22 crore approved for the FYs 2022-23 and 2023-24 by one year. It may be noted that the existing DISCOMs requested the Commission to address a letter to the Energy Department, Government of Telangana, to extend financial support to them and arranging payment of True-up

amounts, without passing the burden on the consumers and pass necessary orders as deemed fit. **The Commission has obliged both the DISCOMs and the state government, though deferment of its decision on recovery of the said true-up amount is not justified. Had the Commission directed the DISCOMs to recover the said amount from the consumers, it would have been subjected to the opprobrium that it had imposed the said burden on the consumers, though the DISCOMs and state government had not asked for it.**

g) In the RSTO for 2026-27, TGERC has pointed out that “out of the total revenue gap of Rs. 15,105.91 crores the subsidy commitment made by Government of Telangana is for an amount of Rs. 14,000 crores thereby leaving a balance of Rs. 1,105.91 crores. The balance amount of Rs. 1,105.91 crores will be treated as Regulatory Asset and will be dealt in accordance with the orders of Hon’ble APTEL and Hon’ble Supreme Court order in Writ Petition (C) 104 of 2014 dated 06.08.2025 and relevant provisions of the Electricity Act, 2003” (page 175). Instead of enhancing tariffs to enable the DISCOMs to recover the balance of Rs.1105.91 crore, TGERC has treated that amount as regulatory asset. It is because, neither the DISCOMs, nor the government, have sought increase in tariffs to recover that amount. Had the Commission increased the tariffs to enable the DISCOMs to recover the amount treated as regulatory asset, it would have been blamed for the same.

h) For the first time, TGERC has treated certain amount of the revenue gap of the DISCOMs as regulatory asset. However, in essence and for all practical purposes, the abnormal dues and arrears accumulated over the years are a regulatory asset, without regulatory sanctity. These are the regulatory assets created by successive state governments, the central government and their agencies by not paying what has been due to the DISCOMs in time, and by the DISCOMs by not collecting CC bills in time from non-governmental consumers. The only difference is that there is regulatory sanctity to the regulatory asset permitted by the Commission, and for other dues and arrears accumulated, with the failure of the DISCOMs to collect the same as per terms of supply, and practically became regulatory asset, there is no regulatory sanctity.

i) The DISCOMs have not been collecting, rather, have not been allowed by the successive state governments to collect, Rs.0.30 per unit per month under Fuel Surcharge Adjustment, though TGERC permitted them to collect the same, without undergoing due regulatory process. In their replies to our submissions on ARR for 2026-27, the DISCOMs have stated that “the TGDISCOMs have addressed letters to the GoTG for approval for collection of FCA amount regularly every month as per the provisions in the MYT Regulation.” To bail out the DISCOMs from foregoing the amount of FCA, if they had not collected @ Re.0.30 per unit per month, thereby violating the direction of the Commission, TGERC has proposed TGERC (MYT) draft 1st amendment, Regulation 2026, wherein the DISCOMs are directed to file their true-up claims after completion of their audited annual accounts, including therein FCA dues (Rs.0.30 per unit per month) not passed on to the consumers (positive or negative). The implication is simple - if the DISCOMs do not implement the direction of the

Commission to collect Rs.0.30 per unit per month under FCA, the Commission would allow them to get that amount in their annual true-up claims, instead of foregoing the same for their contumacious defiance of the direction of the Commission. It is a case of the Commission proposing and the government disposing.

j) TGERC has passed on the true-down amount of Rs.798.87 crore for 2024-25 in the ARR of 2026-27, i.e., adjusted for reducing revenue gap of the DISCOMs thereby reducing the need for subsidy from the state government to that extent. Had the Commission directed the DISCOMs to pass on the said true-down amount to the consumers by deducting it from their CC bills, the amount of regulatory asset would have increased by another Rs.798.87 crore., i.e., the amount of regulatory asset would have increased to Rs.1904.78 crore. These instances show that TGERC has been coming to the rescue of the government and DISCOMs, that, too, unduly.

2. TGRPDCL has maintained that it “submits that while pending dues and arrears have contributed to the financial stress of the existing DISCOMs, the gap between ABR and ACoS remains a structural challenge. The restructuring creates a major improvement by giving TGRPDCL separate energy accounting. This allows accurate measurement of power use, correct subsidy assessment, and better financial control. This clear structure also makes it easier for all three DISCOMs, including TGRPDCL, to access funding for system upgrades and central schemes.” It is difficult to understand as to how the proposed creation of the third DISCOM resolves the “structural challenge” and “creates a major improvement by giving TGRPDCL separate energy accounting,” The claim that “this allows accurate measurement of power use, correct subsidy assessment, and better financial control” raises the pertinent question whether such accurate measurement of power use, correct subsidy assessment and better financial control under the existent two DISCOMs cannot be achieved. Needless to say, it is implementation of the measures required that would ensure accurate measurement of agricultural power consumption and resultant requirement of subsidy assessment - all such measures can be taken under the existing DISCOMs - not mere formation of the third DISCOM. The sophistry that this clear structure also makes it easier for all three DISCOMs, including TGRPDCL, to access funding for system upgrades and central schemes also gives rise to the question whether non-existence of the third DISCOM is not making it easier for the existing two DISCOMs to access funding for system upgrades and central schemes.

3. TGRPDCL has contended that “the interpretation of the objector on the allocation of RE PPAs based on the GO is not quite correct. It is clarified that KUSUM and Indira Mahila Shakti Schemes is primarily aimed at empowering the farmer and women SHGs. In-line with this objective complete capacities under KUSUM and Indira Mahila Shakti would be allocated to TGRPDCL and this is clearly stated in the GO issued on 17th Dec 2025. Also as per the latest amendment GOMs No 8 dated 8th May 2026, higher share of Renewable Energy Allocation

would be to TGRPDCL.” We request the Hon’ble Commission to examine the following points, among others:

a) It is a misinterpretation of our submission and query whether allocation of power available under KUSUM and IMS schemes to TGRPDCL would be sufficient to meet RPPO obligations of the latter during the current financial year and later. TGRPDCL has simply evaded to clarify the point.

b) Our interpretation of the imbalances in allocation of power is based on the specific proposals made in G.O.44 issued on 17.12.2026. The only amendment in G.O.Ms. No.8 dated 8.5.2026 is this: “the allocation of PPAs between the three Distribution companies of Telangana namely TGRPDCL, TGSPDCL and TGNPDCL shall be done in such a manner that a higher share of Renewable Energy is allotted to TGRPDCL and category wise uniform tariff is maintained across the State.” GO No.8 dated 8.5.2026 was issued, after a letter dated 27.4.2026 written by the CMD of TGRPDCL to special chief secretary to the government - our first and second objections are also dated 25.4.2026 and 5.5.2026, respectively - “in the circumstances reported by the Chairman and Managing Director, TGRPDCL” and “after careful consideration.” That the said amendment is issued in G.O. 8 testifies to the fact that the proposed allocation of shares of power in the PPAs to SPDCL, NPDCL and RPDCL in G.O.44 is questionable, imbalanced and needs to be corrected. Furthermore, the “circumstances reported by the CMD of TGRPDCL” in his letter dated 27.4.2026 are a clear indication of recognition of the questionable imbalances in the allocation of shares of power under PPAs to the three DISCOMs and the need for amending the same. Let that letter of the CMD of TGRPDCL be made public. It will justify our interpretation of the implications of, and imbalances in, the allocation of PPAs to the three DISCOMs as proposed in G.O.No.44. The claim that the G.O. 8 was issued after “careful consideration” implies that the same was found wanting in issuing G.O.44.

c) The proposed “higher share of renewable energy” to TGRPDCL is not specified as a percentage in tune with the percentage of power required by it. PPAs are being entered into with different power plants to meet demand of all categories of consumers. Power from any plant is not being specifically intended for, or allocated to, meeting demand of a specific category of consumers. Even when RE/NCE is allocated to the existing DISCOMs on geographical basis, that power is not intended to be supplied to any specific category of consumers. Such an allocation creates imbalance in average cost of power of both the DISCOMs. It should be asserted that, to be fair and equitable, power from all the plants under PPAs should be allocated to all the DISCOMs in proportion to the percentage of their requirement in the total power available in the state. It would ensure equitable distribution of benefits and burdens to all the DISCOMs and their consumers of power. Allocation of unduly “higher share of renewable energy” to TGRPDCL or any other DISCOM would lead to undesirable and avoidable imbalances between the DISCOMs in terms of average cost of power purchase. Apart from average cost of power purchase, that

several other divergent factors contribute to divergence in cost of service, as well as tariffs, of different categories of consumers is well-known.

d) TGRPDCL has contended that “the interpretation of the objector on the allocation of RE PPAs based on the GO is not quite correct. It is clarified that KUSUM and Indira Mahila Shakti Schemes is primarily aimed at empowering the farmer and women SHGs. In-line with this objective complete capacities under KUSUM and Indira Mahila Shakti would be allocated to TGRPDCL and this is clearly stated in the GO issued on 17th Dec 2025. Also as per the latest amendment GOMs No 8 dated 8th May 2026, higher share of Renewable Energy Allocation would be to TGRPDCL.” **Here, too, TGRPDCL is playing the role of Devil’s advocate. TGRPDCL has avoided to quantify RE that would be available to it under the said schemes during the current financial year and later and whether it can meet its obligations under RPPO in force. The very fact that G.O. 8 was issued with the said amendment confirms that RE proposed to be allocated to the third DISCOM under G.O.44 was quite inadequate to meet its obligations under RPPO and that my interpretation on allocation of RE PPAs as proposed in G.O.44 is correct. Therefore, the misinterpretation of my submissions on the issue by TGRPDCL that interpretation of the objector is not quite correct is itself quite incorrect.**

e) “Category wise uniform tariff is maintained across the State,”, i.e., uniformity in tariff to same category of consumers under all the DISCOMs in the state, is being maintained with equitable distribution of all kinds of power available under PPAs, on the one hand, and the subsidy being provided by the government to required categories of consumers under all the DISCOMs, on the other. The categories of consumers proposed to be allocated to TGRPDCL would not exist under SPDCL and NPDCL and vice versa. Therefore, the question of maintaining uniform tariff across the state, as far as TGRPDCL vis-a-vis the incumbent DISCOMs is concerned, does not arise.

4. TGRPDCL has maintained that “assets and liabilities transfer between DISCOMs will be done in such a way that it aligns with the PPA (Power purchase allocation) and ensures financial sustainability of all three DISCOMs.” **It has further stated that** “PPA allocation to DISCOMs will be done as per the GO amendment G.O.Ms.No.8 dated 08.05.2026. Power purchase dues will be split between DISCOMs based on PPA allocation between the DISCOMs.” **On the face of the responses of the third DISCOM, it is an admission that allocation of arrears of 79.26% to TGRPDCL and 20.74% to the existing two DISCOMs is imbalanced and irrational. The impact of splitting power purchase dues between the DISCOMs based on PPA allocation between them is to be seen, because, if allocation of PPA is imbalanced, allocation of power purchase dues also will become imbalanced.**

5. Rythu DISCOM has contended that “TGRPDCL’s revenue gap will be met through timely government subsidy releases, which will establish creditworthiness of TGRPDCL. At the same time, SPDCL and NPDCL gain financial space to access schemes like RDSS and undertake

system upgrades without the burden of large unpaid subsidies.” **The abnormal accumulation of dues to the existing DISCOMs is mainly due to continued failure of the governments and their entities to pay what is due to the DISCOMs in time. Without responding to the query as to when the accumulated arrears will be cleared by the government and its entities, TGRPDCL is harping on the above-mentioned platitudes. Though a number of statements are being released quite frequently to the media on reviews and statements being made on the power sector by the Chief Minister, Deputy Chief Minister and officers concerned, there has been no mention about reviewing the financial position of the power utilities of the state government, leave aside any decision to release what is due to the existing DISCOMs from the government and its entities, even in the light of the exercise undertaken for creating TGRPDCL. What value such platitudes of the DISCOM carry is anybody’s guess. Even if we presume for the sake of argument that the state government would release its dues to TGRPDCL, after it is formed, the question would arise as to why the government has not been releasing the accumulated dues to SPDCL and NPDCL. If the government cannot release its dues to the two existing two DISCOMs, how and when can it release dues to the three DISCOMs remains a valid question. When dues from the government, its entities and non-governmental consumers to SPDCL and NPDCL have been getting accumulated over the years to an abnormal level, successive CMDs and Commissions could not do anything. If such a trend continues unabated, what can the Commission and CMDs of the DISCOMs do, after formation of TGRPDCL, is anybody’s guess. In other words, unless the accumulated dues are cleared by the government and other dues are collected from non-governmental consumers, and collect the same in future in time, creditworthiness of TGRPDCL cannot be established and SPDCL and NPDCL cannot gain financial space to access schemes like RDSS and undertake system upgrades.**

6. The contentions of TGRPDCL that “the amended PPA allocation provides a balanced framework for matching each DISCOM’s demand profile with an appropriate power mix,” on the one hand, and that “any surplus or deficit at the individual DISCOM level will be balanced through D-to-D sales or purchases/banking arrangements,” on the other, are mutually contradictory. They also confirm that, even after the said “balanced framework,” imbalances in power mix, consumer mix and CoS would continue for various reasons, as experience between the existing two DISCOMs continues to confirm time and again. In view of availability of unwarranted surplus, continuing imbalance between consumer mix and power mix and backing down of surplus power and paying fixed charges for the same, the claimed “balanced framework” would turn out to be an imbalanced framework, with a difference in degree, and will continue for some more years, that, too, if only corrective measures are taken hereafter in entering into long-term PPAs in a prudent manner and enabling tapering off of the existing imbalances.

7. TGRPDCL has maintained that “during the transition period until Transformer Monitoring Units (TMUs) are installed, TGDISCOMs would be following the standard energy accounting

measures and Hon'ble TGERC approved methodology for assessment of agricultural sales.” If TGRPDCL follows the standard energy accounting measures and methodology approved by TGERC for assessment of agricultural sales, till TMUs are installed, disallowance of a “significant” portion of agricultural sales estimated by it by the Commission may continue, as has been the case with SPDCL and NPDCL, with resultant adverse consequences. In other words, unless required measures are taken, mere formation of TGRPDCL cannot improve the position and all such measures can be taken under SPDCL and NPDCL themselves, provided necessary support is extended to them. If necessary support can be extended to TGRPDCL, there is no basis to imagine that it cannot be extended to the existing two DISCOMs, without formation of the third DISCOM.

8. TGRPDCL has contended that the proposed staffing plan ensures proper supervision, that no employee is overburdened and that sufficient staff are deployed to maintain reliable service to the consumers. However, the DISCOM is confined to generalised and sweeping assertion, without specifically responding to the queries raised on the issue and without specifically substantiating how the proposed staffing pattern would ensure proper supervision and reliable service to the consumers. Based on the present arrangement under SPDCL and NPDCL and the staffing plan, as proposed, for TGRPDCL, unless more personnel are allotted per unit compared to the position in the existing two DISCOMs, quality of prompt service cannot be ensured under TGRPDCL. If more personnel per unit are employed, it will increase avoidable cost and cost of service. Such are the imbalances inherent in creating a new DISCOM for specified categories of consumers.

9. TGRPDCL has contended that the proposed promotions to employees opting for transfer is a reasonable incentive to enable voluntary movement of staff and that the cost of such promotions will be factored in TGRPDCL's employee expenses in its ARR filing. It implies that, without the proposed promotions to employees, the latter would not prefer to be transferred to the new DISCOM and that without such “incentive” preference to be transferred to the latter is not reasonable. Regarding additional cost of such promotions, whether such a cost would be factored in the employee expenses, as a part of O&M expenditure, is not the question; whether it would impose additional burden, leading to increase in cost of service is the question.

10. TGRPDCL has maintained that several factors would be detailed in subsequent Business Plan, after it gets distribution licence. In other words, TGRPDCL seeks distribution licence from TGERC first as a fait accompli and expects the latter to give license, without seeking and examining all relevant details and clarifications for considering its subject petition. That way, TGRPDCL wants to avoid regulatory scrutiny by the Commission and required responses to the relevant objections and queries of the objectors, before getting distribution license. In view of the same, we reassert that formation of Rythu DISCOM is hasty, ill-advised, unwarranted, creating new problems and adding to costs, without solving the existing problems.

11. Finally, alternatives like TGRPDCL getting trading license or running it as a part of department of the government are being suggested. The abnormal arrears are from the government, department of irrigation and command area development and HMWSSB, while protected water supply schemes are under local bodies. The suggestions like getting trading license and allotting cheaper power to the new DISCOM will lead to new imbalances, giving a go-by to equity and imposing avoidable burden on the existing DISCOMs and their consumers additionally. Such arrangements are intended to reduce subsidy to be provided by the government at the cost of consumers of the existing DISCOMs. Such arrangements also lead to duplicity and additional costs, with new experimentations and new problems. Such suggestions, instead of concentrating on the existing problems and measures to be taken to resolve the same, would divert attention from the same and further complicate the problems. When the course of action before the government and the existing DISCOMs is clear and practicable to resolve the pending issues and improve their performance, getting entangled in whimsical experimentations based on vague and questionable alternative arrangements will be a diversionary and infructuous exercise and unwarranted. In any case, by implication, such alternative suggestions underline the undesirability of setting up the third DISCOM as proposed by the government.

12. To our written submissions on the subject issue dated 5.5.2026 and 18.5.2026, we have not received responses of TGRPDCL so far. If the DISCOM sends its responses to those submissions also, depending on availability of time, we will make further submissions.

Thanking you,

Yours sincerely,

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