

**The Secretary
Telangana State Electricity Regulatory Commission
S.No.145, Vidyut Nyantran Bhavan
GTS Colony, Hyderabad 500 045**

May 5, 2026

Respected sir,

Sub : further 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 April 25, 2026, we are submitting the following additional points on the subject issue for the consideration of the Hon'ble Commission:

- 1. The move of the state government to form the third DISCOM on the basis of specified categories of consumers, not on geographical basis, is an experimentation to ascertain how private DISCOMs can be allowed and facilitated for cherry-picking, without their own distribution network. In the annexure to G.O.Ms.No.44 dated 17.12.2025, it is stated that “the third DISCOM for Telangana shall be incorporated under the provisions of Electricity Act 2003 which permits two or more licensees to operate in a same area under Section 14. The abstract of the said section is as follows: “Provided also that the Appropriate Commission may grant a licence to two or more persons for distribution of electricity through their own distribution system within the same area, subject to the conditions that the applicant for grant of licence within the same area shall, without prejudice to the other conditions or requirements under this Act, comply with the additional requirements (relating to the capital adequacy, credit-worthiness, or code of conduct) as may be prescribed by the Central Government, and no such applicant, who complies with all the requirements for grant of licence, shall be refused grant of licence on the ground that there already exists a licensee in the same area for the same purpose.” Further, it is stated that “the credit worthiness requirements are defined by The Distribution of Electricity License (Additional Requirements of Capital Adequacy, credit worthiness & code of conduct) rules 2005. (1) The appropriate commission shall, upon the receipt of an application for grant of license for distribution of electricity under sub-section (1) of section 15 of the Electricity Act, 2003, decide the requirement of capital investment for distribution network after hearing the applicant and keeping in view of the size of the area of supply and the service obligation with that area in terms of section 43. (2) The applicant for grant of license shall be required to satisfy the Appropriate Commission that on a norm of 30% equity on cost of investment as determined under sub-rule (1), he including the promoters, in case the applicant is a company, would be in a position to make available resources for such equity of the project on the basis of net worth and generation of internal resources of his business including of promoters in the preceding three years after excluding his other committed investments.” We request the Hon'ble Commission to examine the following points, among others:**
 - a) The third DISCOM, admittedly, does not have its own distribution network within the same area of the existing DISCOMs and depends on the distribution network of**

SPDCL and NPDCL for distribution of power up to its DTRs from the points of generation by paying wheeling charges determined by the Commission.

- b) Does the government prohibit SPDCL and NPDCL from giving new connections to agricultural consumers and other categories of consumers proposed to be transferred to the third DISCOM as and when such consumers come into existence afresh in the areas of operation of the two DISCOMs?**
 - c) If the reasoning of the government in creating a new DISCOM based on specified categories of consumers is accepted, will it be extended and applied to new private DISCOMs that may come up in the future by allowing them to cater to specific categories of consumers of their choice?**
 - d) If the reasoning of the government in creating a new DISCOM based on specific categories of consumers is accepted, will it be extended and applied to create new DISCOMs to cater to specific categories of consumers like HT industries and commercial, LT domestic, and other categories of consumers?**
 - e) Section 43 of the Electricity Act, 2003, says: “every distribution licensee, shall, on an application by the owner or occupier of any premises, give supply of electricity to such premises, within one month after receipt of the application requiring such supply.” Category-wise compartmentalization of distribution area for the purpose of giving distribution licence goes contrary to this provision and gives a go-by to the obligation of a distribution licensee to supply electricity to the premises of the applicants concerned within its area operation, irrespective of the category under which applicants come. If an agricultural extent being served by the third DISCOM transforms into a residential or commercial or industrial area later, within the present area of operation of the third DISCOM, which distribution licensee should give service connections to such new categories of consumers and how would power to such consumers be supplied?**
 - f) Regarding the norm of 30% equity on cost of investment, the book value of assets being transferred to the third DISCOM is shown as Rs.4929 crore, whereas the entire capex loan of Rs.6918 crore and working capital loan of Rs.9032 crore out of Rs.55,979 crore of the existing two DISCOMs are proposed to be transferred to TGRPDCL. Receivables from the government of Rs.35,982 crore to the third DISCOM are equivalent to loans of Rs.9032 crore plus dues to be paid by TGRPDCL to generators of power, i.e., TGGENCO, of Rs.26,950 crore, as proposed in the said G.O. How does TGRPDCL provide 30% of equity on cost of investment? What is the creditworthiness of TGRPDCL to get new loans under the proposed arrangement? Regarding mobilisation of funds, it is simply “yet to be tied up.”**
- 2. Dues from the state government to the three DISCOMs include subsidy, true-up claims for power supplied to agriculture, and CC bills. Dues of Rs.7084 crore have to be cleared by HMWSSB to SPDCL/TGRPDCL. While implementing free supply of drinking water to domestic consumers, as decided by the state government,**

HMWSSB has to get dues from the government. Unable to get such dues from the government, financial condition of HMWSSB also continues to be precarious. Since DISCOMs are not clearing their dues to TGGENCO, the latter is unable to clear its dues to Singareni Collieries Company Limited for the coal being supplied. TGGENCO is in a helpless condition, even when SCCL is supplying coal of grade which is inferior to the grade of coal allocated to the former. Accumulation of dues from the state government to the DISCOMs over the years to an abnormal level, coupled with its failure to direct the DISCOMs to collect dues from non-governmental consumers strictly in time and as per the terms of supply, is the root cause of the precarious financial condition of the DISCOMs. There is no proposal or indication as to when the government and its utilities would release their dues to the DISCOMs with carrying cost or interest. With such a lackadaisical approach, the concern expressed by the state government in the said G.O. does not carry conviction to bail out the DISCOMs from their precarious financial position. The government is trying futilely to camouflage its failures of commission and omission responsible for the financial distress of the DISCOMs, with its misleading contention 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,” as if creation of the third DISCOM for specified categories of consumers were the solution for the same. The irresponsibility of successive state governments is responsible for the continuing and burgeoning financial predicament of the DISCOMs.

- 3. For the failures of successive governments to release dues to the DISCOMs and the latter's failure to collect dues from other non-governmental consumers, and unable to make payments to generators and suppliers of power in time, claims for late payment surcharge running into hundreds of crores of rupees are being made by the DISCOMs every year, requesting the Commission to allow the same to be collected from the consumers. Similarly, claims of the DISCOMs for fuel surcharge adjustment are being allowed by the Commission to the extent it considers them permissible. When true-up claims of the DISCOMs are allowed by the Commission, as permitted, the DISCOMs can collect the same from their consumers. For free supply of power to agriculture, TGRPDCL will have to collect the permitted true-up amounts from the state government, or, rather it will have to wait till the government pays the same. Here, again, need for timely payment by the government comes to the fore.**
- 4. That the Hon'ble Commission 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, in view of creating TGRPDCL, shows how creation of the third DISCOM is being used to create new problems to the DISCOMs and consumers. It is not explained as to how creation of the third DISCOM would come in the way of recovery of the approved true-up amount from the consumers and GoTS and why deferment of it by one year is required and justified. SPDCL and NPDCL can recover the approved true-up amounts from the consumers, as decided by the Commission, and from the GoTS for free supply of power to agricultural consumers**

till the third DISCOM becomes operationalized. Thereafter, TGRPDCL has to raise bills for consumption of power every month by its consumers and include the true-up amounts applicable every month in the CC bills till the true-up amount due is recovered from the consumers and to be recovered from GoTS. If GoTS agrees to provide the total true-up amount, the same can be recovered from it by all the three DISCOMs. The strange approach of deferring recovery of the already overdue true-up amounts approved by the Commission by one year goes against the apparent concern expressed in the said G.O. by GoTS about the precarious financial condition of the DISCOMs. Who should bear the carrying cost for the approved true-up amounts for the period of avoidable delay?

5. For fixing smart meters to DTRs to be owned and maintained by TGRPDCL, a capital investment of Rs.1306 crore is proposed. Apart from mobilising funds for the same, whether fixing of smart meters to DTRs is required is in the realm of uncertainty, going by the divergent views expressed by the DISCOMs. In their replies to our submissions on the ARR and tariff proposals of the DISCOMs for the FY 2026-27, they have pointed out that “along with pursuance for participation in RDSS, the TGDISCOMs are examining the option of providing DTR-level metering, and once implemented, it will enable more accurate assessment of consumption patterns.” At the same time, the DISCOMs have also pointed out that all the feeders in both the DISCOMs were already equipped with meters. Segregation under RDSS, when taken up, can assess agricultural consumption with feeder meter data, without fixing meters to agricultural DTRs. When the third DISCOM comes into operation, segregation of feeders for agricultural and non-agricultural consumers is inevitable. In such a situation, when feeders are equipped with meters, fixing meters to agricultural DTRs would not be required to measure power supplied to the third DISCOM, as the meters fixed to feeders would be sufficient to measure the same.
6. With allocation of 42% of available power to TGRPDCL, will the same pattern continue when it comes to allocation of power from new thermal power stations with whom the DISCOMs would enter into PPAs, irrespective of requirement of the third DISCOM? Such a mechanical approach may lead to availability of more surplus power to TGRPDCL, backing down the same and paying fixed charges for it.
7. Apportionment of distribution losses to TGRPDCL, without its own distribution network, up to the point of agricultural DTRs may turn out to be problematic, leading to disputes, especially when SPDCL and NPDCL fail to achieve the targets of reduction of distribution losses fixed by the Commission in its MYT orders. Moreover, the Commission may have to determine targets for reduction of line losses to TGRPDCL separately from the point of its agricultural DTRs to the points of consumption.
8. While working out FSA and true-up claims, apportionment of additional cost of purchases in the market and through exchanges also may become problematic, leading to disputes. If such additional power is purchased to meet demand of non-

agricultural consumers of SPDCL and NPDCL, proportionate apportionment of such additional cost to per unit of power supplied to TGRPDCL within the limits of availability of power determined by the Commission in the retail supply tariff order to work out true-up claim per unit of all the DISCOMs would become questionable. For the FY 2026-27, the DISCOMs have projected requirement of short-term purchases of 11,641 MU. How much would be the requirement of short-term purchases for TGRPDCL, going by the pattern of consumption of the categories of consumers being allotted to it? Despite the claimed efforts of the DISCOMs, as directed by the Commission, for consensus with the farmers for peak load management, i.e., shifting their timings of consumption from peak to off peak hours, they could not achieve any tangible results. Will formation of the third DISCOM facilitate such consensus?

- 9. There is no mention of transfer of land, offices, vehicles, inventory, etc., to the third DISCOM from the present two DISCOMs.**
- 10. If geographical location is the basis for allotment of intra-state solar power to the DISCOMs, and if TGRPDCL has to depend on inter-state solar power, the burden of inter-state transmission charges and losses will be disproportionately higher on it in view of the irrational and imbalanced GNA regulations and orders of the Central Electricity Regulatory Commission. Whether the 18 solar power plants proposed to be set up in the state would be allocated to TGRPDCL is not clear.**
- 11. In the additional information dated 6.4.2026 submitted to the Hon'ble Commission, a number of measures are proposed to be taken under TGRPDCL (point Nos.21 to 23) - conducting detailed load forecasting considering agricultural demand, LIS demand, seasonal variations, rural growth, developing a phased network expansion plan including feeders, and distribution transformers, adopting GIS-based mapping for asset planning and management, ensure compliance with ERC regulations, CEA standards, safety norms, install high-efficiency distribution transformers with appropriate capacity, providing dedicated feeders for agriculture where feasible, deploying smart metering infrastructure for all distribution transformers and at interface points with existing DISCOMs in a phased manner, enabling digital platforms for consumer services, strengthening of weak networks and replacement of obsolete conductors, regular energy audits at feeder and transformer levels, promoting distributed renewable energy such as solar pumps and rooftop solar, facilitating net metering and grid connectivity for decentralized generation, align with state and national renewable energy policies, ensuring uninterrupted power supply with defined reliability standards, conducting awareness programs for energy conservation and safe usage, establishing robust accounting and auditing systems, ensuring timely tariff filing and compliance with ERC regulations, optimize power procurement costs through competitive sourcing, adhering to all license conditions, standards of performance and reporting requirements, submitting periodic reports to ERC, expanding distribution network to achieve universal access within the licensed area, upgrade infrastructure to meet growing demand, reduce technical losses to below regulatory benchmarks, advanced SCADA and distribution management systems across the network, achieving high reliability indices**

(SAIDI/SAIFI) improvements, scaling up solarisation of agricultural distribution transformers, promoting energy-efficient pump sets by adopting DSM measures, continuous training of staff on modern technologies and safety practices, adoption of best practices in utility management, etc. **Any measures that need to be taken to improve quality of supply and efficiency in operation by the third DISCOM are being, proposed to be, and can be taken under the present two DISCOMs. In other words, it is implementation of required measures that would improve quality and efficiency in supplying power to the specified consumers proposed to be apportioned to the third DISCOM, not formation of the latter. It is stated in the additional information that “Rythu DISCOM is committed to delivering reliable, affordable, and sustainable electricity distribution services. Through a combination of modern technology, efficient management practices, and a strong consumer focus, the company aims to transform rural power distribution and support agricultural productivity and economic growth.” The very fact that it is maintained in the additional information that “it is proposed that the employees from Southern Power Distribution Company of Telangana (TGSPDCL) & Northern Power Distribution Company (TGNPDCL) are deployed for Telngana Rythu Power Distribution Company Limited (TGRPDCL). With the above, TGRPDCL attains adequate organizational & managerial capabilities required for DISCOM operation” confirms that all these are being, and can be, achieved by SPDCL and NPDCL themselves in a phased manner, without formation of TGRPDCL, in view of the fact that specified categories of consumers, employees, share in total availability of power and areas of operation, with existing network, are proposed to be transferred from SPDCL and NPDCL to TGRPDCL.**

- 12. Petition No.08 of 2026 filed by TGNPDCL, amending its distribution licence extending its services to all the consumers of Co-operative Electric Supply Society Limited (CESS), as directed by the Hon’ble Commission, is already pending before the latter. It shows the need for dispensing with a separate entity like CESS. When such is the case, formation of TGRPDCL goes against such an approach.**
- 13. Since SPDCL and NPDCL cannot oppose the decision of the state government, having already passed resolutions by their boards of directors to issue no objection certificate in favour of TGRPDCL for applying to TGERC for grant of a distribution licence for the categories of consumers specified in the said G.O., with SPDCL stating that “the issuance of such No Objection Certificate shall not adversely affect the Company’s existing operations, rights, or obligations under its current distribution license.” It is doubtful whether SPDCL and NPDCL would articulate their concerns, if any, on the formation of the third DISCOM. It is obvious that it is a political decision of the government to create the third DISCOM, as proposed in the said G.O.**
- 14. Formation of a third DISCOM based on specified categories of consumers, without its own distribution network, will be bristling with new problems. It is a duplicity with avoidable additional expenditure and without any additional benefit. It will not foster any competition. It is like administering a wrong medicine to the identified ailment based on a wrong diagnosis. Considering the pros and cons of formation of**

the third DISCOM, as proposed, we request the Hon'ble Commission to reject distribution licence to the same. If it cannot reject distribution licence to TGRPDCL, we request the Commission to give a piece of reasoned advice to the state government to re-examine its decision to form the third DISCOM and return the petition.

- 15. We request the Hon'ble Commission to direct the authorities concerned to send their responses to the submissions filed by different stakeholders on the subject issue well in time and allow us to make further submissions after studying the same and during the public hearings.**

Thanking you,

Yours sincerely,

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