



Brief Statement of Objection on Petition filed by TG discoms (TGSPDCL and TGNPDCL) on:

- **Filing of ARR & Proposed Wheeling Tariffs for Distribution Business for FY 2024-29**
- **Filing of ARR for Retail Supply Business for FY 2024-29 & Tariff Proposals for FY 2024-25**

1. The instant petitions have been filed by TG discoms for the determination of ARR & Wheeling Tariffs for Distribution Business for FY 2024-29 and determination of ARR for Retail Supply Business for FY 2024-29 & Tariff Proposals for FY 2024-25. The instant petition has been filed by both the discoms under the Telangana State Electricity Regulatory Commission (Multi Year Tariff) Regulation, 2023 (MYT Regulations 2023).
2. **Non-adherence to the timelines of filing of the petitions:**

Multi-year Tariff for FY 2024-29 – Regulation 6 of the TSERC (Multi Year Tariff) Regulation, 2023 provides for the filing of the MYT petition by 30th November. The relevant extracts of the same are reproduced as under:

“6 Procedure for filing Petition

6.2 The petitions to be filed for each Control Period under this Regulation are as under:

b) Multi Year Tariff petition shall be filed by 30th November of the year preceding the first year of the Control Period by transmission licensee, distribution licensee (for wheeling business) and SLDC comprising:

i. True-up of preceding year;

ii. Aggregate Revenue Requirement for each year of the Control Period;

iii. Proposal of Tariff and Charges for each year of the Control Period.

c) Multi Year Tariff petition shall be filed by 30th November of the year preceding the first year of the Control Period by distribution licensee (for retail supply business) comprising:

i. True-up of preceding year;

ii. Aggregate Revenue Requirement for each year of the Control Period;

iii. Revenue from retail sale of electricity at existing tariffs & charges and projected revenue gap for the first year of the Control Period;

iv. Proposal of consumer category wise retail supply tariff and charges for first year of the Control Period:



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Provided that the Multi Year Tariff petitions for the Control Period commencing from 01.04.2024 shall be filed by generating entity, transmission licensee, distribution licensee and SLDC on or before 31.01.2024."

Based on the above, it is clear that the instant petition lacks on 2 fronts:

- The Licensees have not filed the application for the True up of previous year (which is FY 2022-23) for Distribution and Retail Supply business (ref Regulation 6.2(b)(i) and 6.2(c)(i) respectively).
- the Petitioner has filed the instant Petition after a prolonged delay of ~10 months (July 2024 and September 2024 respectively for Distribution and RST business) which in the opinion of the Objector is not appropriate. The reasoning put forth by the Licensees seems to be an afterthought to cover up for the substantial delay caused at the Licensee's end.
On account of instant filings in non-compliance of the MYT Regulations 2023, the Petitioner's submissions merit non-consideration.

3. Impact of previous years True up of Distribution business

The Hon'ble Commission in the Order dated 07.06.2024 in the matter of Annual Performance Review of Distribution Business for FY 2022-23 has approved a Revenue Surplus of Rs. 1736.34 crore and Rs. 2227.42 Crore for TGSPDCL and TGNPDCL respectively. The relevant extracts from such Order is as under:

"4.12 RECOVERY OF REVENUE GAP/(SURPLUS)

*4.12.1 As per Clause 10.5 of Regulation 04 of 2005 the Commission directs the Applicant to include and propose the adjustment mechanism of the **total approved revenue surplus for TGSPDCL for Rs. 1736.34 crore** (gap of Rs. 20.54 crore for FY 2019-20, surplus of Rs. 253.05 crore for FY 2020-21, surplus of Rs. 1114.66 crore for FY 2021-22 and surplus of Rs. 389.17 Crore for FY 2022-23) and **revenue surplus for TGNPDCL for Rs. 2227.42 Crore** (surplus of Rs.384.76 Crore for FY 2019-20, surplus of Rs. 354.02, surplus of Rs. 634.03 Crore and surplus of Rs 854.62 Crore) in its end of control period review petition for 4th control period.*

This Order is corrected and signed on this the 7th day of June, 2024."

It is mentioned that the impact of Revenue Gap pertaining to the True up of FY 2019-20 to FY 2022-23 has to be passed in the Retail supply business. The Hon'ble Commission is sincerely submitted to consider the impact of True up of Distribution business in the RST for FY 2024-25.

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4. Capital Cost and GFA

The petitioner (TGSPDCL) has claimed asset additions to the tune of Rs. 31,589 Crore for the Control period FY 2024-29 which is significantly high compared to the actual Capital Cost capitalized by the Distribution Licensees in the previous control period (FY 2019-24).

Notably, such high level of projections for Capital cost is injurious to the financial health of the Distribution licensees as non-capitalization of the projected capital cost would effectively result into the revenue surplus which is against the principles of reasonable cost recovery.

