



TELANGANA ELECTRICITY REGULATORY COMMISSION

VIDYUT NIYANTRAN BHAVAN, G.T.S. COLONY, KALYAN NAGAR, HYDERABAD 500 045

Dated 05.10.2026

Present

Dr. Justice Devaraju Nagarjun, Chairman
Sri. Raghu Kancharla, Member (Technical)
Sri. Cherukuri Srinivasa Rao, Member (Finance)

O. P. No. 56 of 2025 and I. A. No. 33 of 2025
O. P. No. 57 of 2025 and I. A. No. 34 of 2025

Northern Power Distribution Company of Telangana Limited (TGNPDCL)

O. P. No. 58 of 2025 and I. A. No. 35 of 2025
O. P. No. 59 of 2025 and I. A. No. 36 of 2025

Southern Power Distribution Company of Telangana Limited (TGSPDCL)

... Applicants

In the matter of: Determination of the manner of passing on the Power Purchase True-up of FY 2022-23 and the Revenue True-up of FY 2023-24 for the Retail Supply Business, in continuation of the Order dated 30.03.2026.

ORDER

1. The Southern Power Distribution Company of Telangana Limited (TGSPDCL) and the Northern Power Distribution Company of Telangana Limited (TGNPDCL) (hereinafter referred to as “Applicants” or “Petitioners” or “TGDISCOMs” or “Licensees”) have filed petitions for Power Purchase True-Up for FY 2022-23 and Power Purchase True-Up and Revenue True-Up for FY 2023-24 on 10.11.2025 and Power Purchase True-Up and Revenue True-Up for FY 2024-25 on 29.11.2025 in respect of their retail supply business in accordance with Regulation 4 of 2005 and Regulation 2 of 2023.
2. The Commission, in exercise of its powers under the Electricity Act, 2003, Regulation No. 4 of 2005 and Regulation No. 2 of 2023 passed order dated 30.03.2026 in this matter after

considering petitioners' submissions, suggestions/ comments/ objections of the stakeholders, responses of petitioners on issues that were raised during the Public Hearings, and all other relevant material placed on record before the Commission. Relevant paragraphs of the order are extracted as under:

- a) *The Commission has determined the power purchase cost true up for FY 2022-23 and revenue true up/down for FY 2023-24 and FY 2024-25 as shown in table below:*

Sl. No	Particulars	TGSPDCL	TGNPDCL	Total
A	Power Purchase True-up/(True-down) (Rs. In Cr)			
1	FY 2022-23	3,329.97	1,856.32	5,186.29
B	Revenue True-up/(True-down) (Rs. In Cr)			
2	FY 2023-24	2,335.45	113.48	2,448.93
3	FY 2024-25*	-195.90	-602.97	-798.87

**Revenue True down for FY 2024-25 is passed on to ARR of RSB for FY 2026-27*

- b) *The Commission had addressed a letter to the Government of Telangana vide letter dated 25.03.2026 communicating Power Purchase true up for FY 2022-23 at Rs. 5186.29 Crore and revenue true up for FY 2023-24 of Rs. 2448.93 Crore and requested the Government of Telangana to inform whether it is willing to support the TGDISCOMS by way of providing subsidy for true up of amount of Rs. 7635.22 Crore under section 65 of Electricity Act of 2003.*
- c) *In reply, the Government of Telangana has communicated vide letter dated 29.03.2026 that the “with regard to the true up amounts aggregating to Rs. 7635.22 Crore (comprising power purchase true up of Rs. 5186.29 crores for FY 2022-23 and revenue true up of Rs. 2448.93 Crore for FY 2023-24), the Government is currently engaged in the detailed examination of the same. Additionally, the Government of Telangana is creating the Telangana Rythu Power Distribution Corporation Limited (TGRPDCL), which will entail significant structural and institutional changes in the Distribution sector. In view of these developments, the Government requests that consideration of the true up for these two years be deferred by one year, and the Government will communicate its position in due course.”*
- d) *In view of the Communication from the Government of Telangana, the Commission is of the view that following the approval for TGPRDCL by the Government of Telangana vide G. O. Ms. No. 44 dated 17.12.2025, a distribution license application is currently under consideration. The formation of this third entity will bring in significant structural and institutional changes in the Distribution sector like change in the consumer mix and energy requirements, impacting the ARR, Revenue Gaps and subsidy*

allocations for existing TGDISCOMs. Hence, the Commission will decide on the manner of passing on the Power purchase true-up of FY 2022-23 and revenue true-up of FY 2023-24 in due course of time.

3. Subsequently, a petition vide O P No 11 of 2026 was filed by the Telangana Rythu Power Distribution Company Limited (TGRPDCL) 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.
4. The Commission, after due public consultation process, vide its order dated 10.07.2026 has passed orders *inter-alia* granting distribution licence to TGRPDCL under fifth proviso to Section 14 read with Section 131 of Electricity Act, 2003 for undertaking distribution and retail supply of electricity across the State of Telangana to specified consumer categories along with certain directions to be fulfilled by TGRPDCL and the Government of Telangana.
5. The TGDISCOMs' have submitted letters dated 21.09.2026 and 24.09.2026 to the Commission requesting to approve the proposed recovery of the approved True-Up amounts of Rs. 7,635.22 crores from the eligible category of consumers of TGDISCOMs with effect from CC bills issued in the month of November 2026 from the consumers existing during the FY 2022-23 and FY 2023-24 based on their consumption for the respective years. In the letter dated 21.09.2026, the TGDISCOMs have specifically mentioned that on the request of TGDISCOMs, the Government of Telangana has consented the recovery of True-Up amounts in a phased manner from CC bills to be issued to the consumers.
6. The Commission also takes note of the directions passed by Hon'ble Supreme Court in Writ Petition (C) 104 of 2014 dated 06.08.2025, extracted as under:
 - (i) *As a first principle, tariff shall be cost-reflective;*
 - (ii) *The revenue gap between the approved ARR and the estimated annual revenue from approved tariff may be in exceptional circumstances;*
 - (iii) *The regulatory asset should not exceed a reasonable percentage, which percentage can be arrived on the basis of Rule 23 of the Electricity Rules that prescribes 3% of the ARR as the guiding principle;*

(iv) If a regulatory asset is created, it must be liquidated within a period of 3 years, taking Rule 23 as the guiding principle;

(v) The existing regulatory asset must be liquidated in a maximum of 4 years starting from 01.04.2024, taking Rule 23 as the guiding principle;

(vi) Regulatory Commissions must provide the trajectory and roadmap for liquidation of the existing regulatory asset, which will include a provision for dealing with carrying costs. Regulatory Commissions must also undertake strict and intensive audit of the circumstances in which the distribution companies have continued without recovery of the regulatory asset;

(vii) Regulatory Commissions shall in general follow the principles governing creation, continuation and liquidation of the regulatory asset, as laid down in paragraph 70, and also abide by the directions of the APTEL summarised in paragraph 69.8;

(viii) The APTEL shall invoke its powers under Section 121 and issue such orders, instructions or directions as it may deem fit to the Regulatory Commissions for performance of their duties with respect to regulatory asset as enunciated by us in this judgment and as per the orders of the APTEL in O.P. No. 1/2011 dated 11.11.2011 and O.P. Nos. 1 and 2/2012 dated 14.11.2013.

(ix) The APTEL shall register a suo moto petition under Section 121 of the Act to monitor implementation of above directions (v) and (vi) till the conclusion of the period mentioned therein.

7. Further, Hon'ble APTEL in its order dated 29.08.2025 in O P No. 1 of 2025 & I A No. 1280 of 2025 & I A No. 1281 of 2025 & I A No. 1290 of 2025 & I A No. 1291 of 2025 has reiterated the aforementioned directions passed by Hon'ble Supreme Court requiring the existing Regulatory Assets to be liquidated in a maximum of four years starting from 01.04.2024, taking Rule 23 as the guiding principle and that the Regulatory Commissions to provide the trajectory and roadmap for liquidation of the existing regulatory assets. Hon'ble APTEL has also reiterated the principles regarding regulatory assets provided under Rule 23 of the Electricity Rules as amended vide notification dated 10.01.2024.

8. At para 3.19.4 of the Order dated 30.03.2026 the Commission left open the manner of passing on the Power Purchase True-up of FY 2022-23 and the Revenue True-up of FY 2023-24, to be decided in due course. This Order is passed in continuation of that Order and determines the manner so reserved. In view of the foregoing, the approved True-Ups,

the approved sales and the resultant per-unit True-Up charges for FY 2022-23 and FY 2023-24 are set out below.

Approved True-Ups (Rs. Crores) for FY 2022-23 and FY 2023-24

Particulars	TGSPDCL	TGNPDCL	Total
Power Purchase True-up/(True-down)			
FY 2022-23	3,329.97	1,856.32	5,186.29
Revenue True-up/(True-down)			
FY 2023-24	2,335.45	113.48	2,448.93
Total	5,665.42	1,969.80	7,635.22

Approved Sales (MU) for FY 2022-23 and FY 2023-24

Particulars	TGSPDCL	TGNPDCL	Total
FY 2022-23	45,814.41	18,620.00	64,434.42
FY 2023-24	53,378.86	21,063.50	74,442.36

Per-Unit True-Up Charges* for FY 2022-23 and FY 2023-24

Particulars	TGSPDCL	TGNPDCL	Total
FY 2022-23	0.727	0.997	0.805
FY 2023-24	0.438	0.054	0.329

*(Rs. / kWh or Rs. /kVAh as the case may be)

9. Keeping in view of the policy of Government of Telangana to extend support to agricultural sector, the Commission identifies amount of True-Up towards Agricultural sector as under:

Approved Agricultural Sales (MU) for FY 2022-23 and FY 2023-24

Particulars	TGSPDCL	TGNPDCL	Total
FY 2022-23	10,391.18	7,238.07	17,629.25
FY 2023-24	15,707.01	9,447.03	25,154.04

Agricultural True-Up Amounts (Rs. Crores) for FY 2022-23 and FY 2023-24

Particulars	TGSPDCL	TGNPDCL	Total
FY 2022-23	755.27	721.60	1,476.87
FY 2023-24	687.22	50.90	738.11
Total	1,442.49	772.50	2,214.99

10. The True-Up attributable to the agricultural category thus works out to Rs. 2,214.99 crore, comprising Rs. 1,442.49 crore in the case of TGSPDCL and Rs. 772.50 crore in the case of TGNPDCL.

11. The balance True-Up amount of Rs. 5,420.23 crore and comprising Rs. 4,222.93 crore in the case of TGSPDCL and Rs. 1,197.30 crore in the case of TGNPDCL, being the approved True-Up of Rs. 7,635.22 crore less the amount of Rs. 2,214.99 crore attributable to the agricultural category, shall be recovered in respect of the eligible service connections.
12. Accordingly, the TGDISCOMs are directed to recover the said True-Up amounts in the following manner:
- a) The recovery shall be made in respect of each eligible service connection, on the electricity consumed during FY 2022-23 and FY 2023-24, “eligible service connections” being all service connections served by the licensee in those years other than those of the agricultural category.
 - b) In line with the policy of Government of Telangana for providing free power supply to agricultural sector, recovery of True-Up amounts shall not be levied on the agricultural consumers. However, TGDISCOMs are directed to take necessary steps to approach the Government of Telangana for recovery of True-Up amount of Rs. 2,214.99 crore attributable to the agricultural category, of which Rs. 1,442.49 crore pertains to TGSPDCL and Rs. 772.50 crore pertains to TGNPDCL.
 - c) One-twelfth of each eligible service connection’s yearly consumption for FY 2022-23, and for FY 2023-24, shall be the monthly billing quantum for the respective years, for the purpose of recovery of True-Up amounts.
 - d) The per-unit rate of recovery of the True-Up amounts shall be @ Rs. 0.30/unit for first month and @ Rs. 0.50/unit thereafter.
 - e) The amount of recovery per month shall be arrived at by multiplying the monthly billing quantum arrived at (c) above with per-unit rate of recovery specified in (d) above.
 - f) The amount of recovery shall be first appropriated towards FY 2022-23 and then towards FY 2023-24.
 - g) No consumer shall be levied in aggregate more than the True-Up attributable to that consumer’s consumption in FY 2022-23 and FY 2023-24.
 - h) The Recovery shall commence with the CC bills issued in November 2026. The period of recovery is accordingly 29 billing months for TGSPDCL and 26 billing months for TGNPDCL.
 - i) Since True-Up amount become payable only after determination by this Commission and since this Commission is passing Orders today in respect of manner of passing on the Power Purchase True-up of FY 2022-23 and the Revenue

True-up of FY 2023-24 for the Retail Supply Business from each eligible service connection, the period referred to in Section 56(2) of the Electricity Act, 2003 shall be reckoned from the due date specified in the bill in which the amount is levied.

- j) The True-Up amount shall be shown as a separate line item in the consumer's bill, stating the financial year to which it relates, the monthly quantum on which it is computed and the rate applied, and shall not be merged with any other component of the bill. Where a billing month covers both years, the amount for each year shall be shown separately.
- k) The TGDISCOMs shall, before the issue of the first bill carrying the charge, publish a notice in one Telugu, one English and one Urdu newspaper having wide circulation in their respective areas of supply, explaining the basis, the rate and the duration of the recovery, and shall place a copy of the notice before the Commission.
- l) The TGDISCOMs shall furnish to the Commission a quarterly statement, DISCOM-wise and category-wise, of the amounts billed and recovered under this order.

13. The Commission may modify the manner or schedule of recovery specified in this Order, or issue such further directions as may be necessary for giving effect to it, having regard to the progress of recovery and any material change in circumstances.

This Order is typed to dictation, corrected and signed on this 05th day of October 2026.

Sd/-
Cherukuri Srinivasa Rao
Member (Finance)

Sd/-
Raghu Kancharla
Member (Technical)

Sd/-
Dr. Justice Devaraju Nagarjun
Chairman

//CERTIFIED COPY//