

To

The Secretary

Telangana Electricity Regulatory Commission

Sy. No.145-P, Vidyut Niyantran Bhavan

Kalyan Nagar, GTS Colony, Hyderabad

January 3, 2026

Respected sir,

Sub : Submission of objections and suggestions in IA No.39 in OP No.31 of 2025 filed by TGDISCOMs, seeking consent of the Hon'ble Commission to the draft PPAs they signed with NTPC for procurement of 800 MW from stage II of TSTPS 3x800 MW

With reference to the public notice dated 17.12.2025, inviting objections and suggestions from interested public, we are submitting the following points for the consideration of the Hon'ble Commission:

- 1. I request the Hon'ble Commission to condone delay in submitting objections and suggestions on the subject issue for the reasons submitted in our letter to the Commission dated 1.1.2026 and take my submissions on record.**
- 2. TGSPDCL and TGSNDCL have sought consent of the Hon'ble Commission to procure a share of 800 MW from the 2400 MW (3x800 MW) Telangana STPP stage II, instead of procurement of 800 MW exclusively from one unit, and approval to the draft power purchase agreement signed by both the DISCOMs with NTPC Limited for procuring 800 MW from stage II of the project accordingly for a period of 25 years. The way the petition is filed and PPA signed shows that the DISCOMs, obviously, with the permission or direction of the government of Telangana, buckled under pressure of the government of India and NTPC much to the detriment of the state and consumers of the two DISCOMs at large, with giving scope for the GoI to thrust unwarranted power on the state.**
- 3. As per the provisions of the Andhra Pradesh Reorganization Act, 2014, NTPC is required to establish a 4000 MW power facility in the successor state of Telangana. For procurement of 1600 MW (2x800) under stage I, PPA was signed on 18.1.2016 and amended on 9.4.2021 to which consent was accorded by TGERC on 25.8.2021. Instead of 100% capacity, 85% of capacity only was allotted to TGDISCOMs. The very fact that a PPA was not signed between TGDISCOMs and NTPC for the entire 4000 MW and that the first PPA was confined to the first stage (1600 MW) indicates that TGDISCOMs can seek procurement of power out of the 4000 MW in a phased**

manner based on their requirements. Moreover, there has been no obligation on the part of TGDISCOMs to procure 4000 MW from NTPC under TSTPP stages I and II as per the proposals or demands of NTPC.

4. It is also a fact that for the PPA of stage I, TGERC had directed the parties thereto to bring about several amendments as suggested by us then, but NTPC adamantly refused to abide by the directions of the Commission and had its way, with the TGERC giving its consent to the PPA, without the amendments. It once again confirmed how NTPC has been riding roughshod over the states, forcing their DISCOMs to sign on dotted lines, as dictated by it. A similar supercilious approach of NTPC is evident in forcing TGDISCOMs to sign the subject PPA.
5. In response to the communication of NTPC seeking DISCOMs' consent for availing power from TSTPP stage II, government of Telangana, in its letter dated 5.10.2024, accorded consent for availing power from one unit (1x800 MW) TSTPP stage II, with certain conditions like NTPC connecting the unit to TGTRANSCO network only, as against power offered by NTPC from 3 units of stage II. After further correspondence, GoTS, in its letter dated 22.10.2025 accorded its approval for availing a share of 800 MW from 3x800 MW TSTPP stage II, in lieu of allocation from unit I of stage II, as proposed by TGPCC.
6. If, out of 3 units of 800 MW each of stage II of TSTPP, NTPC supplies to TGDISCOMs 800 MW only, what will it do with the remaining 1600 MW is a moot point and there is no clinching clarity on it. If it is presumed that NTPC sells the remaining 1600 MW to others, there should not be any problem to it to allocate 800 MW to TGDISCOMs from unit 1 of stage II, as originally proposed by TGDISCOMs. The reasons like development of common facilities and getting approvals for the three units do not come in the way of allocating 800 MW from unit I of stage II to TGDISCOMs.
7. The very fact that GoTS has given its consent for procurement of 800 MW only from stage II of TSTPP as late as on 22.10.2025 confirms that that capacity is enough for meeting requirement of the state in the near future and that the balance 1600 MW is not required.
8. Some of the conditions in the draft PPA are drafted so ingeniously that, through the GoI, NTPC can compel TGDISCOMs to enter into PPAs to procure entire or 85% of 2400 MW under stage II of TSTPP as is convenient to it. We request the Hon'ble Commission to examine the following points, among others:

- a) **Clause 2.1.1. of draft PPA says:** “the capacity of Telangana-II is proposed to be 3x800 MW. The capacity of the Station is subject to change after placement of orders for the main plant equipment.” **It implies that the proposed capacity of stage II can be changed below or above 2400 MW. Second, NTPC has not yet placed orders for the main plant equipment and it is open to it to place orders for the main plant equipment with facility to change the proposed capacity.**
- b) **Clause 2.2.1 says:** “allocation of capacity from the Station to the State of Telangana shall be as decided by Ministry of Power, Govt. of India. Telangana DISCOMs consented for purchase of 800 MW power from Telangana II station for the state of Telangana. Allocation of capacity to TGNPDCL (TGSPDCL) shall be made, subsequently, by the State Govt./State Electricity Regulatory Commission or any other competent authority as the case may be.” **In other words, if consent is given to the draft PPA, as it is, whatever capacity Ministry of Power, GoI, decides to allocate to the state of Telangana, the latter will have to accept, irrespective of requirement of that power, and all that GoTS and TGERC can do is to reallocate that capacity between TGSPDCL and TGNPDCL. It serves the purpose of NTPC at the cost of the state of Telangana and consumers of its DISCOMs.**
- c) **Clause 2.2.2 says:** “Further, out of total capacity of the station, 15% (fifteen percent) capacity will be kept unallocated at the disposal of Govt. of India/Competent Authority and shall be subject to allocation from time to time as per the decision of GOI/Competent authority and such further allocation will form part of contracted capacity.” **In other words, if GoI allocates a part of 15% of the capacity of stage II to TGDISCOMs, that allocation also will form part of contracted capacity and the latter willy-nilly have to procure that capacity also, irrespective of their requirement.**
- d) **Clause 2.2.3 says:** “the allocation made from station(s) by GoI or any other competent authority in favour of TGNPDCL (TGSPDCL) shall be Contracted Capacity for the purpose of this Agreement. This Contracted Capacity shall be over and above any other allocation from time to time by GoI to Telangana from various Stations of NTPC including this Station.” **In other words, this clause reemphasizes that whatever capacity GoI allocates under stage II of TSTPP to TGDISCOMs shall be the contracted capacity, not just 800 MW, as proposed. Incorporation of such sweeping clauses in a PPA, as well as its acceptance by GoTS and TGDISCOMs, is nothing but the latter agreeing to the GoI for riding roughshod over them.**

9. Simply because GoI, NTPC, GoTS and TGDISCOMs have agreed to the said clauses and sections in the draft PPA, Hon'ble TGERC need not give its consent to the PPA, as it is. It has to exercise its regulatory authority to ensure that interests of consumers of TGDISCOMs are protected in a prudent way. We request the Hon'ble Commission to examine the following points, among others:
- a) For the year 2025-26, TGDISCOMs had projected availability of a surplus of 28504 MU. Availability of how much surplus energy the DISCOMs have projected for FY 2026-27 needs to be examined. In view of projected availability of abnormal quantum of surplus power by TGDISCOMs, and actual trends of demand growth, not on procurement plan, etc., approved for the 5th control period, when the proposed 800 MW from the subject stage II would be required in a balanced way to avoid availability of unwarranted surplus power needs to be determined. In the subject petition, the DISCOMs have not made any attempt to justify requirement of 800 MW from stage II.
 - b) **Section 15 of the draft PPA says:** “this agreement shall come into force from the date of signing of this Agreement for all purposes and intent and shall remain and shall remain operative up to completion of twenty-five (25) years from the date of commercial operation of last unit of the Station unless it is specifically extended on mutually agreed terms.” **There is no time schedule prescribed for completion of stage II of TSTPP, as well as declaration of commercial operation date of each unit, mentioned in the draft PPA. No penalty is prescribed for delay in completion of the project and commencement of supply of 800 MW. In other words, TGDISCOMs have to draw 800 MW as and when NTPC is ready to supply, not from any specific date from which TGDISCOMs require that power.**
 - c) **That the PPA shall remain operative up to completion of 25 years from the date of commercial operation of last unit of the Station means that TGDISCOMs will have to wait to draw 800 MW till CoD of the last unit of TSTPP stage II is declared, though NTPC will be able to supply it after declaration of CoD of the first unit. Are TGDISCOMs not in a position to specify from which date they require supply of this 800 MW and insist on NTPC to specify CoD of the first unit?**
 - d) **That operation of PPA comes into force from the commercial operation of last unit of stage II of TSTPP means that NTPC wants to fob off 85% of capacity of the three units on TGDISCOMs through allocation by GoI. Otherwise, there is no point in not proposing to allocate and commence supply of power from unit I after declaration of its CoD. Commencement of supply of power from unit I, after declaration of CoD**

of unit III would result in keeping the capacities of first and second units idle till then, thereby wasting capacities created till then and incurring losses.

- e) **Tariff for the 800 MW would be determined by CERC. There will be uncertainty about this tariff. No tentative tariff is indicated by NTPC based on detailed project, projected capital cost, source of coal supply, etc. In other words, GoTS and TGDISCOMs are in the dark and expect the Hon'ble Commission to give its consent for procurement of 800 MW as proposed in the draft PPA in a mechanical way.**
- f) **When did the DISCOMs have submitted the subject petition and draft PPA is not made public, though the petitions are dated 28.11.2025. From the papers uploaded in the website of the Commission, there is no indication that the latter has sought relevant clarifications and information from the DISCOMs to meet its regulatory requirements to take a holistic view of the issue.**
- g) **Simply because GoI, NTPC, GoTS and TGDISCOMs have come to an understanding on the subject issue, Hon'ble TGERC need not give its consent, as sought by them. Rejecting the proposals of APDISCOMs to procure 168 MW of hydroelectric power from five units of NHPC and its subsidiaries, Hon'ble APERC, in its order dated 25.6.2025, has maintained that "the Commission is not inclined to approve the power procurement proposals under long-term power purchase agreements with NHPC and its joint ventures." It is significant that APERC has observed in its order that "the main point for consideration by the Commission is the need for the procurement of power from NHPC projects, as the tariff shown is only indicative and is to be determined by the CERC based on actual data."**
- h) **In the retail supply tariff order for APDISCOMs for the FY 2025-26, Hon'ble APERC asserted that "this Commission passed the orders dated 30/10/2023, not approving the PPAs with four generating stations (NTPC Kudgi, NTECL Vallur, NTPL-Tuticorin & NNTPS-Nyveli), remains in effect as there is no stay order from APTEL as replied by DISCOMS to the stakeholders. The DISCOMS continuing power procurement from these stations pending adjudication in Hon'ble APTEL. The Commission in FPPCA Orders treated this power similar to short-term power. The DISCOMS, in their filings, reiterated their stand on these stations and wrote a letter dated 30.01.2025 to consider under the power procurement plan for FY205-26. As there is no change in the stand of the DISCOMS and the Commission, it is not inclined to change its stand and, accordingly, not included in the power procurement plan for FY2025-26. In the context of the letter of the DISCOMS, they are at liberty to seek appropriate legal remedies to prove their stand right" (page 65). The considerations of APERC in not approving**

PPAs with these four CGSs by APDISCOMs include their higher tariffs and non-requirement of that power by the DISCOMs.

- i) **In response to directive No.9 of APERC, AP DISCOMs have submitted in their ARR and tariff revision petitions for the FY 2026-27 that “the Commission has disallowed power purchase from 4 Nos. CGS stations, i.e., NTPC Kudgi, NTECL Valuru, NNTPS, and NTPL in RSTO FY 22-23, FY 23-24 and also PPA for these stations has also been rejected vide order dt. 30.10.2023. Further, Hon’ble APERC has not approved energy dispatch from these stations in RSTO 2024-25 also. These stations have a share of 500MW (Appx) of contracted capacity. M/s NTPC and APDISCOMs have approached Hon’ble APTEL regarding the above issues as it is required to meet the base load, and the matter is sub judice. APDISCOMs have already emphasised the importance of procuring from these four stations during the RSTO FY 22-23, FY 23-24 and FY2024-25 hearings. Though the Commission has disallowed the power purchases from these stations, until there is complete relinquishment with MoP approval, the Discoms are liable to pay fixed charges and part load compensations. Hence, Power is still procured from these stations to meet the grid demand. It is also to submit that, during FY2024-25, in spite of scheduling all stations based on merit order, there was a shortfall in power and the same was procured from market at higher costs in certain time blocks. If the power from the above said stations is not scheduled, there would have been huge power purchase cost for the FY2024-25 as the quantum of power is high and the requirement is round the clock. In order to optimize the power purchase cost, the scheduling of power from these 4 No. CGS stations are continued. Further, the payment mechanism through markets is different than through long-term PPAs. The payments for the purchase of power in Exchanges have to be done immediately as per the byelaws of Exchanges and whereas that for long term basis, the payments can be made up to 45 days from the date of the invoice which is will be generated after the completion of the month in which the power is scheduled.”**
- Even while projecting availability of a surplus of 7228.76 MU, which is highly underestimated, the contention of the DISCOMs that “the existing base generation capacity from Intra State & Central generating stations without these four CGS stations aggregating to about 470 MW, will not be sufficient to meet the minimum load persistent on the system for all time blocks in an year with a stringent requirement to comply to the Hon’ble CERC Regulations such as IEGC, DSM & Ancillary Services” may not hold water. The regulations of CERC are not binding on the DISCOMs. Backing down thermal power projects of APGENCO, paying fixed charges for the capacities backed down, and purchasing thermal power from the said four CGSs, with the burden of inter-state transmission charges and losses, may not be justifiable and beneficial. Moreover, APDISCOMs have asserted that there will be no need for short-term purchases for the FY 2026-27. The contention of APDISCOMs that though the Commission has disallowed the power purchases from these stations, until**

there is complete relinquishment with MoP approval, the Discoms are liable to pay fixed charges and part load compensations **is contrary to the stand taken by APERC.**

10. We request the Hon'ble Commission to consider the following points, among others:

- a) Direct the DISCOMs to establish requirement of 800 MW from stage II of TSTPP and from which period.**
- b) If this 800 MW is required, direct NTPC and TGDISCOMs to amend the PPA to the effect that it would be procured from the first unit of stage II.**
- c) Direct NTPC and TGDISCOMs to indicate tentative tariff to be proposed for 800 MW for the first unit of stage II based on DPR, projected capital cost and source of coal, etc.**
- d) Direct NTPC and TGDISCOMs to incorporate specific time schedule for declaration of CoD of the first unit of Stage II. Also, incorporate a specific clause for imposition of reasonable penalty on NTPC for delay in declaring CoD of the first unit of Stage II in time.**
- e) Direct NTPC and TGDISCOMs to amend the above-quoted clauses and sections in the draft PPA to the effect that the PPA is confined to the first unit of stage II only, that, too, for 800 MW only and that other clauses and sections to the contrary and left to the decisions of GoI or competent authority for allocation of capacity should be deleted from the draft PPA.**
- f) It should be made clear that allocation of power from the second and third units can be made as and when TGDISCOMs and NTPC come to a mutual agreement.**
- g) Direct NTPC and TGDISCOMs to incorporate a clause in the draft PPA to the effect that, if NTPC fails to supply power at threshold level of PLF, for lesser generation and supply, it should pay specific compensation to TGDISCOMs.**

11. We request the Hon'ble Commission to take an appropriate decision, considering the above-mentioned suggestions, among others, to avoid saddling TGDISCOMs and their consumers with unwarranted power and the avoidable burdens resultant thereto. If NTPC does not agree to the above-mentioned reasonable suggestions, we request the Commission to reject the subject petition. There are and will be other options available to GoTS and TGDISCOMs for procurement of power required through real competitive biddings. A.P. Reorganization Act does not make it

obligatory on the part of GoTS to procure power from the subject project of NTPC at any tariff and with any terms and conditions imposed arbitrarily by the GoI and NTPC much to the detriment of the interests of the state and consumers of power of TGDISCOMs.

- 12. We request the Hon'ble Commission to provide us an opportunity to make further submissions during the scheduled public hearing through virtual mode by providing me a link, as I will be held up on the 8th of this month elsewhere due to unavoidable and necessary requirement.**

Thanking you,

Yours sincerely,

**M. Venugopala Rao
Senior Journalist & Convener, Centre for Power Studies
H.No.1-100/MP/101, Monarch Prestige, Journalists' Colony,
Serilingampally Mandal , Hyderabad - 500 032**

Copy to :

- 1. CMD, TGSPDCL**
- 2. CMD, TGNPDCL**