

NORTHERN POWER DISTRIBUTION COMPANY OF TELANGANA LIMITED

Corporate Office, # 2-5-31/2, Vidyut Bhavan, Nakkalagutta, Hanamkonda, Warangal – 506 001

From

Chief Engineer,
IPC & RAC, TGNPDCL,
Corporate Office, Vidyut Bhavan,
Hanamkonda, Warangal.

To

The Secretary,
Telangana State Electricity Regulatory
Commission,
Vidyut Niyantaran Bhavan, GTS Colony,
Kalyan Nagar, Hyderabad – 500 045.

Lr.No.CE(IPC&RAC)/GM(IPC&RAC)/DE(IPC)/ADE/F.No.15/D.No.503/26 Dt.07.09.2026.

Sir,

Sub:- TGNPDCL/WGL–Extension of Power Purchase Agreement of M/s. Gayatri Sugars Limited (Formerly M/s. NCS Gayatri Sugars) 6 MW Bagasse - based Cogeneration Power Plant at Adloor Yellareddy Village, Kamareddy District, for a period of 5 years from 23.05.2026 to 22.05.2031 – Re-negotiation of tariff as directed by the Hon'ble Commission – Outcome of negotiation – Submission – Reg.

Ref:- 1) Lr.No.CE(I&R)/GM(I&R)/DE(IPC)/ADE/F.Gayatri/D.No.166/26, dated 02.06.2026
2) TGERC Letter No. E-985635/D.No.572/2026-27, dated 06.08.2026.
3) TGNPDCL letter Lr.No.CE(IPC&RAC)/GM(IPC&RAC)/DE(IPC)/ADE/AE/F.No.15/D.No.448/26, dated 21.08.2026.
4) Negotiation meeting held on 25.08.2026 in the Office of the Chief Engineer (IPC & RAC), TGNPDCL, Hanamkonda.
5) Letter from M/s. Gayatri Sugars Limited dated 29.08.2026 (enclosed).

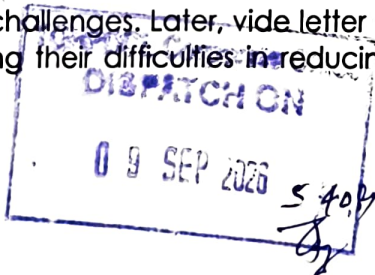
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dc With reference to the above, it is submitted that the petition for extension of the Power Purchase Agreement of M/s. Gayatri Sugars Limited (Formerly M/s. NCS Gayatri Sugars) 6 MW Bagasse-based Cogeneration Power Plant at Adloor Yellareddy Village, Kamareddy District, for a period of 5 years from 23.05.2026 to 22.05.2031 at tariff of Rs.3.14/kWh (fixed, without escalation, inclusive of all taxes) was filed before the Hon'ble Commission vide reference (1) above.

The Hon'ble Commission, vide reference (2) above, directed TGNPDCL to re-negotiate with the developer for reduction of the proposed tariff of Rs.3.14/kWh.

In compliance with the above directions, TGNPDCL has addressed a letter dated 21.08.2026 (Ref. 3) calling upon M/s. Gayatri Sugars Limited to attend negotiations. Accordingly, a negotiation meeting was held on 25.08.2026 in the Office of the Chief Engineer (IPC & RAC), TGNPDCL, Hanamkonda. During the negotiations the developer was requested to furnish a revised tariff proposal duly revising the tariff.

In response, the representatives of M/s. Gayatri Sugars Limited have expressed their inability to reduce the tariff from Rs.3.14 per unit, stating the various commercial & operational challenges. Later, vide letter dated 29.08.2026, they have submitted a letter mentioning their difficulties in reducing the tariff below Rs.3.14/kWh, inter alia stating that:



- (a) the tariff of Rs.3.14/kWh, fixed without escalation, was itself accepted by them as a concession in the interest of continuity of supply, as they were otherwise entitled to seek the variable tariff notified by the Hon'ble Commission for bagasse-based cogeneration developers (Rs.3.9543 to Rs.4.5292/kWh for FY 2024-25 to FY 2028-29, as per TGERC Order dated 31.08.2024);
- (b) the Fair and Remunerative Price (FRP) of sugarcane, being the principal driver of their cost of generation, has increased from Rs.290/quintal in 2021-22 to Rs.365/quintal in 2026-27, an increase of approximately 25.86% over the last six years; and
- (c) any tariff below Rs.3.14/kWh is stated to be not commercially viable and cannot be accepted by them.

It is submitted that the tariff of Rs.3.14/kWh already proposed for the extended period continues to be substantially lower than the TGERC-approved variable cost for bagasse-based cogeneration projects and the average pooled cost of power purchase of TGNPDCL, and the developer has confirmed its inability to supply at any tariff lower than Rs.3.14/kWh. In view of the above, and in compliance with the directions of the Hon'ble Commission, the outcome of the re-negotiation held on 25.08.2026, together with the letter dated 29.08.2026 of M/s. Gayatri Sugars Limited, is submitted herewith for kind consideration please.

Yours faithfully,



CHIEF ENGINEER
IPC & RAC/TGNPDCL/WGL

Encl: As above.

Copy Submitted to:

The Executive Director(Commercial)/TGPPCC/VS/Hyderabad.



Date: August 29, 2026

To
The Chief Engineer
IPC & RAC
TGNPDCL, Vidyut Bhavan,
Nakkalagutta, Hanamkonda,
Warangal - 506001

IPC & RAC
GM/IPC & RAC
DE / RAC
DE / IPC ✓
AAO / IPC
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ADE / IPC
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PESHI

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GM/IPC & RAC

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02/09

Sir,

Sub: Extension of Power Purchase Agreement (PPA) – 6 MW Bagasse-based Co-generation Power Plant at Adloor Yellareddy Village, Kamareddy District – Negotiation of tariff – Submission of revised tariff proposal – Reg.

Ref:

1. PPA – 3rd Amendment dated 03.12.2021 – Kamareddy Unit.
2. Our letter dated 22.12.2025 requesting extension of PPA.
3. Our letter dated 09.04.2026 conveying acceptance of PPA extension at ₹3.14 per unit.
4. Your letter Lr.No.CE(IPC&RAC)/GM(IPC&RAC) /DE(IPC)/ADE/AE/ F.No.15/D.No.448/26 dated 21.08.2026.
5. Negotiation meeting held on 25.08.2026 at the Office of the Chief Engineer (IPC & RAC), TGNPDCL, Hanamkonda.

With reference to the letters and the negotiation meeting cited above, we wish to place the following facts on record and submit our revised tariff proposal for your kind consideration.



Regd. & Corp. Office :

Gayatri Sugars Limited, B2, 2nd Floor, 6-3-1090, TSR Towers,
Raj Bhavan Road, Somajiguda, Hyderabad 500 082. Telangana

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At the time of the 3rd Amendment to the PPA dated 03.12.2021, we had similarly requested TGNPDCL to allow us the variable cost/tariff as per the Generic Tariff Orders issued by the Hon'ble TGERC from time to time, in line with the actual cost of generation. However, your good office did not agree to the said request, and in the interest of continuity of supply, we agreed to supply power at the fixed tariff of ₹3.14 per unit, without any escalation, for the said agreement period from 23.05.2021 to 22.05.2026.

It is this very rate of ₹3.14 per unit, agreed to in 2021-22 without escalation, that continues to be referred to in the present correspondence.

It may kindly be recalled that vide our letter dated 22.12.2025 (Ref. 2 above), we had requested extension of the PPA for a further period of five (5) years from 23.05.2026 to 22.05.2031, **on the variable tariff notified by the Hon'ble TGERC from time to time for Non-Conventional Energy (bagasse-based co-generation) developers**, and not on the existing fixed tariff. This was in line with the TGERC order dated 31.08.2024 notifying variable costs of ₹3.9543 to ₹4.5292 per unit for the period FY 2024-25 to FY 2028-29, as reproduced at paragraph below.

However, purely in the interest of continuity of supply and early finalization of the extension, and without prejudice to our original request for the TGERC-notified variable tariff, we conveyed our acceptance vide our letter dated 09.04.2026 (Ref. 3 above) to continue on the same fixed tariff of ₹3.14 per unit as under the existing PPA. This was a concession on our part, made in good faith and in the larger interest of a smooth transition, and was substantially lower than the tariff we were otherwise entitled to seek.

We have now received your letter dated 21.08.2026 (Ref. 4 above) conveying that the Hon'ble TGERC has directed TGNPDCL to re-negotiate with us for a further reduction in the already-conceded tariff of ₹3.14 per unit. We attended the negotiation meeting held on 25.08.2026 in this regard. We respectfully submit that a further reduction in tariff, below the rate we had already accepted as a concession — and which itself was fixed without escalation as far back as 2021-22 — is neither commercially viable nor consistent with the cost realities of bagasse-based cogeneration, for the reasons set out below.



Rising cost of sugarcane (FRP): Bagasse, the primary fuel for our co-generation plant, is a by-product of sugarcane crushing. The cost of sugarcane – whose Fair and Remunerative Price (FRP) is fixed annually by the Government of India – is the principal driver of our cost of generation. The FRP of sugarcane has risen consistently over the last five (5) years, as detailed below:

Sugar Season	FRP of Sugarcane (₹ per Quintal)	Increase over Previous Season
2021-22	290.00	—
2022-23	305.00	15.00
2023-24	315.00	10.00
2024-25	340.00	25.00
2025-26	355.00	15.00
2026-27	365.00	10.00

(FRP figures at the basic recovery rate of 10.25%, as notified by the Government of India, Ministry of Consumer Affairs, Food & Public Distribution.)

As will be seen above, the FRP of sugarcane has increased from ₹290 per quintal in 2021-22 to ₹365 per quintal in 2026-27 – an increase of approximately 25.86% over the last Six years. This represents a direct and substantial increase in our raw material and, consequently, generation cost, over the very period for which a tariff reduction is now sought.

In view of the above, it will be appreciated that we would have been well within our rights to press for the TGERC-notified variable tariff for NCE/bagasse-based co-generation developers, as originally requested by us vide our letter dated 22.12.2025, reproduced below for ready reference:



Financial Year	TGERC Variable Tariff (₹ per Unit)
2024-25	3.9543
2025-26	4.0914
2026-27	4.2321
2027-28	4.3780
2028-29	4.5292

(As per TGERC order dated 31.08.2024 for bagasse-based cogeneration power projects, FY 2024-25 to FY 2028-29.)

Notwithstanding the above, and despite the steady increase in the FRP of sugarcane and the consequent increase in the variable cost of generation for cogeneration plants as detailed above, we are agreeable, in the interest of continuity of supply and our long-standing association with TGNPDCL, to continue supplying power to the grid at our earlier agreed tariff of ₹3.14 per unit for the extended period. We wish to place on record that any tariff below ₹3.14 per unit is not commercially feasible for us and cannot be accepted.

We therefore request your good office to kindly allow us to execute the PPA for the extended period from 23.05.2026 to 22.05.2031 at the tariff of ₹3.14 per unit, as already agreed vide our letter dated 09.04.2026, and to proceed with obtaining the necessary approvals from the Hon'ble TGERC and execution of the extended agreement accordingly.

Thanking you,

Yours faithfully,

For Gayatri Sugars Limited

T.V.Sandeep Kumar Reddy
Vice Chairman

