

To
The Secretary
Telangana Electricity Regulatory Commission
Sy.No.145-P, Vidyut Niyantran Bhavan
Kalyan Nagar, GTS Colony, Hyderabad

August 21, 2025

Respected sir,

Sub : Submission of objections and suggestions in OP No.43 of 2025 filed by TGGENCO for true-up for the FY 2023-24

In response to the public notice dated 2.8.2025, we are submitting the following points on the subject issue for the consideration of the Hon'ble Commission:

- 1. It is gratifying to note that thermal power plants of Telangana Power Generation Corporation Ltd. (TGGENCO) achieved PLF of 79.64%, while it is worked out to 83.12% considering the back down and regeneration deemed PLF. While units of KTHP and KTHS worked efficiently in terms of generation of power, exceeding the normative availability of plant load factor, new project BTHS's performance is a matter of concern. With a generation of 29538.74 MU, TGGENCO's contribution to TG power grid is worked to 27580.73 MU or 32.41%, with no crunch for coal supply from SCCL. GENCO earned a profit before tax of Rs.546.39 crore and a total comprehensive income of Rs.426.92 crore for 2023-24.**
- 2. The positive impact of energy conservation measures taken and wide variation in auxiliary consumption of thermal power plants ranging from 4.24% to 11.09% for KTHS V stage and 15.39% for RTS B show that there is scope for efficiency improvement. RTS B is a 54-year old plant whose extended PPA expired on 3.6.2024 and the PPA of 28-year old KTHS V stage will expire on 31.3.2029. The much delayed, new and high-cost project BTHS (4x270 MW) could not achieve the normative PLF of 85% during 2023-24 except for two months, and actual PLF of 74.11% PLF resulted in lesser generation of power. Fixed costs of this projects were disallowed to the extent of Rs.22.88 crore, with a further reduction of F.C. pro rata to actual capitalisation. The project's auxiliary consumption increased from the approved 8.04% to 9.04%, specific coal consumption increased from 0.69 to 0.75 per kg/kwh and coal rate from Rs.3.276 to 3.588 per kwh. Total energy charge rate increased from R.3.311 to 3.617 per kwh, and total energy charges increased from the approved Rs.2094.60 crore to Rs.2287.69 crore. Requirement of working capital increased from Rs.272.87 crore to R.990.16 crore. Fixed charges increased from Rs.1419.88 crore to Rs.1780.82 crore. Permissibility of the claimed increases should be subjected to prudence check by the Commission.**
- 3. That installed capacity of GENCO contains just 1 MW of renewable energy (solar power) shows how it has not been allowed to take up renewable energy projects as a matter of deliberate policy of the state government, with PPAs for procurement of RE confined to private and central generating projects during the last one decade**

and the new RE policy of the state government emphasising on encouraging RE generation by private power projects. As a part and parcel of the erstwhile APSEB, with an experience of more than seven decades in generation of power, the policy approaches of the government of Telangana in neglecting the role of TGGENCO for taking up RE projects needs to be re-examined. Whether the present state government would rethink and chart out and implement an appropriate role for TGGENCO for setting up RE units or toe the line of its predecessor is to be seen. The installed hydro power generation capacity of GENCO is stagnating at 2441.76 MW, with no initiatives for taking up new hydro power projects to the extent possible in the state.

4. TGGENCO has claimed a true up of Rs.1093.52 crore after adjusting some deductions against a total claim of Rs.1531.35 crore for true up for FY 2023-24 under multi-year tariff system. A deduction of Rs.50.35 crore for water charges and Rs.234.69 crore of energy charges is shown. After reducing non-tariff income of Rs.134.96 crore, GENCO has claimed a true up of Rs.968.17 crore under fixed charges. Increase in fixed charges is claimed for all the projects. It is despite the fact that additions of gross fixed assets and capitalization for 2023-24 is shown as Rs.226.77 crore only out of which Rs.186.16 crore is for BTPS and Rs.14.73 crore for KTPS VII, as per audited accounts. GENCO has claimed that both are under original scope of both the projects and that works approved to be completed during the 4th control period have spilled over to the fifth control period. Similar is the case with LJHES for which Rs.4.23 crore is claimed against Rs.16.14 crore approved in the MYT. Despite lower additions of capital cost and capitalization during 2023-24 and adjustment of true-down amounts, GENCO has claimed the said true-up. GENCO has maintained that it has claimed true up as per audited accounts. The questionable implication of the claim of GENCO is that, since the expenditure incurred by it is incorporated in audited accounts, its true-up claims should be approved. GENCO's claims should be subjected to prudence check by the Commission to decide their permissibility or otherwise as per the applicable normative parameters which are liberal in nature. We request the Hon'ble Commission to examine the following points, among others:

- a) Compared to approvals given in the earlier MYT orders given by the Commission, expenditure is lesser under various heads - by Rs.50.35 crore for water charges, Rs.33.55 crore in depreciation charges, Rs.17.83 crore in interest and finance charges, Rs.234.69 crore in energy charges, among others. It shows that the estimates made by GENCO and approved in the MYT order have turned out to be inflated. It also shows that, irrespective of such inflated claims, GENCO collected tariffs as determined by the Commission, without adjusting lesser expenditure in the monthly bills relating to supply of power made to the DISCOMs. At the same time, GENCO has claimed higher amounts under various heads for all projects as given below:

Item	Approved in MYT	Rs.in cr.	Actual claimed	Increase	In %
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O&M expenses	1840.94	2685.83	844.89	46
Employees expenses	1511.87	2282.72	770.85	51%
Admn. & gen.expenses	133.93	165.85	31.92	23.83
Repairs & maintenance	213.72	237.27	23.44	10.96*
Return on equity	1884.17	2005.22	121.05	6.42
Addl. Pension liability	1168.08	1396.78	138.70	11.87
Fixed charges	7425.95	8754.16	1328.21	17.88

***While expenditure for repairs and maintenance has come down for some of the projects compared to what was approved by the Commission in the MYT, in the case of BTPS it is more by Rs.55.01 crore.**

- b) True up of Rs.1093.52 crore works out to 6.48% over revenue requirement of Rs.16867.62 crore approved in the MYT. Without true-down amounts – water charges, energy charges, non-tariff income and interest and finance charges - claims for true-up would work out to Rs.1531.35 crore. Had capital expenditure incurred and capitalisation achieved as approved for FY 2023-24, the true-up claims would have turned out to be much more.
5. What are the dues TGGENCO has to receive from TGDISCOMs? What are the accumulated dues TGGENCO has to pay to Singareni Collieries Company Limited? Are there defaults on the part of GENCO in paying back instalments of loans with interest to the banks and other financial institutions, and if so, what are the penalties paid and payable?
6. We request the Hon'ble Commission to allow the claims of TGGENCO to the extent permissible as per applicable norms.
7. We request the Hon'ble Commission to provide us an opportunity to make further submissions after receiving responses of GENCO and during public hearing.

Thanking you,

Yours sincerely,

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