



Southern Power Distribution Company of Telangana Limited
#6-1-50, Corporate Office, Mint Compound, Hyderabad 500 063

From
Chief Engineer (IPC&RAC),
TGSPDCL, Corporate Office,
6-1-50, Mint Compound,
Hyderabad - 500 063.

To
The Commission Secretary,
TGERC,
Vidyut Niyantran Bhavan,
GTS Colony
Hyderabad - 500 045.

Lr. No.CE(IPC&RAC)/SE/DE/ADE2/RAC/F.No.A-129/D.No. 430/26, Dt:23-10-2026..

Sir,

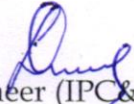
Sub:- TGSPDCL- RAC - Replies to the objections raised by the stakeholders on the filings of Additional Surcharge for H2 of FY2026-27 - Submission - Reg.

@@@@@

The replies to the objections raised by 5 no's stakeholders viz., South Indian Cement Manufacturers' Association (SICMA), Federation of Telangana Chambers of Commerce and Industry (FTCCI), Telangana Spinning & Textile Mills Association (TSTMA), Telangana Iron & Steel Manufacturers Association(TISMA) and AGI Greenpac Limited on filings of Additional Surcharge for H2 of FY2026-27 are herewith submitted.

Enclosures: As above

Yours faithfully,


Chief Engineer (IPC&RAC)
Email Id: ractsspdcl@gmail.com

**RESPONSE TO OBJECTIONS/SUGGESTIONS OF STAKEHOLDERS ON THE
FILINGS OF ADDITIONAL SURCHARGE FOR H2 OF FY 2026 – 27**



SOUTHERN POWER DISTRIBUTION COMPANY OF TELANGANA LTD.

&

NORTHERN POWER DISTRIBUTION COMPANY OF TELANGANA LTD.

INDEX

Sl. No.	Name of the Objector	Page No.
1.	i)South Indian Cement Manufacturers Association(SICMA) ii)Federation of Telangana Chambers of Commerce & Industry(FTCCI) iii)Telangana Spinning & Textile Mills Association(TSTMA) iv)Telangana Iron & Steel Manufacturers Association(TISMA)	3-11
2	AGI Greenpac Limited	12-29

1. Responses to i) South Indian Cement Manufacturers' Association (SICMA) ii) Federation of Telangana Chambers of Commerce & Industry(FTCCI) iii) Telangana Spinning & Textile Mills Association (TSTMA) iv) Telangana Iron & Steel Manufacturers Association(TISMA)

#	Queries	Replies
1	Based on the above statutory and regulatory provisions, the Hon'ble Commission, in exercise of its powers, approved the methodology for computation of Additional Surcharge by way of Order dated 18.09.2020 in O.P No. 23 of 2020 (AS Order). It is observed that, in O.P. No. 28 & 29 of 2026, the Petitioners have deviated from the methodology approved by the Hon'ble Commission in the AS Order and its past orders.	a. The Objector has not pointed out any deviation. Every parameter, from the long-term available capacity to the Additional Surcharge, has been computed exactly as per TGERC Order dated 18.09.2020 in O.P. No. 23 of 2020 and the subsequent directions of the Hon'ble Commission. b. Stranded capacity is the lower of the surplus (after netting short-term purchases in the same block) and the Open Access schedule in each of the 17,472 fifteen-minute blocks of Oct'25–Mar'26; hydel and non-conventional energy availability is taken equal to schedule. c. Only high tension (11 kV & 33 kV) distribution charges are considered, the low tension portion of demand charges is excluded, and the distribution share of demand charges is taken at 25.77% as adopted by the Hon'ble Commission at para 3.9.7 of TGERC Order dated 10.03.2026 in O.P. Nos. 65 & 66 of 2025. d. Fixed and transmission charges are taken as per the quarterly audited accounts, as directed in Directive (d) of TGERC Order dated 15.03.2024 in O.P. Nos. 39 & 40 of 2023.
2	The legislative intent has been to ensure a reduction in the level of surcharges (both CSS and AS). In accordance with the Electricity Rules, 2024 AS should follow a continuously declining trajectory, leading to its elimination within 4 years. As observed above, the AS determined in preceding years does not appear to follow a consistent trend. The Hon'ble Commission has	a. The Rules cap Additional Surcharge at the per-unit fixed cost of power purchase. The fixed charges of Rs. 8,436.14 crore over 44,570.89 million units work out to about Rs. 1.89/kWh; the Additional Surcharge claimed (Rs. 0.83/kWh) is well within the cap.

#	Queries	Replies
	been determining AS in accordance with the AS Order. Nevertheless, AS was determined to be NIL during H2 of FY 2025-26 and Rs. 0.13 per unit during H1 of FY 2026-27 (currently applicable). In view of the Rules providing for the progressive reduction and eventual elimination of AS, the Objector submits that AS ought to be determined at NIL for the ensuing control period (or, at worst, maintained at the currently applicable Rs. 0.13 per unit).	b. The exemption to the extent of contract demand is already given effect: demand charges recovered from Open Access consumers (Rs. 227.27 crore) are set off before arriving at the net stranded charges recoverable. c. Additional Surcharge depends on the stranded capacity, fixed charges and Open Access sales of each six months and is not a numerical trend (para 3.12.8 of TGERC Order dated 10.03.2026 in O.P. Nos. 65 & 66 of 2025). It was NIL for H2 FY 2025-26 because the demand-charge adjustment exceeded the stranded fixed charges, and Rs. 0.13/kWh for H1 FY 2026-27 because the net stranded charges were only Rs. 6.04 crore. d. Open Access has grown sharply: average Open Access scheduled capacity rose from 219.57 MW (Apr–Sep'25) to 451.28 MW (Oct'25–Mar'26) and chargeable Open Access sales from 451.21 million units to 936.26 million units. Fixing Additional Surcharge at NIL would shift the stranded fixed cost onto the consumers who remain with the TGDISCOMs.
3	The Petitioner has not conclusively demonstrated how migration to Open Access has caused the long-term tied-up capacity to remain stranded. The following submissions are advanced in support of the demand curves: - Available capacity with TG Discoms (including short-term procurement) is significantly higher than demand during most months of H2. - The daytime bulge in the demand curve indicates that surplus RE power is being fed into the grid. - Demand during the Oct–Dec months declines, resulting in a	- The same submissions were made for H1 of FY 2026-27 (paras 3.3.2–3.3.12 of TGERC Order dated 10.03.2026 in O.P. Nos. 65 & 66 of 2025). The Hon'ble Commission held that "there appears to be continuous stranded capacity which qualifies for imposing Additional Surcharge" (para 3.3.29 of TGERC Order dated 10.03.2026 in O.P. Nos. 65 & 66 of 2025). - The procurement of power by consumers through open access is irregular, non-uniform and not on RTC basis. Hence, objection by the petitioner to conclusively demonstrate stranded capacity on

#	Queries	Replies
	much greater variation in the demand-supply gap, whereas demand picks up during January–March. d. Demand from Open Access does not appear to bridge the variation between demand and supply. Except for January and February, the power-procurement portfolio remains highly skewed and warrants a structural realignment of the LT:MT:ST capacity mix. ... This indicates inefficiencies in portfolio planning and highlights the need for a calibrated rebalancing of long-, medium- and short-term procurement to avoid persistent over-contracting and under-utilisation. Accordingly, the Objector submits that capacity may remain unutilised for reasons other than migration of consumers to Open Access, including the intermittency of RE, with surplus during solar hours and significant seasonal variations in demand. Therefore, the Objector submits that the fixed costs considered for AS computation should be appropriately adjusted to account for the displacement effect of RE power, so that consumers are not burdened with costs arising from RE-induced stranding of conventional capacity rather than Open Access migration.	account of open access is not tenable. The said contentions do not correctly appreciate the basis and purpose of determination of additional surcharge. c. Stranded capacity is demonstrated on all 17,472 fifteen-minute blocks of the six months, and the block-wise data is filed and hosted on the websites. The Objector's charts cover only 6 of the 182 days. d. The methodology already protects Open Access consumers from surplus arising from portfolio, seasonal variations and renewable energy intermittency factors. Average surplus after netting short-term purchases was 1,764.30 MW, but only the 282.56 MW matched by the Open Access schedule is claimed; the fixed cost of the balance about 1,481.74 MW is not loaded on Open Access consumers (para 3.3.28 of TGERC Order dated 10.03.2026 in O.P. Nos. 65 & 66 of 2025). e. Short-term purchases (1,738.50 MW average) are netted block-wise. Hydel and non-conventional energy availability is taken equal to schedule in every block, so renewable energy adds nothing to the surplus and carries no fixed charge in the fixed charges paid; the renewable energy adjustment sought is already built in. f. Stranded capacity can never exceed the Open Access schedule in a block. The Oct–Dec "stranded capacity" series (axes up to 4,500–8,000 MW) is in fact the surplus: on 01.10.2025 the highest stranded capacity in any block was 497 MW while gross surplus reached 6,791 MW. g. The Distribution Licensee has planned and contracted its power procurement capacity based

#	Queries	Replies
		on the projected demand and statutory obligation to maintain adequate power supply for its consumers. h. The tie-ups were made as per resource/procurement plans approved by the Hon'ble Commission; renewable energy procurement (16,525.08 million units approved for FY 2026-27) is a statutory obligation and renewable energy is must-run.
4	In their petitions, the TG Discoms have considered stranded capacity arising from both captive and OA consumption. To demonstrate the difference, stranded capacity arising from Open Access and captive consumption is 282.56 MW, whereas stranded capacity attributable only to Open Access consumption is 108.55 MW for the period October 25 – March 2026. In effect, stranded capacity arising from consumers migrating to captive consumption is being charged to Open Access consumers, even though captive consumers enjoy a statutory waiver. Comparison of Stranded capacity arising due to OA and OA + Captive consumption: - Stranded capacity arising out of Open Access + Captive (MW): Oct-25 395.38, Nov-25 424.66, Dec-25 322.66, Jan-26 275.81, Feb-26 198.35, Mar-26 42.04; Average 282.56 - Open Access (MW): Oct-25 154.73, Nov-25 177.33, Dec-25 115.18, Jan-26 145.05, Feb-26 45.00, Mar-26 –; Average 108.55 TGERC is respectfully requested to adopt, in the current AS determination (H2 of FY 2026-27), a methodology that considers only stranded capacity appropriately attributable to eligible OA consumers, excluding capacity attributable to exempt captive consumption to the extent legally warranted.	- The TGERC Order dated 18.09.2020 in O.P. No. 23 of 2020 requires stranded capacity to be computed on the total Open Access schedule. The Hon'ble Commission has held, at para 3.4.13 of TGERC Order dated 29.04.2025 in O.P. Nos. 28 & 29 of 2024, that "the methodology standardized by this Commission for calculation of stranded capacity does not permit for exclusion of the electricity on account of captive consumption and also Green Energy Open Access consumers" and rejected the request. TGDISCOMs are bound to file as per the methodology in force. - The captive exemption is an exemption from payment, not a finding that capacity is not stranded. TGDISCOMs remain liable for the full fixed charges of the power purchase agreements whoever's migration leaves the capacity idle. - Additional Surcharge receipts are deducted from the Aggregate Revenue Requirement (Reg. 86.1(n) of Regulation No. 2 of 2023). Excluding the captive-related cost from Additional Surcharge would load it on the retail tariff of all other consumers through true-up, which is exactly what Section 42(4) prevents. The Objector's illustration shows who pays, not that the cost disappears.

#	Queries	Replies
5	While the TG Discoms consider stranded capacity attributable to both Open Access and captive consumption when computing AS, they propose to recover the entire stranded cost through Open Access sales alone, excluding captive sales, based on actual data for the corresponding period of the previous year. This asymmetric treatment effectively shifts the cost burden associated with the statutory exemption granted to qualifying captive consumers onto chargeable Open Access consumers.	- Open Access sales exclude captive and Green Energy Open Access volumes because those volumes are not chargeable. Dividing the net stranded charges recoverable by the chargeable sales is inherent in a per-unit levy designed to recover those charges. - Including exempt units in the Open Access sales would only ensure that part of the stranded cost is never recovered from anyone liable to pay it and ultimately passed on to the consumers who are not into open access and meeting their entire energy requirement from DISCOMs.
6	At the outset, there is a significant mismatch between the figures shown in the accounts and the breakdown of Power Purchase (Fixed) Costs and Transmission Costs submitted by the Petitioner in the FC VC 2025-26 Up to March'26 (Provisional)-TGPPCC 30-04-2026 –Mail data sheet. The table below summarises the deviation: - Fixed Charges paid: Rs. 8,436.14 crore as per Accounts; Rs. 7,487.85 crore as per Data sheets; Variation 12.5% - Transmission charges paid: Rs. 2,177.74 crore as per Accounts; Rs. 1,917.25 crore as per Data sheets; Variation 13.6% It is undisputed that the Hon'ble Commission has previously determined AS based on costs indicated in the accounts. However, this does not automatically mean that all costs booked in the accounts are admissible for AS determination. The Petitioner should therefore be directed to submit a detailed reconciliation statement explaining the variation between the accounts and the data sheets.	- The data sheet is TGPPCC's provisional statement prepared before the audit of the fourth quarter of FY 2025-26. The petition adopts the audited accounts, as directed by the Hon'ble Commission (Directive (d) of TGERC Order dated 15.03.2024 in O.P. Nos. 39 & 40 of 2023) and as consistently done in TGERC Order dated 27.09.2025 in O.P. Nos. 38 & 39 of 2025 (para 3.6.1) and TGERC Order dated 10.03.2026 in O.P. Nos. 65 & 66 of 2025 (paras 3.4.20 and 3.6.15). - In H1 FY 2026-27 the Objector itself argued that the audited fixed costs (Rs. 6,453.73 crore) must be considered instead of the provisional (Rs. 6,737.11 crore), and the Commission accepted it. The same basis must apply to H2. - Reconciliation for FY 2025-26 (Rs. crore): - Fixed charges – provisional: H1 6,737.13 + H2 7,487.85 = 14,224.98; audited: H1 6,453.73 + H2 8,436.14 = 14,889.87. - Transmission charges – provisional: H1 2,098.39 + H2 1,917.25 = 4,015.64;

#	Queries	Replies
		audited: H1 1,928.63 + H2 2,177.74 = 4,106.37. d. The H2 fixed-charge difference of Rs. 948.29 crore = Rs. 283.40 crore placed in H1 in the provisional statement but booked in H2 in the audited accounts (already excluded from the H1 Additional Surcharge) + Rs. 664.89 crore increase on audit, as stated in the petition. Transmission: Rs. 169.76 crore + Rs. 90.73 crore = Rs. 260.49 crore. Taking provisional H2 after audited H1 would leave these costs out of both halves.
7	Notwithstanding the mismatch in costs noted above, the costs indicated in the accounts should not be adopted directly for determining AS. For illustration, the fixed charges paid during H1 of FY 2025-26 were Rs. 6454 Crore, indicating that the current claim based on the Accounts is around 31% higher than in the previous half-year. The trend in previous years also indicates that fixed charges paid during H2 were comparable to those paid during H1 of the same year. However, H2 of FY 2026-27 appears to be an outlier.	a. The increase reflects the change in portfolio. The Yadadri Thermal Power Stations achieved commercial operation date on 25.01.2025 and 12.07.2025 (para 3.4.20 of TGERC Order dated 10.03.2026 in O.P. Nos. 65 & 66 of 2025); H2 of FY 2025-26 is the first half with fixed charges of both stations for all six months. b. Even in the provisional statement, Yadadri Thermal Power Station fixed charges rose from Rs. 717.20 crore (H1) to Rs. 1,254.39 crore (H2) and Kothagudem Thermal Power Station Stage VII from Rs. 538.88 crore to Rs. 667.25 crore. The balance is the H1/H2 timing difference and year-end audit adjustments explained above. c. As held by the Hon'ble Commission, Yadadri Thermal Power Station fixed charges will be adjusted in future Additional Surcharge determinations once its capital cost and tariff are determined.
8	While the TG Discoms have relied on the note titled POWER PURCHASE COST in the respective accounts, it is not discernible whether these costs have actually been paid by the TG Discoms. For instance, the note titled TRADE PAYABLES in the accounts for	a. The "fixed charges paid" have always been taken on the basis of the audited accounts for the period, as in TGERC Orders dated 27.09.2025 in O.P. Nos. 38 & 39 of 2025 (para 3.6.1) and dated

#	Queries	Replies
	Q4 of FY 2025-26 shows that payables to Power Purchase Creditors increased by Rs. 2,940 Crore (Rs. 31,665 Crore from 28,725 Crore). The Petitioner should explain this significant increase in detail. If power-purchase costs have merely been booked in the accounts and have not actually been paid, they should be considered when discharged. Undischarged power-purchase liabilities should not be loaded onto consumers.	10.03.2026 in O.P. Nos. 65 & 66 of 2025 (paras 3.4.20 and 3.6.15). b. The power purchase cost reflected in the audited financial statements is recognised in accordance with the applicable accounting principles and is supported by the relevant power purchase invoices, bills raised by generating companies and other power suppliers, and the corresponding accounting records. Further, there is a fundamental distinction between recognition of the cost of electricity procured and the timing of settlement of the corresponding liability. The fact that an invoice remains outstanding as on the reporting date does not render the underlying power purchase cost unreal, inadmissible or unrelated to the supply of electricity to consumers.
9	Allowing recovery of interest on pension bonds from consumers effectively penalises them for historical failures of the erstwhile APSEB and the Government. Further, the tripartite agreement envisages that the Government should assume these pension liabilities. A similar issue has arisen in Karnataka. It is submitted that the Ld. KERC did not allow these liabilities to be passed through to retail consumers, despite the State Government's attempt to amend the transfer scheme by Government Order. According to publicly available information, the above finding of the Ld. KERC has not been stayed by any court. In view of this, the Objector submits that Additional Pension Liabilities should not be allowed as a pass-through in fixed costs. It is also worth noting that Additional Pension Liabilities do not form part of the Annual Fixed Cost approved by the Hon'ble Commission under the Telangana State Electricity Regulatory	a. The same objection was raised for H1 of FY 2026-27. The additional pension liabilities which are to be borne by the TGGENCO as per the first transfer scheme" form part of the fixed cost of TGGENCO stations. b. These are statutory and unavoidable liabilities billed by TGGENCO under the power purchase agreements, which TGDISCOMs are bound to pay; hence a fixed cost arising out of the obligation to supply. c. The Order dated 12.05.2023 of the Karnataka Electricity Regulatory Commission turned on Rule 4(13)(1) of the Karnataka transfer Rules, 2002, which expressly placed the liability on the State Government. There is no such rule in Telangana; here the first transfer scheme placed it on the successor utilities.

#	Queries	Replies
	Commission (Multi Year Tariff) Regulation, 2023 (Tariff Regulations). Such expenses are allowed to be recovered in full without being linked to the operational performance of TGGENCO. Therefore, the Additional Pension Liabilities claimed by the Petitioner as part of fixed costs do not necessarily qualify as fixed costs of the distribution licensee arising from its obligation to supply under the Act.	d. The Objector's own "admissible" figure of Rs. 7,487.85 crore includes Rs. 744.73 crore of interest on pension bonds and Rs. 16.82 crore of water charges.
10	In previous proceedings, the Petitioner claimed water charges as part of fixed charges. The Objector submits that such charges do not fall within the scope of Annual Fixed Charges admissible under the applicable Tariff Regulations and should not be included in fixed costs solely on the basis of their accounting classification. Since water charges are incurred to meet the operational requirements of the generating station and are contingent upon its operation, they should be examined separately from fixed charges. In the absence of specific details regarding water charges in the Petitioner's claim and pending submission of a detailed break-up of the claimed fixed charges, the Objector apprehends that such charges may have been included under the fixed-cost component of power-purchase costs in accordance with prevailing accounting practices. The admissibility of such charges should not be determined solely on the basis of their accounting classification as fixed costs.	a. Water charges are paid by TGGENCO hydel stations to the Irrigation Department for drawing water from reservoirs owned and maintained by it. The Hon'ble Commission held that they "form part of the fixed cost of the TGGENCO stations even though they are shown separately" (para 3.4.20 of TGERC Order dated 10.03.2026 in O.P. Nos. 65 & 66 of 2025). b. Regulation 36(6) of the Central Electricity Regulatory Commission Tariff Regulations, 2024 allows water charges within operation and maintenance expenses, which are a component of the annual fixed (capacity) charge. The amount for H2 FY 2025-26 is Rs. 16.82 crore.
11	Additionally, the Petitioner has not provided a detailed break-up of fixed costs that are one-time in nature or fall outside the scope of Annual Fixed Charges, such as Late Payment Surcharge or otherwise. The Hon'ble Commission is therefore requested to exclude such exceptional expenses while approving fixed costs for the purposes of AS determination.	a. The fixed charges consist of the capacity charges billed under the power purchase agreements, interest on pension bonds and hydel water charges. Late payment surcharge and other one-time items are not claimed.
12	Based on the above discussion, the Objector submits that the lower of the costs indicated in the data sheet and accounts, less the applicable deductions proposed above, should be considered for determining admissible Power Purchase Costs (Fixed Costs). As per	a. The objection is denied. The Objector's assessment combines a stranded capacity of 108.55 MW that is contrary to the methodology and cannot be reproduced from the data, with

#	Queries	Replies
	the Objector's submissions, admissible fixed costs should not exceed Rs. 7,487 Crore. The Objector respectfully submits that there is no case for levying AS on Open Access consumers in the State, as the net stranded-capacity charges are negative.	provisional costs superseded by the audited accounts. The negative figure is only the result of these two substitutions. b. The petition computes every parameter strictly as per TGERC Order dated 18.09.2020 in O.P. No. 23 of 2020 on audited data: net stranded charges of Rs. 77.95 crore and Additional Surcharge of Rs. 0.83/kWh on Open Access sales of 936.26 million units. c. TGDISCOMs request the Hon'ble Commission to reject the objections and determine the Additional Surcharge for H2 of FY 2026-27 at Rs. 0.83/kWh as claimed.

2.Responses to AGI Greenpac Limited

#	Queries	Replies
1	At the outset, FTCCI submits that, given rising electricity costs and the ESG expectations on industry, Open Access should be facilitated. Industrial consumers have a flatter and largely fixed load curve, which improves capacity utilisation and lowers the cost of service for the utilities, and they cross-subsidise other consumers. All consumers availing Open Access through a captive generating plant are exempt from surcharge under Section 42(2) of the Act. A levy of Additional Surcharge further deters industrial consumers from availing Open Access.	a. TGDISCOMs facilitate Open Access. Average Open Access scheduled capacity rose from 219.57 MW (Apr–Sep'25) to 451.28 MW (Oct'25–Mar'26), and chargeable Open Access sales from 451.21 million units to 936.26 million units. b. Captive consumption, to the extent of Open Access from the consumer's own captive generating plant, is already not charged Additional Surcharge, as per TGERC Order dated 18.09.2020 in O.P. No. 23 of 2020. c. Additional Surcharge under Section 42(4) of the Electricity Act, 2003 is compensatory, not a deterrent. It recovers the fixed cost of power purchase commitments left stranded by Open Access, which would otherwise be borne by the consumers who remain with the TGDISCOMs. d. Load profile and cross-subsidy are matters of retail tariff and cross subsidy surcharge, outside the scope of Additional Surcharge determination.
2	Trend of AS (Rs./kWh), as per the Commission's own record in the H1 FY 2026-27 Order, is as under: a. FY22 H1 0.52; FY22 H2 0.96; FY23 H1 1.15; FY23 H2 1.38; FY24 H1 0.39; FY24 H2 0.39; FY25 H1 1.40; FY25 H2 1.09; FY26 H1 1.45; FY26 H2 NIL; FY27 H1 0.13; FY27 H2 Claimed 0.83 It is evident that in successive filings the TGDISCOMs have claimed values that the Hon'ble Commission has had to reduce materially (H1 FY27: Rs. 0.59 claimed against Rs. 0.13 determined;	a. Additional Surcharge depends on the stranded capacity, fixed charges and Open Access sales of each six months and is not a numerical trend (para 3.12.8 of TGERC Order dated 10.03.2026 in O.P. Nos. 65 & 66 of 2025). b. The reductions in H1 FY 2026-27 arose from adopting the audited accounts and the corrected distribution share of demand charges (25.77%). Both are already adopted in the present petition. c. The present claim is higher because the inputs are

#	Queries	Replies
	H2 FY26: determined as NIL). The present claim of Rs. 0.83/kWh, more than six times the value determined for the immediately preceding period on similar parameters, requires rigorous verification. The onus of establishing the claim rests with the TGDISCOMs.	higher, not because the method differs: - stranded capacity 282.56 MW against 161.61 MW approved for H1 FY 2026-27; - fixed charges per MW Rs. 0.738 crore against Rs. 0.595 crore, with Yadadri Thermal Power Station's fixed charges for the full six months; - hence net stranded charges recoverable of Rs. 77.95 crore against Rs. 6.04 crore. d. Every input is supported by the block-wise data and the quarterly audited accounts filed with the petition.
3	Clause 8.5.4 of the Tariff Policy, 2016 permits AS only if it is conclusively demonstrated that the obligation of the licensee to supply, in terms of the existing power purchase commitments, has been continuously stranded, or there is an unavoidable obligation and incidence to bear fixed costs consequent to such a contract. The nexus between the OA and the stranded capacity has to be demonstrated in terms of quantum, date and time. The petitions do not demonstrate this nexus for the large part of the “OA scheduled capacity” they rely on (see Comment 1 below).	a. The same submission was made for H1 of FY 2026-27. The Hon'ble Commission held that "there appears to be continuous stranded capacity which qualifies for imposing Additional Surcharge" (para 3.3.29 of TGERC Order dated 10.03.2026 in O.P. Nos. 65 & 66 of 2025). b. The nexus in quantum, date and time is demonstrated block by block. In each of the 17,472 fifteen-minute blocks of Oct'25–Mar'26, stranded capacity is the lower of the surplus (after netting short-term purchases in the same block) and the Open Access schedule of that block. It can never exceed the capacity actually scheduled by Open Access consumers in that block.
4	The Electricity (Amendment) Rules, 2024 (10.01.2024) provide that the AS shall not be more than the per unit fixed cost of power purchase of the distribution licensee; shall be linearly reduced so as to be eliminated within four years for a person availing OA; shall not be applicable for OA consumers to the extent of the contract demand maintained with the distribution licensee; and shall be applicable only for OA consumers who are or have been consumers of the distribution licensee. The legislative intent is a continuous	a. The Rules cap Additional Surcharge at the per-unit fixed cost of power purchase. The fixed charges of Rs. 8,436.14 crore over 44,570.89 million units work out to about Rs. 1.89/kWh; the Additional Surcharge claimed (Rs. 0.83/kWh) is well within the cap. b. The exemption to the extent of contract demand is already given effect: demand charges recovered

#	Queries	Replies
	reducing trajectory leading to elimination of AS. The Hon'ble Commission determined NIL for H2 FY26 and Rs. 0.13/kWh for H1 FY27; a claim of Rs. 0.83/kWh runs counter to that trajectory. The petitions do not state how the proviso on contract demand and the four-year linear reduction have been given effect to.	from Open Access consumers (Rs. 227.27 crore) are set off before arriving at the net stranded charges recoverable. c. Additional Surcharge depends on the stranded capacity, fixed charges and Open Access sales of each six months and is not a numerical trend (para 3.12.8 of TGERC Order dated 10.03.2026 in O.P. Nos. 65 & 66 of 2025). It was NIL for H2 FY 2025-26 because the demand-charge adjustment exceeded the stranded fixed charges, and Rs. 0.13/kWh for H1 FY 2026-27 because the net stranded charges were only Rs. 6.04 crore. d. Open Access has grown sharply: average Open Access scheduled capacity rose from 219.57 MW (Apr-Sep'25) to 451.28 MW (Oct'25-Mar'26) and chargeable Open Access sales from 451.21 million units to 936.26 million units. Fixing Additional Surcharge at NIL would shift the stranded fixed cost onto the consumers who remain with the TGDISCOMs.
5	Rule 13 of the Electricity Rules, 2005 (as amended in 2022) caps the surcharge under Section 42(2) at 20% of the average cost of supply; and the Hon'ble Commission in its Order dated 22.03.2022 (H1 FY23) itself recognised that an AS significantly higher than the prevailing level could hinder the promotion of competition that the Act advocates, and moderated it. The same balancing is warranted.	a. The cap of 20% of the average cost of supply applies to the cross subsidy surcharge under Section 42(2). Additional Surcharge is levied under Section 42(4); its ceiling under the Electricity (Amendment) Rules, 2024 is the per-unit fixed cost of power purchase (about Rs. 1.89/kWh), and the claim is within it. b. The Hon'ble Commission determines Additional Surcharge for each half-year on the facts of that period, as per TGERC Order dated 18.09.2020 in O.P. No. 23 of 2020. TGDISCOMs have computed it strictly in that manner.
6	A consumer with a contract demand of 2,500 kVA at 60% load factor cannot, after paying minimum demand charges, CSS and an	a. Whether Open Access is cheaper for a consumer depends mainly on market prices, which are

#	Queries	Replies
	AS of this order, source power through OA at an advantage; the claim therefore makes Open Access an illusion, contrary to Sections 42, 61(c), (g) and (i) of the Act and the National Electricity Policy.	outside the scope of this determination. b. Section 42(4) of the Electricity Act, 2003 provides for Additional Surcharge precisely so that the fixed cost of capacity stranded by Open Access is not shifted onto other consumers. The demand charges the consumer pays on its contract demand are already credited to Open Access consumers in the computation. c. Open Access continues to grow under the present framework: chargeable Open Access sales rose from 451.21 million units (Apr–Sep'25) to 936.26 million units (Oct'25–Mar'26).
7	FTCCI has examined both petitions (TGSPDCL and TGNPDCL), the combined model of the Discoms (“Additional Surcharge model_H2 FY27-FINAL”), the monthly 15-minute block files, the Annexure-C OA sales and service-wise demand charge data, the Captive and Third Party schedule data, the station-wise fixed/variable charges file (TGPPCC, provisional, 30.04.2026), the HT consumer data supplied for TGNPDCL, and the audited quarterly financials (Note 23 of TGSPDCL and Note 25 of TGNPDCL). ... FTCCI finds that the arithmetic of the Discoms’ formula reproduces (Rs. 0.833/kWh); the defects lie in what has been counted in the inputs, and in data that has not been disclosed. Both petitions are identical in content and are filed on a combined basis; neither Discom has furnished a separate computation, separate stranded capacity or separate {K}, {M} and {P} for its own area, although the Hon’ble Commission’s directive (d) and the Rules referred to above are Discom-specific.	a. TGSPDCL and TGNPDCL have filed separate petitions (O.P. Nos. 28 & 29 of 2026). b. Power is purchased for both Discoms by TGPCC from a common pool of long-term power purchase agreements. The availability, the schedules and hence the stranded capacity are therefore State-level. The Hon'ble Commission has determined a single Additional Surcharge for both Discoms on the combined data in every Order, including para 3.12.10 of TGERC Order dated 10.03.2026 in O.P. Nos. 65 & 66 of 2025. c. The Discom-wise data (Open Access energy and demand charges, and fixed and transmission charges in Note 23 of TGSPDCL and Note 25 of TGNPDCL) is part of the filing; the Objector has itself used it Discom by Discom.
8	The TGDISCOMs have claimed a stranded capacity of 282.56 MW on a long-term availability of 11,424.82 MW. FTCCI has rebuilt the figure from the 15-minute block data of all six months (17,472 blocks, with no intermediate averaging) and the Discoms’ stranded capacity reproduces exactly. The fault lies in the inputs:	a. The TGERC Order dated 18.09.2020 in O.P. No. 23 of 2020 requires stranded capacity to be computed on the total Open Access schedule. The Hon'ble Commission has held, at para 3.4.13 of TGERC Order dated 29.04.2025 in O.P. Nos. 28 &

#	Queries	Replies
	(a) Captive schedules have been counted as “OA scheduled capacity”. The OA scheduled capacity of 451.28 MW comprises IEX/exchange 204.95 MW, intra-state captive 201.97 MW, intra-state third party 11.71 MW and bilaterals 32.64 MW. The captive component (TGSPDCL 101.8 MW and TGNPDCL 100.2 MW, as per the Discoms’ own Captive-SP and Captive-NP schedules) is 44% of the claimed stranded capacity. Under the AS Order (T&C iii) AS is not leviable on captive consumption to the extent of OA from own CPPs, and the Discoms themselves exclude captive sales from {P}. Capacity that is not chargeable cannot be counted as stranded capacity and then recovered from the other OA consumers. The Hon’ble Commission’s principle in the H1 FY27 Order, that captive OA sales are excluded, applies equally to the capacity side. With captive removed, the stranded capacity is 158.04 MW, not 282.56 MW. a. Stranded capacity as filed (MW): Oct-25 395.38, Nov-25 438.82, Dec-25 322.66, Jan-26 275.81, Feb-26 219.60, Mar-26 42.04; Average 282.56 b. Stranded capacity, captive excluded (Verification Sheet) (MW): 208.58, 234.45, 176.79, 163.28, 138.99, 26.80; Average 158.04	29 of 2024, that "the methodology standardized by this Commission for calculation of stranded capacity does not permit for exclusion of the electricity on account of captive consumption and also Green Energy Open Access consumers" and rejected the request. TGDISCOMs are bound to file as per the methodology in force. b. The captive exemption is an exemption from payment, not a finding that capacity is not stranded. TGDISCOMs remain liable for the full fixed charges of the power purchase agreements, whoever's migration leaves the capacity idle. c. The treatment is symmetric. The energy drawn from the Discoms and the demand charges paid by captive users are included in the energy consumed and demand charges recovered from Open Access consumers (for TGSPDCL, its 16 in-house captive consumers drew 219.72 million units in Oct'25–Mar'26). Those demand charges are credited against the stranded cost and reduce the Additional Surcharge payable by the other Open Access consumers. d. Additional Surcharge receipts are deducted from the Aggregate Revenue Requirement (Reg. 86.1(n) of Regulation No. 2 of 2023). Excluding the captive-related cost would load it on the retail tariff of all other consumers through true-up.
9	(b) Availability and schedule are on different footings. Availability {A} has been taken from the day-ahead declared capacity, whereas the schedule has been built from the revised declared capacity less backdown. The reductions between the day-ahead and the revised declared capacity (average 122 MW for thermal stations in this period) are thereby treated as available surplus, and increase the stranded capacity. The availability should be on the same basis as	a. The available capacity is the capacity declared by the generating stations under the power purchase agreements, and the scheduled capacity includes the revised delivery schedule, sale of power and backdown capacity. The Hon'ble Commission examined this very basis at para 3.3.30 of TGERC Order dated 10.03.2026 in O.P. Nos. 65 & 66 of

#	Queries	Replies
	the schedule. The Verification Sheet has retained {A} as filed (11,424.82 MW), so that this item remains in the Discoms' favour, and the Discoms should explain the basis adopted.	2025 and approved the stranded capacity as claimed (para 3.3.31). b. The Objector has retained the long-term available capacity as filed (11,424.82 MW); the point does not change its own computation.
10	(c) Sale of power. An average of 281 MW of sale of power has been netted off the scheduled capacity, which enlarges the surplus. The H1 FY27 Order records that the scheduled capacity includes the revised delivery schedule, sale of power and backdown capacity. The Discoms must explain how netting sale of power from the schedule is consistent with that finding. FTCCI has not adjusted for this item in its computation and requests that the Discoms furnish the block-wise sale of power, stationwise, and the corresponding treatment. (d) Where the schedule exceeds availability (URS power), the surplus is to be taken as nil; the Discoms should confirm that this has been done block-wise.	a. Power sold in the market is long-term capacity not required by the consumers of the TGDISCOMs, sold during surplus blocks to reduce the cost of that surplus. The realisation is passed on to all consumers through the Aggregate Revenue Requirement. The schedule for the Discoms' own consumers is therefore net of the sale. b. This is the treatment the Hon'ble Commission reviewed at para 3.3.30 of TGERC Order dated 10.03.2026 in O.P. Nos. 65 & 66 of 2025 ("scheduled capacity includes revised delivery schedule, sale of power, backdown capacity") before approving the stranded capacity. c. The block-wise sale of power is part of the block-wise data filed, as the Objector notes. d. Confirmed: where the schedule exceeds the availability because un-requisitioned surplus power is allotted, the surplus is taken as nil in that block, as recorded at para 3.3.30 of TGERC Order dated 10.03.2026 in O.P. Nos. 65 & 66 of 2025.
11	(e) The OA scheduled capacity has increased from 93.75 MW in the H1 FY26 petition to 451.28 MW in this petition, and the OA sales used for {P} (936.26 MU) have also risen steeply over H1 FY27 (451.21 MU). The Discoms have not given the consumer-wise or category-wise schedules to explain this increase, or to establish the nexus required by Clause 8.5.4 of the Tariff Policy.	a. The Open Access schedules are the block-wise schedules for each category (exchange, bilateral, intra-State captive and third party). b. The increase reflects the growth of Open Access itself: average Open Access scheduled capacity rose from 219.57 MW (Apr–Sep'25) to 451.28 MW (Oct'25–Mar'26), and chargeable Open Access sales from 451.21 million units to 936.26 million units.

#	Queries	Replies
		c. The nexus is established block by block: in each of the 17,472 blocks, stranded capacity is the lower of the surplus and the Open Access schedule of that block, so it can never exceed the capacity actually scheduled by Open Access consumers.
12	The fixed charges of Rs. 8,436.14 Cr tie to the quarterly financial statements (Notes 23 and 25; CA-stamped, and not stated to be audited) (TGSPDCL Note 23: Rs. 2,897.37 Cr and Rs. 2,695.80 Cr; TGNPDCL Note 25: Rs. 1,202.19 Cr and Rs. 1,640.78 Cr). The Hon'ble Commission benchmarks the audited accounts, and FTCCI has not recomputed {C}. However: - The station-wise fixed charges for October 2025 to March 2026 in the TGPPCC file (CGS Rs. 1,723.38 Cr, SEIL Rs. 146.08 Cr, TGGENCO Rs. 4,942.01 Cr, Singareni Rs. 676.39 Cr, total Rs. 7,487.86 Cr) are lower than the accounts by Rs. 948.28 Cr (12.7%). Directive (d) requires reconciliation with the audited accounts. No reconciliation has been furnished. - The fixed charge per MW rises to Rs. 0.738 Cr/MW against Rs. 0.595 Cr/MW approved for H1 FY27 (a 24% increase), and no justification of the variation in fixed cost has been provided, contrary to Directive (e). FTCCI requests that the variation be explained, station by station. - FTCCI requests the Hon'ble Commission to conduct a prudence check of the fixed charges to ensure that no cost relating to stations that are not part of the long-term PPA availability {A} is loaded to {C}.	- The fixed charges are taken as per the Quarterly Audited Accounts Reports for Q3 and Q4 of FY 2025-26, as stated in the revised petition and as directed by the Hon'ble Commission (Directive (d) of TGERC Order dated 15.03.2024 in O.P. Nos. 39 & 40 of 2023) and as consistently done in TGERC Order dated 27.09.2025 in O.P. Nos. 38 & 39 of 2025 (para 3.6.1) and TGERC Order dated 10.03.2026 in O.P. Nos. 65 & 66 of 2025 (paras 3.4.20 and 3.6.15). - The TGPPCC station-wise statement is provisional and was prepared before the audit of the fourth quarter. Reconciliation for FY 2025-26 (Rs. crore): - provisional: H1 6,737.13 + H2 7,487.85 = 14,224.98; - audited accounts: H1 6,453.73 + H2 8,436.14 = 14,889.87. - The H2 difference of Rs. 948.29 crore is Rs. 283.40 crore placed in H1 in the provisional statement but booked in H2 in the audited accounts (already excluded from the H1 Additional Surcharge), plus Rs. 664.89 crore increase on audit, as stated in the petition. - The fixed charges per MW rise because of the change in portfolio. The Yadadri Thermal Power Stations achieved commercial operation on 25.01.2025 and 12.07.2025 (para 3.4.20 of TGERC Order dated 10.03.2026 in O.P. Nos. 65 &

#	Queries	Replies
		66 of 2025); H2 of FY 2025-26 is the first half with fixed charges of both stations for all six months. e. Even in the provisional statement, Yadadri Thermal Power Station fixed charges rose from Rs. 717.20 crore (H1) to Rs. 1,254.39 crore (H2) and Kothagudem Thermal Power Station Stage VII from Rs. 538.88 crore to Rs. 667.25 crore. The balance is the H1/H2 timing difference and the increase on audit. f. The fixed charges are those of the same long-term stations whose availability makes up the long-term available capacity (TGGENCO thermal and hydel, central generating stations, Singareni and Sembcorp). Non-conventional energy is purchased at a single-part tariff and carries no fixed charge.
13	Transmission charges of Rs. 2,177.74 Cr tie to the accounts (TGSPDCL Rs. 821.30 Cr and Rs. 712.41 Cr; TGNPDCL Rs. 141.66 Cr, Rs. 141.65 Cr, CTU Rs. 202.49 Cr and Rs. 158.23 Cr), but exceed the station-wise transmission bills of Rs. 1,917.25 Cr (PGCIL POC, non-POC, POSOCO/SRLDC, TGTRANSCO transmission and SLDC) by Rs. 260.49 Cr, with no reconciliation. The transmission charge per unit is Rs. 0.489/kWh against Rs. 0.460/kWh approved for H1 FY27. The source of {G} = 44,570.89 MU (“actual energy scheduled”) has not been furnished; it should be tied to the energy purchased in the accounts. In addition, the distribution charge {I} has been derived from a hard-coded HT-network distribution cost of Rs. 1,159.54 Cr whose source is not stated, and the model adds “revenue from open access” (Rs. 1.19 Cr and Rs. 3.19 Cr) to the ARR whereas the Commission’s method deducts non-tariff income. The resulting Rs. 0.1301/kWh is lower than the Rs. 0.1382/kWh adopted by the Commission for H1 FY27. FTCCI requests that the Commission adopt the HT distribution charge as per the approved MYT/ARR	a. Transmission charges are taken as per the same audited accounts. Provisional H1 2,098.39 + H2 1,917.25 = 4,015.64; audited accounts H1 1,928.63 + H2 2,177.74 = 4,106.37 (Rs. crore). The H2 difference of Rs. 260.49 crore is Rs. 169.76 crore plus Rs. 90.73 crore on audit. The higher per-unit charge (Rs. 0.489/kWh) follows from it. b. The actual energy scheduled for H2 of FY 2025-26 is the total energy purchased, net of the sale of power, as submitted in the petition (45,798.66 million units purchased as per the TGPCC power purchase statement for Oct'25–Mar'26; 1,227.79 million units sold as per the block-wise sale of power filed). It ties to the energy purchased. c. Half of the distribution cost (Rs. 3,813.60 crore) is exactly the figure adopted by the Hon'ble Commission at para 3.7.2 of TGERC Order dated

#	Queries	Replies
	order and direct the Discoms to give the derivation.	10.03.2026 in O.P. Nos. 65 & 66 of 2025. It is half of the net Aggregate Revenue Requirement of the two Discoms (Rs. 4,862.54 crore and Rs. 2,760.27 crore, TGERC Order dated 29.04.2025 on Revised Aggregate Revenue Requirement and Wheeling Tariffs for FY 2025-26 in O.P. Nos. 1 & 3 of 2025 and 31 of 2024 (TGSPDCL) and O.P. Nos. 2 & 4 of 2025 and 32 of 2024 (TGNPDCL)) plus their Open Access revenue (Rs. 1.19 crore and Rs. 3.19 crore). d. The Open Access revenue is added back because it was deducted to arrive at the net Aggregate Revenue Requirement. The network serves both retail and Open Access users, so the cost of the network is the net requirement plus the part recovered from Open Access. e. The high tension (11 kV and 33 kV) distribution cost is the cost approved by the Hon'ble Commission in the same Order, as adopted at para 3.7.2 of TGERC Order dated 10.03.2026 in O.P. Nos. 65 & 66 of 2025; it is not an unsourced figure. f. The distribution charge per unit is lower than in H1 (Rs. 0.1301 against Rs. 0.1382/kWh) only because the same half-year cost is spread over more energy scheduled (44,570.89 against 41,965.33 million units).
14	{K} (1,560.99 MU) and the demand charges (Rs. 290.83 Cr before the LT-network adjustment; Rs. 227.27 Cr after it, using the same percentages as the Commission corrected in the H1 FY27 Order, i.e. 25.77% and 84.79%) are built up from the two Discoms' own data as follows: a. TGSPDCL's figures include an addition of 219.72 MU and Rs. 31.03 Cr (14.1% of {K}) taken from a workbook that is	a. The 219.72 million units added for TGSPDCL is the energy drawn from TGSPDCL during Oct'25–Mar'26 by its 16 in-house captive consumers, with their demand charges. It is taken from TGSPDCL's billing data of in-house captive services. It is not an unsupported figure. b. Including these consumers credits their demand

#	Queries	Replies
	not part of the filing. These figures cannot be verified and must be supported by consumer-wise data. b. TGNPDCL's HT data lists 20 consumers, of which four (BKM001, BKM013, PDL002, PDL250 – all on the Discom's in-house captive consumers list) show no OA units in any of the six months. The petition does not explain on what basis their consumption and demand charges form part of OA consumers' {K} and {M}. The list also shows ITC (BKM011), appearing both as an OA consumer and as an in-house captive consumer, with 10.60 MU of inter-state OA, and the nature of this OA (captive or third-party) is not stated. Penal demand charges (Rs. 2.13 Cr for TGNPDCL; Rs. 0.77 Cr for TGSPDCL) are included in {M}; the Discoms should confirm that penal charges are treated consistently. c. The same consumers must feed {K}, {M} and {P}. {K} and {M} include consumers with intra-state OA (captive and third-party), while {P} (936.26 MU) contains only inter-state/IEX third-party sales and omits the 71.43 MU of intra-state third-party sales shown in Annexure C. d. The service-wise data for March 2026 has only 38 consumer rows against 87–98 rows in every other month, and shows nil intra-state units for March whereas Annexure C reports 25.40 MU of intra-state OA for the same month. The Discoms should confirm that the March data is complete.	charges to Open Access consumers and reduces the Additional Surcharge; the Objector itself notes that excluding them raises it. c. The energy and demand charges cover all consumers availing Open Access, including captive users. The stranded capacity is computed on the total Open Access schedule, so the cost side and the credit side cover the same consumers. Open Access sales cover only the chargeable sales (para 3.11.1 of TGERC Order dated 10.03.2026 in O.P. Nos. 65 & 66 of 2025). d. Penal demand charges are demand charges recovered from Open Access consumers and are included for both Discoms alike, as the Objector's own figures show. Their inclusion reduces the Additional Surcharge. e. The energy consumed and demand charges are taken from each Discom's billing data for the consumers availing Open Access in the period. Including any consumer adds to the demand charges credited to Open Access consumers and lowers the Additional Surcharge; the Objector itself notes that removing the four TGNPDCL consumers is against its interest.
15	The Discoms have taken {P} as 936.26 MU, being only the IEX/inter-state third-party OA units. Annexure-C itself shows OA sales excluding captive as 1,007.69 MU (936.26 MU IEX/inter-state and 71.43 MU intra-state third-party). The Hon'ble Commission excludes only captive and green energy OA from {P}. Since the AS is recovered on the units of all AS-liable OA, the denominator is understated by 71.43 MU (7.1%). Further, the OA units in the billing data (TGSPDCL 657.20 MU OA_KVAH plus 279.06 MU third-party and 102.97 MU intra-state; TGNPDCL 112.33 MU	a. Open Access sales are the chargeable Open Access sales, i.e. excluding captive and Green Energy Open Access. This is the basis claimed and accepted for H1 at paras 3.11.1 and 3.11.2 of TGERC Order dated 10.03.2026 in O.P. Nos. 65 & 66 of 2025. b. The petition considers Open Access sales of 936.26 million units "other than captive transactions and Green Energy Open Access sales"

#	Queries	Replies
	OA_KVAH) do not reconcile with the Annexure C totals (1,064.61 MU), and the same column definitions are not used in the two Discoms' files (OA_KVAH includes intra-state units in the TGNPDCL file but not in the TGSPDCL file). The Discoms must reconcile billed OA units with scheduled OA units and with {P}.	for Oct'25–Mar'26. The balance of the intra-State third-party units in the annexure is excluded on that basis, as Green Energy Open Access sales, which are not chargeable. c. Billed units are kVAh recorded at the consumer's meter and include drawal from the Discom, while Open Access sales are the scheduled energy. The two are not expected to match.
16	Only the inputs that depart from the Commission's methodology or from the data supplied have been changed: (i) the captive schedule is removed from the stranded capacity ({B}: 282.56 MW to 158.04 MW), since AS is not levied on captive consumption to the extent of OA from own CPPs; (ii) {P} includes the 71.43 MU of intra-state third-party OA sales shown in Annexure C; (iii) {K} and {M} are restricted to consumers who actually availed OA, by removing the four TGNPDCL consumers with nil OA, using TGNPDCL's own data (TGSPDCL data is not used for TGNPDCL); and (iv) the TGSPDCL addition of 219.72 MU and Rs. 31.03 Cr, for which no data is supplied, is excluded. ... The result is that {O} is only Rs. 4.75 Cr and the AS is Rs. 0.047/kWh, against Rs. 0.83/kWh claimed, and below the Rs. 0.13/kWh determined for H1 FY27. If the Discoms substantiate the TGSPDCL addition of 219.72 MU / Rs. 31.03 Cr with consumer-wise data, {O} turns negative and no AS is leviable. ... Of the Rs. 208.64 Cr that the Discoms attribute to stranded capacity ({E}), Rs. 91.94 Cr (124.5 MW at Rs. 0.738 Cr/MW) relates to captive schedules. That is more than the whole net claim of Rs. 77.95 Cr ({O}). In effect the claim recovers from third-party OA consumers the fixed cost of capacity scheduled for exempt captive users. The break-even is also clear on the Verification Sheet: demand charges net of T&D charges recovered from OA consumers ({N}) are Rs. 111.95 Cr, and at the fixed charge per MW of Rs. 0.738 Cr	a. Denied. The Objector accepts the arithmetic and the block-wise stranded capacity. Its lower figure comes only from changing inputs against the methodology: - removing captive schedules from stranded capacity, which the methodology does not permit (para 3.4.13 of TGERC Order dated 29.04.2025 in O.P. Nos. 28 & 29 of 2024); - adding 71.43 million units to Open Access sales, although the petition excludes them as Green Energy Open Access sales, which are not chargeable; - removing the 219.72 million units of TGSPDCL's 16 in-house captive consumers, which are taken from TGSPDCL's billing data of in-house captive services. b. The Objector's own note shows the inconsistency. It removes captive capacity from the stranded capacity but, if the TGSPDCL captive consumers are restored, keeps their demand charges as a credit. Removing the cost of captive capacity while crediting the captive users' demand charges is what turns the net stranded charges negative. c. The comparison of 151.6 MW covered by demand charges with 282.56 MW only shows that the

#	Queries	Replies
	this covers 151.6 MW of stranded capacity. The claimed 282.56 MW exceeds it by about 131 MW, whereas the captive schedule counted in it is 124.5 MW.	stranded capacity exceeds what the demand charges already recover. That is the reason Additional Surcharge is leviable. d. The petition computes every parameter strictly as per TGERC Order dated 18.09.2020 in O.P. No. 23 of 2020: net stranded charges of Rs. 77.95 crore and Additional Surcharge of Rs. 0.83/kWh on Open Access sales of 936.26 million units.
17	For an individual HT consumer, take 2,400 kVA recorded demand at 60% load factor (the example used in FTCCI's earlier submissions) and, assuming 0.90 power factor, consumption of about 9.46 lakh kWh a month. At Rs. 0.83/kWh the AS is about Rs. 7.9 lakh per month (about Rs. 47 lakh per half-year), against about Rs. 1.2 lakh at Rs. 0.13/kWh and about Rs. 0.45 lakh at the Rs. 0.047/kWh arrived at in the Verification Sheet. This is over and above the cross-subsidy surcharge and the demand charges the consumer continues to pay on its contract demand. The data also shows how industry responds to AS. In the six months of NIL AS, OA sales (excluding captive) were 1,007.69 MU, against 451.21 MU in the half-year approved at Rs. 0.13/kWh (H1 FY27). A levy of Rs. 0.83/kWh, resting on exempt captive capacity, would reverse this and drive consumers back to the Discoms' supply. The Rules' intent of a reducing trajectory leading to elimination of AS would be defeated.	a. Additional Surcharge recovers only the fixed cost of capacity actually stranded by Open Access. If it is not recovered from Open Access consumers, it falls through the Aggregate Revenue Requirement on all other consumers, including domestic and agricultural consumers (Reg. 86.1(n) of Regulation No. 2 of 2023). b. The rise in Open Access sales the Objector cites (451.21 to 1,007.69 million units) shows that Open Access is growing and leaving more contracted capacity idle. That is exactly the cost the levy compensates. c. The illustration for an individual consumer uses the Objector's assumed Rs. 0.047/kWh, which rests on removing captive capacity from the stranded capacity, contrary to para 3.4.13 of TGERC Order dated 29.04.2025 in O.P. Nos. 28 & 29 of 2024.
18	Compliance with the Commission's directives: (a) Net short-term purchases block-wise: Applied; but sale of power netted (281 MW avg) and availability on a different basis from schedule. (b) Distribution charge for 11/33 kV only: Hard-coded Rs. 1,159.54 Cr; source not given; OA revenue added to ARR. (c) Exclude LT-network recovery from {M}: Applied (25.77% /	(a) Short-term purchases are netted block-wise, as the Objector accepts. The sale of power and the availability on declared capacity are treated as reviewed by the Hon'ble Commission at para 3.3.30 of TGERC Order dated 10.03.2026 in O.P. Nos. 65 & 66 of 2025. (b) Only high tension (11 kV and 33 kV) distribution charges are considered. Half of the distribution cost (Rs.

#	Queries	Replies
	84.79%); consistent with H1 FY27 Order. (d) Reconcile with quarterly audited accounts: Accounts furnished; no reconciliation with station-wise bills; differences of Rs. 948.28 Cr (fixed) and Rs. 260.49 Cr (transmission) unexplained. (e) Indicate and justify variation in fixed cost: Not provided; fixed cost per MW up 24% over H1 FY27 approved; no justification.	3,813.60 crore) is the figure adopted by the Hon'ble Commission at para 3.7.2 of TGERC Order dated 10.03.2026 in O.P. Nos. 65 & 66 of 2025, and the high tension cost is taken from TGERC Order dated 29.04.2025 on Revised Aggregate Revenue Requirement and Wheeling Tariffs for FY 2025-26 in O.P. Nos. 1 & 3 of 2025 and 31 of 2024 (TGSPDCL) and O.P. Nos. 2 & 4 of 2025 and 32 of 2024 (TGSPDCL). (c) The low tension portion of demand charges is excluded at 25.77% and 84.80%, as the Objector accepts. (d) The quarterly audited accounts are furnished and the computation follows them. The difference from the provisional station-wise statement is timing and audit: fixed charges Rs. 948.29 crore = Rs. 283.40 crore timing + Rs. 664.89 crore on audit; transmission charges Rs. 260.49 crore = Rs. 169.76 crore timing + Rs. 90.73 crore on audit. (e) The variation in fixed cost is set out in the revised petition (Rs. 7,771.25 crore to Rs. 8,436.14 crore, an increase of Rs. 664.89 crore on audit). The rise per MW reflects the fixed charges of both Yadadri Thermal Power Stations for all six months after their commercial operation on 25.01.2025 and 12.07.2025.
19	Three inputs have no supporting document at all: {G} (44,570.89 MU, a hard-coded figure that FTCCI could not reproduce – the nearest reconstruction from the block data is 45,216.8 MU), the HT distribution cost and ARR inputs behind {I}, and the SPDCL block added from the external workbook. The financial statements supplied are CA-stamped quarterly statements; the petitions do not state that they are audited, as Directive (d) requires. Where a figure is marked NOT SUPPORTED, FTCCI requests the Hon'ble Commission to direct the Discoms to produce the supporting document before the figure is relied on.	a. The actual energy scheduled is not a hard-coded figure. It is the total energy purchased (45,798.66 million units) net of the sale of power (1,227.79 million units). b. The distribution cost inputs are the net Aggregate Revenue Requirement of the two Discoms in TGERC Order dated 29.04.2025 on Revised Aggregate Revenue Requirement and Wheeling Tariffs for FY 2025-26 in O.P. Nos. 1 & 3 of 2025 and 31 of 2024 (TGSPDCL) and O.P. Nos. 2 & 4

#	Queries	Replies
		of 2025 and 32 of 2024 (TGSPDCL), plus their Open Access revenue. Half of the total is Rs. 3,813.60 crore, the figure adopted by the Hon'ble Commission at para 3.7.2 of TGERC Order dated 10.03.2026 in O.P. Nos. 65 & 66 of 2025. c. The 219.72 million units added for TGSPDCL is the energy drawn by its 16 in-house captive consumers, taken from TGSPDCL's billing data of in-house captive services. d. The financial statements furnished are the Quarterly Audited Accounts Reports for Q3 and Q4 of FY 2025-26, and the revised petition states so. The Hon'ble Commission relied on the same quarterly audited accounts for H1 at para 3.6.15 of TGERC Order dated 10.03.2026 in O.P. Nos. 65 & 66 of 2025.
20	The following required data has not been furnished, or is unclear, and FTCCI requests the Hon'ble Commission to direct the Discoms to place it on record and to allow stakeholders to comment on it before the AS is determined: A. Applicable to both TGSPDCL and TGNPDCL - A separate computation for each Discom ({B}, {K}, {M}, {P} and fixed/transmission charges). - Source and basis of {G} = 44,570.89 MU, and its tie to the energy purchased. - Reconciliation of the fixed charges (Rs. 8,436.14 Cr) and transmission charges (Rs. 2,177.74 Cr) in the financial statements to the station-wise bills (Rs. 7,487.86 Cr and Rs. 1,917.25 Cr), and the station-wise variation in fixed cost (Directive (e)). - Derivation of the HT-network distribution cost (Rs. 1,159.54 Cr) and the reason why OA revenue was added to the ARR. - Station-wise block-wise availability on day-ahead and	- The Objector states that it could verify the arithmetic because the block-wise files were supplied. The block-wise data, the quarterly audited accounts and the annexures have been filed and hosted on the websites. - On the items common to both Discoms: - Separate computation: power is purchased for both Discoms by TGPCC from a common pool of long-term power purchase agreements, so availability, schedules and stranded capacity are State-level. The Discom-wise energy, demand charges and fixed and transmission charges are in the filing. - Actual energy scheduled: the total energy purchased (45,798.66 million units) net of the sale of power (1,227.79 million units). - Fixed and transmission charges: the

#	Queries	Replies
	revised declared capacity, the backdown quantities, and the sale-of-power quantities, and the treatment of each in the schedule. f. Category- and consumer-wise OA schedules (captive / intra-state third-party / IEX / bilateral), and a reconciliation of scheduled OA units to billed OA units and to {P}; Annexure C is not given Discom-wise. g. Treatment of the contract-demand proviso and the four-year linear reduction under the Electricity (Amendment) Rules, 2024, and the list of OA consumers who are not consumers of the concerned Discom. h. Explanation of the increase in OA scheduled capacity from 93.75 MW (H1 FY26 petition) to 451.28 MW, and of the green-energy OA exemption, if any, in {P}. B. TGSPDCL i. The “Export Worksheet” (external workbook) from which 219.72 MU and Rs. 31.03 Cr have been added to {K} and {M}. j. Captive schedule of 101.8 MW (about 445 MU for six months) against the captive OA sales of 56.92 MU in Annexure C (both Discoms together): the consumer-wise captive energy, and why the in-house captive list of 16 consumers contains only two consumers that appear in the service-wise sheet. k. March 2026 service-wise data (38 consumers against 87–98 in other months; intra-state units nil against 25.40 MU in Annexure C). l. The definition of OA_KVAH, TP_KVAH and INTRASTATE_KVAH in the service-wise data. C. TGNPDCL m. Billing and OA data for the nine captive consumers listed (BKM163, BKM169, BKM180, BPL098, KMM1173, KMR053, MCL127, MCL151, MCL166): they are not in	differences from the provisional statement are timing and audit (fixed Rs. 283.40 crore + Rs. 664.89 crore; transmission Rs. 169.76 crore + Rs. 90.73 crore). - High tension distribution cost: from TGERC Order dated 29.04.2025 on Revised Aggregate Revenue Requirement and Wheeling Tariffs for FY 2025-26 in O.P. Nos. 1 & 3 of 2025 and 31 of 2024 (TGSPDCL) and O.P. Nos. 2 & 4 of 2025 and 32 of 2024 (TGNPDCL); the Open Access revenue is added back because it was deducted to arrive at the net Aggregate Revenue Requirement. - Availability, backdown and sale of power: in the block-wise data filed, treated as reviewed at para 3.3.30 of TGERC Order dated 10.03.2026 in O.P. Nos. 65 & 66 of 2025. - Open Access schedules by category are in the block-wise data. The Open Access sales annexure is furnished separately for each Discom; the TGNPDCL sales are all captive. - Contract demand: the demand charges recovered from Open Access consumers (Rs. 227.27 crore) are set off. The four-year reduction applies to each person from the date of grant of that person's Open Access. - Increase in Open Access schedule: average Open Access scheduled capacity rose from 219.57 MW (Apr–Sep'25) to 451.28 MW (Oct'25–Mar'26) with the growth of Open

#	Queries	Replies
	the HT data supplied, although the TGNPDCL captive schedule is 100.2 MW on average (about 438 MU for six months). n. The reason for including four consumers with nil OA (BKM001, BKM013, PDL002, PDL250) in {K} and {M}, and the status of ITC (BKM011) (OA consumer and in-house captive consumer with 10.60 MU of inter-state OA). o. The nature of the 101.73 MU of intra-state OA of 16 consumers, predominantly Singareni collieries, whether drawn from SCCL's own plants (captive/own-use) or from third parties; and the OA settlement sheet which the HT data note says contains the OA kVA, which has not been supplied. p. The OA_KVAH column in the TGNPDCL data includes intra-state and inter-state units, whereas the TGSPDCL data keeps these separate; the Discoms should adopt a common definition.	Access. Green Energy Open Access sales are excluded from the Open Access sales, which are the sales other than captive transactions and Green Energy Open Access sales. c. On the TGSPDCL items: - The 219.72 million units is the energy of TGSPDCL's 16 in-house captive consumers, from its billing data of in-house captive services. - The captive schedule and the captive Open Access sales measure different things. The schedule is the capacity scheduled for captive wheeling in each block, as recorded by the State Load Despatch Centre; the annexure gives the captive Open Access sales. Stranded capacity is computed on the total Open Access schedule, as the methodology requires, and in no block can it exceed that schedule. d. On the TGNPDCL items: - The nine captive service connections listed are in the TGNPDCL HT data supplied, in its list of captive generators. - The intra-State Open Access of Singareni collieries is captive, from its own generation; the TGNPDCL Open Access sales show all intra-State Open Access as captive. - The inter-State Open Access of ITC (BKM011), 10.60 million units, is captive; it is the captive inter-State line of the TGNPDCL Open Access sales. - These items concern the billing data of

#	Queries	Replies
		individual consumers availing Open Access. That data enters the computation only through the energy consumed and demand charges recovered, where each consumer included adds to the credit given to Open Access consumers. It does not affect the stranded capacity, which is computed on the block-wise Open Access schedules.
21	As can be seen currently, there is acute shortage of power across country and all the states as well as consumers are struggling to arrange power for the next 6 months, with prices going much above the ceiling rates of Rs 10/kWh and Rs 20/kWh in DAM & HPDAM markets. It is to further state, that in such a scenario, the stranded capacity of Discoms cannot be attributed to open access consumers alone, rather to shortage of supply in the country. Hence, it can be clearly said, that levying Additional Surcharge at this scenario will further burden all the consumers of the state.	a. Additional Surcharge for H2 of FY 2026-27 is determined on the actual data of Oct'25–Mar'26, as per TGERC Order dated 18.09.2020 in O.P. No. 23 of 2020. Market conditions today do not change the fixed charges paid or the capacity stranded in that period, which is demonstrated block by block.
22	FTCCI most respectfully prays that the Hon'ble Commission: - Direct the TGDISCOMs to furnish the data and clarifications listed in Comment 9 and allow stakeholders an opportunity to comment on it before determining the AS; - Hold that capacity scheduled for captive consumption is not stranded capacity chargeable to OA consumers, and exclude it from the stranded capacity; - Verify the basis of availability (day-ahead versus revised declared capacity) and the treatment of sale of power and backdown in the schedule; - Conduct a prudence check on the fixed and transmission charges and direct the Discoms to reconcile them to the station-wise bills (Directive (d)) and to justify the variation in fixed cost (Directive (e));	- The data relied on (block-wise data, quarterly audited accounts and annexures) is filed and hosted on the websites, and stakeholders have commented on it in these proceedings. - The exclusion of captive capacity is contrary to the methodology and was rejected at para 3.4.13 of TGERC Order dated 29.04.2025 in O.P. Nos. 28 & 29 of 2024. - The availability, sale of power and backdown are treated as reviewed at para 3.3.30 of TGERC Order dated 10.03.2026 in O.P. Nos. 65 & 66 of 2025. The fixed and transmission charges are as per the quarterly audited accounts; the difference from the provisional statement is timing and audit.

#	Queries	Replies
	e. Include in {P} the intra-state third-party OA sales and compute {K}, {M} and {P} on a consistent consumer base, Discom-wise; f. Determine the Additional Surcharge for H2 of FY 2026-27 as NIL if the Discoms substantiate the unsupported TGSPDCL data, in line with the Electricity (Amendment) Rules, 2024 and the trajectory of NIL for H2 FY26 and Rs. 0.13/kWh for H1 FY27; g. Not to levy the additional surcharge on the consumers, considering the shortage of power scenario of the country currently.	d. Open Access sales are the sales other than captive transactions and Green Energy Open Access sales; adding the intra-State third-party units sought would add units that are not chargeable. e. The Additional Surcharge claimed (Rs. 0.83/kWh) is within the cap of the per-unit fixed cost of power purchase (about Rs. 1.89/kWh) under the Electricity (Amendment) Rules, 2024. f. Market conditions do not alter the fixed charges paid or the capacity stranded in Oct'25–Mar'26. g. TGDISCOMs request the Hon'ble Commission to reject the objections and determine the Additional Surcharge for H2 of FY 2026-27 at Rs. 0.83/kWh as claimed.