SEI Sriram Power Private Limited
CIN: U31506KA2008PTC046011

greenko

19.01.2026

To,

The Secretary Telangana Electricity Regulatory Commission,
Sy.No.145-P, Vidyut Niyantran Bhavan Kalyan Nagar,
GTS Colony, Hyderabad- 500 045.

Subject: Submission of objections to the proposed exorbitant increase in Aggregate Revenue Requirement (ARR) and Wheeling Charges for FY 2026-27 filed by the Northern Power Distribution Company of Telangana Limited (TGNPDCL).

Respected Sir,

We, the undersigned generator connected with the State Transmission System and supplying power to Open Access Users in the State of Telangana, wish to register our strong objection to the revised ARR and Wheeling Charges proposed by the Southern Power Distribution Company of Telangana Limited (TGNPDCL) for FY 2026-27, as submitted under Filing No. /2025 and Case No. /2025.

The proposed ARR of ₹4,391 Crores and the steeply increased wheeling charges across all voltage levels threaten the viability of industries, especially MSMEs and energy-intensive sectors, and will lead to an inflationary spiral in the state's economy.

The proposed increases are not only unjustified but also pose a severe burden on consumers, especially industrial and commercial users, and threaten the competitiveness of the state's economy.

The Commission has already approved a multi-year tariff framework for FY 2024-25 to FY 2028-29 vide order dated 28.10.2024. Any attempt to revise the approved ARR and Wheeling Charges mid-

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period, without substantive justification, would undermine regulatory predictability, burden consumers unfairly, and destabilize the wheeling business ecosystem.

Following are the key grounds for objection:

1. Violation of Multi-Year Tariff (MYT) Principle
   - The MYT framework under Regulation No. 2 of 2023 is designed to provide tariff certainty and avoid frequent revisions. Any mid-period upward revision undermines the very purpose of MYT.
   - TGNPDCL has proposed ₹4,391 crore. However, the approved ARR for FY 2026–27 is already set at: TGNPDCL: ₹3,525.84 crore. Almost 25% rise in ARR sought by the TGNPDCL.
   - Any increase beyond this would be contrary to the Commission's own order and the principles of regulatory consistency.
2. Unrealistic / unjustified Capital Expenditure Plan
   - TGNPDCL has proposed a total capital expenditure of ₹1,736 Crores for FY 2026–27, including:
     - Base Capex: ₹1,207 Crores
     - Other Capex: ₹435 Crores
     - Additional Capex: ₹95 Crores
   - The capital investment plan is grossly inflated and lacks sector-specific justification. Items such as "AGL feeder segregation" (₹110 Crores) and "GMSPV (Solar)" (₹78 Crores) appear to be included without clear cost-benefit analysis or prior stakeholder consultation. Such massive capital outlays will inevitably be passed on to consumers through higher wheeling tariffs.
   - While infrastructure investment is necessary, the scale and pace of proposed spending are disproportionate and lack proper phasing or cost-benefit justification.
   - The Capital Investment Plan approved by the Commission for FY 2024–29 is **final and binding**. Such rapid capital infusion will inevitably lead to higher wheeling charges, which are ultimately passed on to consumers.

3. Excessive Wheeling Charge Hike

The proposed wheeling charges for FY 2026–27 are exorbitant:

Voltage	Long/Medium Term (₹/kVA/month)	Short Term (₹/kVA/hr)
33 kV	117.40	0.1631
11 kV	392.93	0.5457
LT	1,196.99	1.6625

- The wheeling charges for LT consumers (₹1,196.99/kVA/month) are punitive and will cripple small industries and commercial establishments.
- The sharp increase from previous years is not justified by corresponding improvements in service quality, reliability, or loss reduction.
- The proposed charges are not in line with the principles of affordability and cost reflectivity as mandated under the Electricity Act, 2003.

4. Adverse Impact on Open Access and Renewable Energy
   - High wheeling charges disincentivize open access and discourage renewable energy integration.
   - Any increase would derail the state's energy transition goals and violate national renewable energy policies.

5. Inflated O&M and Employee Costs
   - TGNPDCL has projected O&M expenses of ₹3,130 Crores for FY 2026–27, allocated as:
     - Employee Expenses: ₹2,793 Crores
     - A&G Expenses: ₹169 Crores
     - R&M Expenses: ₹169 Crores
   - The employee cost escalation based on CPI inflation of 5.79% is unreasonable given the current economic climate. Further, the R&M expenses linked to GFA at 1.32% appear arbitrary and not validated by past efficiency benchmarks.
   - These figures reflect an unsustainable growth in administrative and employee expenses, which are not adequately linked to efficiency improvements or performance metrics.

- The Commission has already **recomputed O&M expenses** as per Regulation No. 2 of 2023, rejecting DISCOMs' inflated claims in its Order dated 28.10.2024.
- Any further increase in O&M without audited actuals would be **contrary to the Commission's own analysis**.

6. High Return on Equity (RoE) Expectation
   - TGNPDCL seeks a 16% RoE (14% base + up to 2% performance-linked), which is significantly higher than prevailing market returns and not commensurate with DISCOM performance, especially in light of continued AT&C losses and operational inefficiencies.
   - Granting such a high RoE rewards inefficiency and places an undue burden on consumers. The Commission should cap RoE at a reasonable level, linked to actual performance improvements.
7. Lack of Consumer Consultation and Transparency
   - The filing appears to have been prepared without meaningful stakeholder consultation.
   - Key assumptions regarding load growth, loss levels, and cost projections are not substantiated with transparent data or sensitivity analysis.
8. Adverse Impact on Industrial and Commercial Competitiveness
   - High wheeling charges will increase the cost of doing business in Telangana, especially for energy-intensive industries.
   - This may lead to migration of industries to states with lower wheeling costs, resulting in economic and employment losses.
9. Legal and Regulatory Violations
   - Section 61 of Electricity Act, 2003 mandates that tariffs shall be reasonable and transparent.
   - Regulation No. 2 of 2023 does not permit mid-period upward revision without exceptional circumstances.
   - The proposed increase is not supported by any change in law, force majeure, or unforeseen exigency.
10. Prayers / Relief Sought

We pray that this Hon'ble Commission may be pleased to:

a) Reject the proposed ARR of ₹4,391 Crores and direct TGNPDCL to submit a revised, realistic, and consumer-friendly ARR.

b) Disallow unjustified capital expenditure items and direct TGNPDCL to prioritize cost-efficient and essential investments only.

c) Review and Rationalize Capex Plans – Ensure capital expenditure is phased, need-based, and aligned with realistic demand projections.

d) Cap the RoE at a reasonable rate (not exceeding 12%) and link any performance incentive to measurable service improvements.

e) Modify the proposed wheeling charges to ensure they are cost-reflective, non-discriminatory, and in line with actual cost of service. Recompute charges based on prudence-checked costs, avoiding over-recovery.

f) Order an independent third-party audit of TGNPDCL's capital expenditure and O&M cost projections.

g) Ensure that any tariff increase is phased and does not impose sudden financial hardship on consumers.

h) Ensure Transparency and Stakeholder Participation – Conduct public hearings and seek objections before approving the ARR.

i) Protect Consumer Interests – Ensure that any tariff increase is minimal, justified, and accompanied by service quality improvements.

j) **Reject** the petitions for increase in ARR and Wheeling Charges for FY 2026–27.

k) **Uphold** the ARR and Wheeling Charges as approved in Order dated 28.10.2024.

l) The Hon'ble commission may allow add cap at the time of true-up exercise of FY 2026-27 based on the prudence check.

Sir, considering the above, we submit that:

- The proposed ARR and wheeling charges are not in the public interest and will adversely impact industrial growth, competitiveness, and consumer welfare in Telangana. The Commission is urged to intervene and protect consumer interests by ensuring that tariffs are fair, justified, and aligned with the principles of regulatory fairness and economic prudence.
- The proposed increase is without merit, unjustified, and detrimental to consumer interests and the wheeling business.
- It violates the principles of MYT and undermines the Commission's regulatory authority.

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We pray the Hon'ble Commission to dismiss the petitions and maintain tariff stability as per its own order.

We seek an opportunity to be heard in person or through authorized representatives during the public hearing process.

Yours sincerely,
V. Chittibabu
Authorised Signatory
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