

Objections/Suggestions & raised on True-up for FY 2024-25 and revised ARR & Wheeling Tariff Proposals for the FY 2026-27 for Distribution Business by Sri Chitti Babu, Sr. GM - Commercials, Greenko Group, Plot no. 13, S.Y. no. 64 Part, Block-D, Second Floor, Hitech City Layout, Madhapur Village, Hyderabad -500081

S.No.	Summary of Objections / Suggestions	Response of the Licensee
1.	<p>Violation of Multi-Year Tariff (MYT) Principle</p> <ul style="list-style-type: none"> • 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 Rs. 4,391 crore. However, the approved ARR for FY 2026-27 is already set at: TGNPDCL: Rs. 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. 	<p>TGNPDCL respectfully submits that there is no violation of the MYT principle under TGERC (Multi-Year Tariff) Regulation, 2023 (Regulation No. 2 of 2023). In accordance with clause 6.2 (e) of Regulation 2 of 2023 requires the distribution licensee to file, for every year after the first year of the Control Period, an annual petition containing the true-up of the previous year and the revised Aggregate Revenue Requirement (ARR) for the ensuing year, along with the revised tariff and charges. Further, the MYT framework mandates that the Commission shall determine the ARR and tariff for each year of the Control Period separately, and also provides for the treatment of controllable and uncontrollable variables. Therefore, submission of a revised ARR for FY 2026-27 is not a mid-period revision but a statutory obligation under the MYT mechanism. The ARR approved in the original MYT Order serves only as a baseline projection, and the Regulation does not freeze the ARR; instead, it anticipates annual updates based on actual capitalisation, O&M norms, true-up impacts, and other permissible adjustments. Hence, the proposal of ARR of Rs. 4,391 crore does not contravene the MYT Order nor undermine regulatory consistency, as it has been filed strictly in accordance with the provisions of Regulation No. 2 of 2023.</p>
2.	<p>Unrealistic / unjustified Capital Expenditure Plan</p> <p>TGNPDCL has proposed a total capital expenditure of Rs. 1,736 Crores for FY 2026-27, including:</p> <ul style="list-style-type: none"> ○ Base Capex: Rs. 1,207 Crores ○ Other Capex: Rs. 435 Crores ○ Additional Capex: Rs. 95 Crores 	<p>TGNPDCL respectfully submits that the capital expenditure proposed for FY 2026-27 is fully aligned with the Capital Investment Plan approved by the Hon'ble Commission for the 5th Control Period (FY 2024-29) and therefore cannot be termed unrealistic or unjustified. The base capex and other ongoing schemes have been taken strictly as per the MYT Order, and wherever additional capex beyond the originally approved plan has been proposed, the same has been submitted to and duly approved by the Hon'ble</p>

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	<ul style="list-style-type: none"> The capital investment plan is grossly inflated and lacks sector-specific justification. Items such as "AGL feeder segregation" (Rs. 110 Crores) and "GMSPV (Solar)" (Rs. 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. 	<p>TGERC in accordance with Regulation 7.11. For AGL feeder segregation, Hon'ble Commission has approved Rs. 110 Cr. in its MYT Order for 5th Control Period under other capex. Accordingly, schemes such as UG Cabling and GMSPV (Solar) have been taken up only after obtaining approval of the Hon'ble Commission, and the expenditure will be subject to prudence check before being capitalised. Hence, the allegation that the proposed capex is inflated, unjustified or inconsistent with the approved MYT framework is incorrect and unsustainable.</p>												
3.	<p>Excessive Wheeling Charge Hike</p> <p>The proposed wheeling charges for FY 2026-27 are exorbitant:</p> <table border="1" data-bbox="264 973 1043 1252"> <thead> <tr> <th>Voltage</th> <th>Long/Medium Term (₹/kVA/month)</th> <th>Short Term (₹/kVA/hr)</th> </tr> </thead> <tbody> <tr> <td>33 kV</td> <td>117.40</td> <td>0.1631</td> </tr> <tr> <td>11 kV</td> <td>392.93</td> <td>0.5457</td> </tr> <tr> <td>LT</td> <td>1,196.99</td> <td>1.6625</td> </tr> </tbody> </table> <ul style="list-style-type: none"> The wheeling charges for LT consumers (Rs. 1,196.99/kVA/month) are punitive and will cripple small industries and commercial establishments. 	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	<p>The proposed wheeling charges are determined strictly in accordance with the TGERC Multi-Year Tariff (MYT) Regulations, which mandate recovery of distribution network costs based on voltage level and cost causation principles, not on the source of energy. The approach considered by the Hon'ble Commission in its MYT order for 5th Control Period is shown below:</p> <p><i>“4.13.4 Further, Clause 79.2 of Regulation No. 2 of 2023, clearly specifies that the Wheeling Charges shall be determined separately for LT voltage, 11 kV voltage, and 33 kV voltage.</i></p> <p><i>4.13.5 In accordance with Clause 79.2 of Regulation No. 2 of 2023, the Commission has computed the Wheeling Charges for the Control period i.e. FY2024-25 to FY2028-29.</i></p>
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	<ul style="list-style-type: none"> • 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. 	<ul style="list-style-type: none"> • <i>The year wise approved ARR for each year of the Control Period, i.e. FY2024-25 to FY2028-29 has been allocated amongst 33 kV, 11 kV and LT voltage levels;</i> • <i>Having allocated the components of ARR among each voltage, the cost attributable for each voltage has been computed;</i> • <i>The demand incident at each voltage level has been arrived at by considering the voltage wise demands in the ratio on actuals available with the Commission and approved losses as per Resource Plan Order dated 29.12.2023;</i> • <i>The voltage wise wheeling charges have been computed by dividing the apportioned ARR at each voltage level by the demand at that voltage level.”</i> <p>Therefore, we request the Hon'ble Commission to approve the charges as per the filing made by TGNPDCL</p>
4.	<p>Adverse Impact on Open Access and Renewable Energy</p> <ul style="list-style-type: none"> • 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 	<p>While we acknowledge that renewable energy has inherent intermittency and lower PLF, these characteristics affect generation economics, not network cost drivers. The network remains obligated to provide the same level of readiness and reliability for all users including open access users. Differentiating wheeling charges based on generation source, which is contrary to the principles of non-discrimination and cost reflectivity in the MYT framework.</p>
5.	<p>Inflated O&M and Employee Costs</p> <ul style="list-style-type: none"> • TGNPDCL has projected O&M expenses of ~3,130 Crores for FY 2026-27, allocated as: <ul style="list-style-type: none"> ○ Employee Expenses: Rs. 2,793 Crores ○ A&G Expenses: Rs. 169 Crores ○ R&M Expenses: Rs. 169 Crores • The employee cost escalation based on CPI inflation of 	<p>TGNPDCL respectfully submits that the O&M cost projections for FY 2026-27 have been computed strictly in accordance with the TGERC (MYT) Regulation, 2023 (Regulation No. 2 of 2023) and therefore cannot be considered inflated or arbitrary. Further, clause 81.5 explicitly prohibits provisioning and allows only actual audited expenses at the time of true-up, ensuring that no excess O&M is admitted in line with these provisions, TGNPDCL has adopted the Commission-determined base O&M values, the inflation indices prescribed under the Regulation, and the K-factor approved by TGERC, without</p>

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	<p>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.</p> <ul style="list-style-type: none"> • 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. 	<p>applying any additional or discretionary escalations. Accordingly, the O&M figures filed by TGNPDCL fully comply with the MYT framework and may be considered by the Hon'ble Commission.</p>
6.	<p>High Return on Equity (RoE) Expectation</p> <ul style="list-style-type: none"> • 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. 	<p>TGNPDCL respectfully submit that the additional 2% RoE linked to Standards of Performance (SoP), as provided under Regulation 29.2(e), should not be deferred entirely to the true-up stage. If this component is allowed only during true-up, DISCOM will lose revenue through wheeling charges because the higher RoE will not be factored into the wheeling tariff computation for the year. This creates a structural disadvantage despite compliance with SoP targets. TGNPDCL have implemented robust measures to meet SoP requirements, including reliability improvements, timely consumer service delivery, and safety initiatives. We therefore request the Hon'ble Commission to consider allowing the additional 2% RoE provisionally in the ARR, subject to post-year verification, so that wheeling charges reflect the correct cost structure and DISCOM is not penalized for timely compliance.</p>
7.	<p>Lack of Consumer Consultation and Transparency</p> <ul style="list-style-type: none"> • The filing appears to have been prepared without meaningful 	<p>TGNPDCL respectfully submits that the allegation of lack of transparency or stakeholder consultation is factually incorrect, as the filing process has been undertaken strictly in</p>

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	<p>stakeholder consultation.</p> <ul style="list-style-type: none"> Key assumptions regarding load growth, loss levels, and cost projections are not substantiated with transparent data or sensitivity analysis. 	<p>accordance with the TSERC (MYT) Regulation, 2023. In compliance with Clause No. 9.5 of Regulation No. 2023, TGNPDCL has published the required public notice in widely circulated newspapers inviting suggestions and objections from all stakeholders and has made the complete petition, along with supporting data, available on its official website in a searchable and downloadable format for public access. Further, as mandated under Clause 9.4–9.7 of Regulation No. 2023, all relevant details, assumptions and computations have been provided to enable meaningful stakeholder review, and the Hon'ble Commission has already scheduled the public hearing, where all objectors, including the present one, will have an opportunity to be heard before issuance of the final Order. Accordingly, the filing has been carried out in a transparent, consultative and regulation compliant manner.</p>
8.	<p>Adverse Impact on Industrial and Commercial Competitiveness</p> <ul style="list-style-type: none"> 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. 	<p>TGNPDCL respectfully submits that the wheeling charges proposed in the ARR have been determined strictly on a cost-reflective basis, as required under the TGERC (MYT) Regulation, 2023 (Regulation No. 2 of 2023), and are therefore essential for ensuring the adequate maintenance, reliability, and readiness of the distribution network. The Regulation mandates that the ARR of the Distribution Wheeling Business must recover the prudently approved costs of operating, maintaining, and strengthening the network (Clause 79.1 of Reg. 2023) and that voltage-wise wheeling charges must reflect the actual cost of service.</p>
9.	<p>Legal and Regulatory Violations</p> <ul style="list-style-type: none"> 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 	<p>TGNPDCL respectfully submits that there is no violation of Section 61 of the Electricity Act, 2003 or the TSERC (MYT) Regulation, 2023 (Regulation No. 2 of 2023), as alleged by the Objector. The MYT framework expressly requires the distribution licensee to file annual petitions after the first year of the Control Period, including true-up of the previous year and the revised ARR for the ensuing year, and mandates that the Commission shall determine the ARR and tariff for each year separately. Therefore, the ARR proposal for</p>

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	law, force majeure, or unforeseen exigency.	FY 2026-27 is not a mid-period revision but a mandatory annual filing under the Regulation. Accordingly, TGNPDCL affirms that it has strictly adhered to Regulation No. 2 of 2023 and that the allegation of legal or regulatory violation is without merit.
10.	<p>Prayers/ Relief Sought</p> <p>We pray that this Hon'ble Commission may be pleased to:</p> <ul style="list-style-type: none"> • Reject the proposed ARR of Rs. 4,391 Crores and direct TGNPDCL to submit a revised, realistic, and consumer-friendly ARR. • Disallow unjustified capital expenditure items and direct TGNPDCL to prioritize costefficient and essential investments only. • Review and Rationalize Capex Plans - Ensure capital expenditure is phased, need-based, and aligned with realistic demand projections. • Cap the RoE at a reasonable rate (not exceeding 12%) and link any performance incentive to measurable service improvements. • Modify the proposed wheeling charges to ensure they are cost-reflective, nondiscriminatory, and in line with actual cost of service. Recompute charges based on prudence-checked costs, avoiding over-recovery. • Order an independent third-party audit of TGNPDCL's capital expenditure and O&M cost projections. • Ensure that any tariff increase is phased and does not impose sudden financial hardship on consumers. 	<p>TGNPDCL respectfully submits that it is strictly adhering to the Electricity Act, 2003 and the TSERC (Multi-Year Tariff) Regulation, 2023 (Regulation No. 2 of 2023) in every aspect of its filings—including annual true-up and revised ARR (Clause 5.2(e), 6.2(e) of Reg. 2023), prudence-based treatment of controllable/uncontrollable items (Clause 12–14 of Reg. 2023), capital-investment approval and capitalisation safeguards (Clause 7.1–7.11, 21.3 of Reg. 2023), normative O&M methodology (Clause 81.2–81.5 of Reg. 2023), RoE framework (Clause 29.2(e) of Reg. 2023), voltage-wise, cost-reflective wheeling charges (Clause 77.1, 79.1–79.2 of Reg. 2023), and the full transparency and public-consultation process (Clause 9.4–9.7 of Reg. 2023); accordingly, the Hon'ble Commission may note that the allegations are baseless and without merit under Regulation 2 of 2023</p>

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	<ul style="list-style-type: none"> • Ensure Transparency and Stakeholder Participation - Conduct public hearings and seek objections before approving the ARR. • Protect Consumer Interests - Ensure that any tariff increase is minimal, justified, and accompanied by service quality improvements. • Reject the petitions for increase in ARR and Wheeling Charges for FY 2026-27. • Uphold the ARR and Wheeling Charges as approved in Order dated 28.10.2024. • The Hon'ble commission may allow add cap at the time of h·ue-up exercise of FY 2026-27 based on the prudence check. 	