

TELANGANA SOLAR OPEN ACCESS DEVELOPERS ASSOCIATION

Regn.No.1191 OF 2016

To:

Date:24-01-2026

The Secretary/TGERC,
Vidyut Niyantaran Bhavan, Sy.No.145-P,
G.T.S. Colony, Kalyan Nagar, Hyderabad 500 045.

Dear Sir,

Sub: - Comments and suggestions on the filings made by TGDISCOMs in respect proposed Revised ARR & Revised Wheeling Tariffs for Distribution Business for FY 2026–27– Objections submitted- Reg.

Most Respectfully Submitted:

The Southern Power Distribution Company of Telangana Limited (TGSPDCL) has filed its Revised Aggregate Revenue Requirement (ARR) and proposed wheeling charges for FY 2026–27. The Objector submits that **the proposed wheeling charges** are not supported by demonstrated incremental costs attributable to open access consumers, **are contrary to the regulatory framework, excessive, unreasonable, and disproportionate**. If approved, the proposal would seriously undermine open access and renewable energy projects in the State.

- 1) The proposed charges are not cost-reflective and impose an undue financial burden on distribution system users, defeating the objective of promoting open access under the Electricity Act, 2003.
- 2) Only 10% of net ARR is transferred to retail supply under the MYT framework (Regulation 2 of 2023), it is submitted that network modernization primarily benefits retail consumers. Loading these costs (90%) on open access users violates the principle of causation. Since both the distribution and retail supply businesses are managed by the same utilities, there is limited sensitivity to this allocation for them. Such a disproportionate apportionment results in an undue burden on open access users and runs contrary to the principle of causation. **However**, the TGDISCOMs have proposed no revision in retail supply tariff despite projecting substantial capital expenditure under Renovation and Modernization, technology upgradation measures, and underground cable projects.
- 3) The Objector has repeatedly represented for a change in the wheeling charge denomination from ₹/kVA/month to ₹/kWh for LTOA and MTOA users as well, in line with the Electricity (Second Amendment) Rules, 2024 and the practice followed across most States. States such as Andhra Pradesh, Tamil Nadu, Karnataka, Kerala, Gujarat, Maharashtra, and Rajasthan levy wheeling charges on a ₹/kWh basis, aligning charges with actual network usage. Capacity-based ₹/kVA wheeling relies on subjective demand assumptions such as coincident demand, whereas ₹/kWh-based wheeling is objective, usage-linked, and non-discriminatory.

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- 4) Further, the very purpose of the MYT framework is to ensure stability and regulatory certainty in wheeling charges over the control period. Frequent and substantial revisions during the control period defeat this objective and should be permitted only under genuine and exceptional circumstances, which are absent in the present case.
- 5) It is further held that the purpose of wheeling charges determination is to collect wheeling charges from Open access users. For utilities it is just another entry in their books of accounts.

The table below summarizes TGSPDCL's wheeling charge proposals vis-à-vis the current year.

A. Wheeling Charges – Long-Term & Medium-Term Open Access

Voltage Level	FY 2025-26 (Existing) / kVA / month	FY 2026-27 (Proposed) / kVA / month	Change / kVA / month	% Increase
33 kV	₹46.58	₹94.18	₹47.60	102.2%
11 kV	₹190.82	₹275.33	₹84.51	44.3%
LT	₹635.10	₹767.27	₹132.17	20.8%

B. Wheeling Charges – Short-Term Open Access

Voltage Level	FY 2025-26 (Existing) / kVA / month	FY 2026-27 (Proposed) / kVA / month	Change / kVA / month	% Increase
33 kV	₹0.0647	₹0.1308	₹0.0661	102.2%
11 kV	₹0.2650	₹0.3824	₹0.1174	44.3%
LT	₹0.8821	₹1.0656	₹0.1835	20.8%

C. Wheeling Losses Comparison

Voltage Level	FY 2025-26	FY 2026-27	Change
33 kV	3.16%	3.14%	-0.02%
11 kV	4.04%	4.01%	-0.03%
LT	4.65%	4.60%	-0.05%

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The sharp 102% increase in 33 kV wheeling charges is primarily attributable to the large capital outlay proposed for converting 33 kV overhead lines to underground cables inter alia other Renovation & Modernization proposals of the networks.

The table below presents a comparison of ARR for FY 2025–26 and proposal of FY 2026–27.

Particulars	FY 2025-26 (Approved)	FY 2026-27 (Proposed)	Change (₹ Cr)	% Change
Operation & Maintenance Expenses	3,717.46	4,072.00	+354.54	+9.5%
Depreciation	945.95	1,034.00	+88.05	+9.3%
Interest & Finance Charges on Loan	473.51	840.00	+366.49	+77.4%
Interest on Working Capital	119.97	150.00	+30.03	+25.0%
Return on Equity	243.79	434.00	+190.21	+78.0%
Total Expenditure	5,500.68	7,075.00	+1,574.32	+28.6%
Less: Non-Tariff Income	606.79	532.00	-74.79	-12.3%
Less: Income from OA Charges	1.19	1.20	+0.01	+0.8%
Add / (Less): True-up Impact	-30.17	+545.00	+575.17	—
Net Distribution ARR	4,862.54	6,542.00	+1,679.46	+34.6%

• Net Distribution ARR has increased by ~35% YoY, which is significantly higher than demand growth or inflation. Major drivers of increase are:-

- 1) Interest & Finance Charges (+77%)-> Because of Capex has increased
- 2) Return on Equity (+78%)-> Because of Capex has increased
- 3) Large True-up addition in FY 2026-27,

It is respectfully submitted that several State Electricity Regulatory Commissions, including Delhi, Tamil Nadu, Karnataka, Maharashtra, Gujarat, and Andhra Pradesh, have consistently held that underground cabling works be excluded from ARR and shall not be capitalized in the distribution licensee's ARR. In such cases, only O&M expenses have been permitted, treating these works as city or State infrastructure rather than routine distribution network augmentation.

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The table below summarizes representative instances from across India.

State	City / Area	Funding Authority	Utility Involved	Who Bore Capital Cost	Regulatory Treatment
Andhra Pradesh	Amaravati Capital City	AP Capital Region Development Authority (State Govt.)	APTRANSCO / APCPDCL	State Government (Grant-funded)	Not loaded into ARR / Tariff
Gujarat	GIFT City, Gandhinagar	GIFT City (State SPV)	Dakshin Gujarat Vij Company Ltd	State / SPV	Treated as special infrastructure
Delhi	NDMC / Central Delhi	Government of NCT of Delhi / New Delhi Municipal Council	Tata Power Delhi Distribution Limited / BSES Rajdhani Power Limited	Government / ULB Grants	Excluded from tariff base
Tamil Nadu	Chennai (Smart City / Heritage zones)	Government of Tamil Nadu / Greater Chennai Corporation	TANGEDCO	State + GoI Grants	ERC disallowed ARR recovery
Maharashtra	Mumbai	Government of Maharashtra / MCGM	Adani Electricity Mumbai Ltd / Tata Power Company	State / Municipal funding	Not standard DISCOM capex
Telangana	Hyderabad (UG cabling around Secretariat & Necklace Road)	Government of Telangana / Greater Hyderabad Municipal Corporation	TGSPDCL	State / GHMC	Limited O&M only



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So far as the True-up Petition for the 1st year of the 5th Control Period, i.e., FY 2024-25, in O.P. No. 70 of 2025 filed by TGSPDCL is concerned, this Hon'ble Commission, after following due process, has already allowed O&M expenses of Rs. 3,717 Crs (as against the proposal of Rs. 3,822 Crs) for FY 2025-26, vide Order dated 29.04.2025 in the matter of Determination of Revised Aggregate Revenue Requirement (ARR) and Wheeling Tariffs for the Distribution Business for FY 2025-26.

However, TGSPDCL has now claimed actual O&M expenses of Rs. 4,025 Crs for FY 2024-25, as against the approved cost of Rs. 3,585 Crs and even in excess of its own submission of Rs. 3,822 Crs for FY 2025-26.

The said claim is devoid of merit and regulatory logic and is contrary to the principles governing prudence check and cost control. Accordingly, the True-up Petition deserves to be summarily rejected.

We, therefore, respectfully pray before this Hon'ble Commission as under:

- (i) To disallow the additional Capital Expenditure (Capex) proposals of the TGDISCOMs and to permit only the Base Capex as approved under the MYT Order;*
- (ii) To reject the True-up Petition; and*
- (iii) To revise the denomination of wheeling charges from ₹/kVA/month to ₹/kWh in accordance with the Electricity (Second Amendment) Rules, 2024 and Section 181(1) of the Electricity Act, 2003.*

We, therefore, request this Hon'ble Commission to kindly consider and grant the above reliefs in the interest of justice and equity.

For Telangana State Solar Developers Association,

KONAKANDLA

VENKATA

NARESH KUMAR

Designation: General Secretary

Digitally signed by
KONAKANDLA VENKATA

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