SEI Sriram Power Private Limited
CIN: U31506KA2008PTC046011

19.01.2026

To,

The Secretary Telangana Electricity Regulatory Commission,

Sy.No.145-P, Vidyut Niyantran Bhavan Kalyan Nagar,

GTS Colony, Hyderabad

Subject: Submission of objections to the proposed exorbitant increase in Aggregate Revenue Requirement (ARR) and Wheeling Charges for FY 2026–27 filed by TGSPDCL

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 submit our strong objection to the revised ARR and Wheeling Charges proposed by the Southern Power Distribution Company of Telangana Limited (TGSPDCL) for FY 2026–27, as submitted under Filing No. /2025 and Case No. /2025.

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-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

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- 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.
- TGSPDCL has proposed ₹6,542 crore. However, the approved ARR for FY 2026–27 is already set at: TGSPDCL: ₹5,133.68 crore. Almost 30% rise in ARR sought by the TGSPDCL.
- Any increase beyond this would be contrary to the Commission's own order and the principles of regulatory consistency.

2. Unrealistic Capital Expenditure Plan

- TGSPDCL has proposed a total capital expenditure of ₹7,508 crores for FY 2026–27, a massive increase from previous years.
- While infrastructure investment is necessary, the scale and pace of proposed spending—especially on projects such as underground cabling in TCUR (₹14,725 crores total, ₹4,725 crores in FY27)—are disproportionate and lack proper phasing or cost-benefit justification.
- The Commission in its MYT Order 28.10.2024, has already **deferred the Smart Meter Capex** due to lack of proper justification and government approval.
- In the absence of new, approved capital investments, there is **no basis for revising ARR upwards**. 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 LT consumers stand at ₹767.27/kVA/month for long/medium-term open access—an exorbitant rate that will cripple small and medium enterprises.
- For 11 kV consumers, the proposed rate is ₹275.33/kVA/month, and for 33 kV consumers, ₹94.18/kVA/month, all representing steep increases.
- Short-term charges are also disproportionately high: ₹1.0656/kVA/hr for LT, which will discourage short-term power transactions and market flexibility.
- Wheeling Charges for FY 2026–27 are already set at:

- ₹46.47/kVA/month (33 kV), ₹189.16/kVA/month (11 kV), ₹625.13/kVA/month (LT)

- Any further increase would **distort the cost-reflective tariff design** and unfairly burden higher-voltage consumers.

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

- O&M expenses are projected at ₹4,072 crores for distribution business (90% of total), with employee costs alone at ₹4,042 crores.
- 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.
- Employee expenses were capped using **CPI-based escalation**, not arbitrary percentages.
- 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

- TGSPDCL expects a 16% RoE, including a performance-linked additional 2%, without demonstrating commensurate improvement in service quality, reliability, or loss reduction.
- This expectation places an undue financial burden on consumers without guaranteeing better services.
- The Commission earlier reduced RoE for **FY 2024–25 from 14% to 11%** due to delayed filing. Allowing an increase now would **reward inefficiency**.

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

b) Moderate Wheeling Charges – Recompute charges based on prudence-checked costs, avoiding over-recovery.

c) Cap O&M and Employee Costs – Link allowable expenses to performance benchmarks and efficiency gains.

d) Reduce RoE Expectation – Align RoE with actual performance and sectoral benchmarks.

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

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

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

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

i) 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, in light of the above, we submit that:

- The proposed ARR and wheeling charges are not in the public interest and will place an unjustified burden on consumers. We request the Hon'ble Commission to intervene, scrutinize the proposal rigorously, and direct TGSPDCL to submit a revised, consumer-friendly proposal.
- 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.

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,
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Authorised Signatory
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