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 Date: Thu, 29 Jan 2026 15:49:06 +0530
 Subject: Comments on power purchase cost true up 2022-23
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To, The Secretary, T.S. Electricity Regulatory Commission, Vidyut Nyantran Bhavan, GTS Colony, Kalyan Nagar, Hyderabad – 500 045	From, M. Thimma Reddy, Convenor, People's Monitoring Group on Electricity Regulation, H. No.3-4-107/1, Plot No. 39, Radha Krishna Nagar, Attapur, Hyderabad – 500 048
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Date: 29-01-2026

Dear Sir;

Sub: - Comments on TGDISCOMs' petitions related to power purchase cost true up for FY 2022-23 in OP Nos. 56 and 58 of 2025 and IA Nos. 33 and 35 of 2025.

Ref: - Public notices dated: 10-01-2026.

1. In response to the above Public Notices we are submitting the following comments on TGDISCOMs' petitions related to power purchase cost true up for FY 2022-23 for consideration of the Commission.
2. During the FY 2022-23 though power dispatched was lower by 5,240 MU than approved by the Commission power purchase cost increased by Rs. 7,285 Crore.
3. Fixed costs of Central Generation Stations (CGS) increased by Rs. 248 Crore even though actual power dispatched by these CGS is 21.53% less than approved by the Commission, unlike TGGENCO and other thermal power station which had shown lower fixed costs along with lesser power dispatched than allowed by the Commission. Given this contrasting experience fixed costs claimed by CGS needs to be scrutinized.
4. According to TGDISCOMs' filings Variable cost of TGGENCO ~~thermal stations~~ increased by 5%, variable cost of CGS increased by 13% and variable cost of Other sources increased by 20%. Though all the coal based thermal power plants face the same fuel price structure and related policies variation in increase in variable costs of these plants is significant. From the TGDISCOMs' filings it is not clear how much of increase in variable cost was due to increase in fuel prices, changes in GCV of coal supplied and changes in Station heat rate of these plants.
- 5.1 More than 50% of the power purchase cost true up claimed by TGDISCOMs is due to 5,094 MU of power procurement from market sources over and above the limit set by the Commission. TGDISCOMs attributed this higher power procurement from market sources to no power supply from STPP and CSPDCL (Which are part of Other sources). These filings also show that, apart from STPP and CSPDCL, actual dispatch from TGGENCO thermal units and CGS units was 7,591 MU less than the approved quantum. Had this power been dispatched there would have been no need to procure power from market sources. That is given the power supply situation, even in the absence of availability of power from STPP and CSPDCL, there was no need to resort to market purchases to meet power demand in the state. As such TGDISCOMs' claim regarding higher expenditure due to higher procurement of power from market sources shall not be allowed.
- 5.2 "For the approved short-term purchases of 2171.87 MU in FY 2022-23, the Commission has considered the power purchase price of Rs.3.30/kWh". (Para 4.5.10, p.129 RST Order of 2022-23). But TGDISCOMs procured power from market sources at an average cost of Rs. 6.53 per unit, which is double the purchase price stipulated by the Commission. We request the Commission to adopt the purchase price of short-term sources as provided in the Tariff Order of FY 2022-23 and shall not allow the high prices claimed by TGDISCOMs.
6. During the FY 2022-23 transmission charges increased by Rs. 857 Crore. TGDISCOMs attributed this to higher payments made to PGCIL. These higher transmission charges may be due to higher market purchases. While assessing the desirability of market purchases vis a vis existing power supply contracts along with market price of power additional transmission cost shall also be taken in to account. Market price along with additional transmission cost shall be compared with variable cost of the units which are sought to be backed down.
7. TGDISCOMs are claiming Rs. 2,494 Crore towards miscellaneous charges. No explanation or justification is provided for this expenditure. This claim shall be rejected.
- 8.1 TGDISCOMs have requested the Commission to address a letter to the Energy Department, Government of Telangana to extend financial support to TGDISCOMs and arranging payment of Power Purchase True-up amount without passing the burden on the consumers and pass necessary orders as deemed fit. But TGDISCOMs did not mention the statutory/regulatory provisions under which the Commission may do so.
- 8.2 The state government taking up the responsibility of payment of true up amount implies subsidising all consumers, even those who have the capacity to pay. Electricity consumption of certain categories of consumers is being subsidised on the basis of specific socio-economic considerations. It is not advisable to subsidise all consumers.
9. We request the Commission to take our above submissions on record.

Thanking you.

Sincerely yours,

M. Thimma Reddy.