

SOUTH INDIAN CEMENT MANUFACTURERS' ASSOCIATION

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Objections & suggestions

**on Power Purchase Cost True-up and Revenue True-up petitions
filed by TGSPDCL and TGNPDCL for Retail Supply Business in respect of:**

1. TGSPDCL

- i. **Power Purchase Cost True-up for FY 2022-23** vide O.P. No. 58 of 2025 and I.A No. 35 of 2025
- ii. **Power Purchase Cost True-up and Revenue True-up for FY 2023-24** vide O.P. No. 59 of 2025 and I.A No. 36 of 2025
- iii. **Power Purchase Cost True-up and Revenue True-up for FY 2024-25** vide O.P. No. 82 of 2025

2. TGNPDCL

- i. **Power Purchase Cost True-up for FY 2022-23** vide O.P. No. 56 of 2025 and I.A No. 33 of 2025
- ii. **Power Purchase Cost True-up and Revenue True-up for FY 2023-24** vide O.P. No. 57 of 2025 and I.A No. 34 of 2025
- iii. **Power Purchase Cost True-up and Revenue True-up for FY 2024-25** vide O.P. No. 81 of 2025

CONTEXT

The Southern Power Distribution Company of Telangana Limited (TSSPDCL) and the Northern Power Distribution Company of Telangana Limited (TSNPDCL) (together referred to as “Applicants or TSDISCOMs”) filed petitions for true-up of Power Purchase Cost and Revenue for FY 2022-23, FY 2023-24 & FY 2024-25 respectively.

The **Statement of Objections** is herein being filed on behalf of the ‘**South Indian Cement Manufacturers' Association**’ (SICMA), an Association registered under the Telangana Societies Registration Act 2001 at Hyderabad, its members being major Cement Manufacturers across South India (hereinafter called the “Objector” or “Association”). The main function of SICMA is to promote and protect the interests of its members in relation to the commerce & industries of India and in particular, the commerce & industries connected with cement.

COMMENTS ON TGDISCOMs' TRUE-UP FILINGS FOR FY 2022–23

1. The Hon'ble Commission, vide Order dated 02.05.2025, granted an extension and directed the Licensees to file True-up petitions for FY 2022–23 and FY 2023–24 within two months. The petitions were filed only in November 2025, beyond the stipulated timeline.

It is submitted that the True-up petitions, as filed, are incomplete. Key elements such as sales, energy balance, transmission losses and distribution losses have not been furnished; consequently, the revenue gap/surplus has not been computed. Claiming Power Purchase True-up without complete sales and energy balance data is non-transparent and defeats the purpose of True-up.

It is pertinent that the last True-up Order issued by the Hon'ble Commission is for FY 2018–19 (dated 23.03.2023). True-up Orders for FY 2019–20 to FY 2024–25 are pending. This backlog has been noted by stakeholders and acknowledged by the Commission in the Tariff Order for FY 2025–26 (dated 29.04.2025).

“3.3 TRUE UP/ DOWN AND FCA PETITIONS

Commission's analysis & findings

3.3.8 The Commission has noted the concerns of the stakeholders in respect of the consequences that resulted in running into losses of the petitioners on account of not properly filing the True-up/True-down petitions and not collecting Fuel Cost Adjustment (FCA) as per stipulated regulations. The petitioners have failed to explain as to why they could not file their claims in respect of FCA adjustments quarterly as stipulated in the Regulation which has resulted in huge backlogs thereby the TGDISCOMs are not in a position to claim the FCA either from the government or from the consumers.

... 3.3.11 The Commission directs the TGDISCOMs to strictly comply with Regulation 2 of 2023 and ensure that all future True-up, ARR, Tariff Proposals, and FCA claims are filed within the stipulated timelines. Any deviation from the prescribed schedule will be viewed seriously and may attract regulatory action.”

Thereafter, TG DISCOMs in Petition I.A. No. 28 of 2025 prayed before the Commission that they may be granted time for filing of petition of power purchase True-Ups of FY 2022-23 and FY 2023-24 pertaining to retail supply business along with condonation of delay application within due course of time. Hon'ble **TGERC vide Order dated 2/05/2025 granted time extension for two months. Relevant extract from the said Order is as follows.**

*“13. Therefore, keeping in view of the exigencies as submitted by the petitioner this Commission extends the time for filing the true-up petitions. 14. Accordingly, this petition is allowed and petitioners/TGDISCOMs are directed to file the true-up petitions for FY 2022 – FY 2023 and FY 2023 – FY 2024 **within two months from the date of this order**”*

Even after the above extension, the True-up petitions for FY 2022–23 and FY 2023–24 were filed in November 2025, i.e., with a further delay beyond the extended deadline.

Further, under the TGERC MYT Regulation, 2023, the distribution licensees are required to file annual petitions comprising, inter alia, True-up of the preceding year along with ARR and tariff proposals, within the stipulated timelines.

“6 Procedure for filing Petition

6.1 The petitions under MYT by the generating entity, transmission licensee/STU, SLDC and distribution licensee shall be filed as per the timelines specified in this Regulation...

c) Multi Year Tariff petition shall be filed by 30th November of the year preceding the first year of the Control Period by distribution licensee (for retail supply business) comprising:

- i. True-up of preceding year;*
- ii. Aggregate Revenue Requirement for each year of the Control Period;*
- iii. Revenue from retail sale of electricity at existing tariffs & charges and projected revenue gap for the first year of the Control Period;*
- iv. Proposal of consumer category wise*

f) After first year of the Control Period and onwards, the annual petitions by distribution licensee (for retail supply business) shall comprise of:

- i. True-up of preceding year;*
- ii. Revised Aggregate Revenue Requirement for ensuing year of the Control Period;*
- iii. Revenue from retail sale of electricity at existing tariffs & charges and projected revenue gap for ensuing year of the Control Period;*
- iv. Proposal of consumer category wise retail supply tariff and charges for ensuing year of the Control Period.*

The MYT Regulation, 2023 also provides a financial disincentive for delay in tariff/True-up filings, including reduction of Return on Equity by 0.5% per month (or part thereof) of delay.

“29 Return on Equity

29.1 Return on Equity shall be computed in rupee terms, on the equity base determined in accordance with clause 27.

29.2 Return on Equity shall be computed at the following base rates:

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Provided that in case of delay in submission of tariff/true-up filings by the generating entity or licensee or SLDC, as required under this Regulation, rate of RoE shall be reduced by 0.5% per month or part thereof.”

Moreover, the need for timely issuance of Tariff Orders and True-up Orders has been decided by Hon’ble APTEL in its judgement dtd. 11/11/2011 in OP No. 1 of 2011, as follows:

“57. This Tribunal has repeatedly held that regular and timely true-up expenses must be done since:

(a) No projection can be so accurate as to equal the real situation.

(b) The burden/benefits of the past years must not be passed on to the consumers of the future.

(c) Delays in timely determination of tariff and true-up entails:

(i) Imposing an underserved carrying cost burden to the consumers, as is also recognised by para 5.3 (h) (4) of National Tariff Policy.

(ii) Cash flow problems for the licensees.

....

65. In view of the analysis and discussion made above, we deem it fit to issue the following directions to the State Commissions:

(i) Every State Commission has to ensure that Annual Performance Review, true-up of past expenses and Annual Revenue Requirement and tariff determination is conducted year to year basis as per the time schedule specified in the Regulations.

(ii) It should be the endeavour of every State Commission to ensure that the tariff for the financial year is decided before 1st April of the tariff year...

(iii) In the event of delay in filing of the ARR, true-up and Annual Performance Review, one month beyond the scheduled date of submission of the petition, the State Commission must initiate Suo-moto proceedings for tariff determination in accordance with Section 64 of the Act read with clause 8.1 (7) of the Tariff Policy.

....

(v) Trueing up should be carried out regularly and preferably every year...”.

From above, it is noted that Hon’ble APTEL has even decided that SERCs can initiate Suo-moto proceedings and collect the data and information and give suitable directions and then determine the Tariff even in the absence of the application filed by the utilities

by exercising the powers under the provisions of the Act as well as the Tariff Regulations.

Thus, timely tariff and True-up determinations enable orderly pass-through of prudent costs, reduce accumulation of regulatory assets, and avoid sudden tariff shocks, while supporting predictable cash flows for utilities and stable tariffs for consumers.

In view of the above, it is humbly prayed that the Hon'ble Commission may not accept or admit the present True-up Petition. It is further prayed that an appropriate penalty be imposed on the Licensees, in line with the Commission's observations in the Tariff Order for FY 2024–25, wherein it has been specified that, "in case of delay in submission of tariff/True-up filings by the generating entity or licensee or SLDC, as required under this Regulation, the rate of RoE shall be reduced by 0.5% per month or part thereof," under Clause 20.2 of the Multi-Year Tariff Regulation No. 2 of 2023.

- The Licensees have claimed transmission charges in the True-up for FY 2022–23 which do not align with audited accounts. The Hon'ble Commission is requested to restrict allowance to audited figures and direct reconciliation for any variance.

Claimed by the Licensee for True Up of FY 2022-23	As per Audited Accounts
Rs. 4134 Crore	Rs. 4091.61 Crore
Rs. 1737 Crore	Rs. 1018.66 Crore

- The Note 43 of the Audited accounts of TGSPDCL provide that:
In respect of provision for surcharge of M/s. Singareni Thermal Power Plant (STPP), as the Discom and STPP are Government companies, the Discom is taking up the issue with STPP to waive late payment surcharge. To avoid the burdening the consumers, TS Discoms have requested to waive the late payment surcharge as it is not covered in ARR order. The late payment surcharge levied to the end of 2022-23 is Rs.3,459.65 Crore
The Hon'ble Commission is requested to direct the Petitioner to clarify whether it has paid the Late Payment Surcharges and if it has, the same may be reduced from the power purchase cost.
- The NTPC plants, such as NTPC Simhadri Stage-I and NTPC Kudgi, are among the generating stations that participated in the Ancillary Services Market during FY 2022–23. The Hon'ble Commission is respectfully requested to direct the Licensees **to clarify whether the appropriate share of revenue earned from the Ancillary Services Market has been duly passed on by the Generators to the DISCOMs**, in accordance with the applicable regulations and PPA provisions.

5. The Licensees, TGSPDCL and TGNPDCL, **have claimed miscellaneous charges of ₹1,563 crore and ₹931 crore**, respectively, for which no details have been provided. In respect of these miscellaneous expenses, the audited statements of TGSPDCL provide the following details:

It is to submit that, Hon'ble TSERC has issued the order Dated: 21.11.2022 in respect of OP No: 8 of 2021 filed by M/s. Singareni-STPP allowing the water charges and Thermal incentive based on scheduled energy for the period from 2016-19.

However, TSDiscoms have already made provision in the books for thermal incentive and other Miscellaneous expenses. Subsequently, Hon'ble TSERC has disposed the secondary petition in OP.No. 25 of 2021 disallowing the other Miscellaneous expenses were already taken in the books of accounts. M/s. SCCL-STPP misinterpreting the TSERC Order has preferred consolidated claim including charges which was disallowed by TSERC. Therefore, the total claim was rejected with a request to claim water charges and incentive separately. Separate provision was not made towards water charges as provision for miscellaneous expenses more or less compensates the provision for water charges.

However, the actual water charges will be taken into books of accounts of TSDiscoms in 2023-24 duly setting off against the provision already made.

Hence the Hon'ble Commission is requested to not consider it for the FY 2022-23 True Up.

The Licensees, in their reply to some of the objectors, have stated that the miscellaneous charges claimed by the DISCOMs for FY 2022–23 include expenses, of which a major portion amounting to ₹1,142 crore pertains to the GENCO MTR Order and Provision for FY 2022–23, banked energy, IEX cost adjustments, STOA and LTOA charges, reactive charges, deviation charges, and other related statutory and operational charges. The Licensees have further submitted that these charges are incidental to power procurement and grid operations.

In this regard, the Hon'ble Commission is respectfully requested to direct the Licensees to furnish a detailed head-wise and item-wise break-up of the aforesaid miscellaneous charges, along with supporting documents and reconciliation with the audited accounts. In the absence of such proper justification and documentary evidence, the Hon'ble Commission may kindly disallow the said claims.

6. For the approved short-term purchase of 2,171.87 MU in FY 2022–23, the Commission has considered a power purchase price of Rs. 3.30/kWh (Para 4.5.10, p. 129 of the RST Order for FY 2022–23). However, the TGDISCOMs procured power from market sources at an **average cost of Rs. 6.53 per unit, which is nearly double the purchase**

price stipulated by the Commission. Therefore, the Hon'ble Commission is respectfully requested to adopt the short-term purchase price as approved in the Tariff Order for FY 2022–23 and not to allow the higher prices claimed by the TGDISCOMs.

The TGDISCOMs, in their reply regarding the higher market purchase price, have submitted that the cost claimed represents the actual cost borne by the DISCOMs, and that relevant details have been furnished in the filings. They have further stated that the cost was incurred to ensure reliable and continuous power supply to consumers, and that it is necessary for the DISCOMs to recover the same. The DISCOMs have contended that the rate of Rs. 3.30/unit approved in the Tariff Order was only an indicative estimate, whereas the actual market prices during the year were significantly higher. **They have submitted that the average DAM and GDAM prices during FY 2022–23 were around Rs. 6.10/unit and Rs. 5.75/unit, respectively, which, after accounting for losses and other charges, resulted in a landed cost of Rs. 6.53/unit,** and that such procurement reflects prudent market optimization.

However, **the weighted average DAM rate as per IEX for the calendar year 2022 was Rs. 5.821/unit, which is lower than the claimed rate of Rs. 6.10/unit.** Therefore, the Hon'ble Commission is respectfully requested to examine the discrepancy and verify the basis of the claimed market rates, and accordingly restrict the allowable power purchase cost to reasonable and prudently incurred levels. (https://www.iexindia.com/market-data/day-ahead-market/market-snapshot?interval=YEARLY&dp=CALENDER_YEAR&showGraph=false&toDate=2022&fromDate=1)

7. The Hon'ble Commission is humbly requested to direct the Licensees to furnish the details of the Late Payment Surcharge (LPS) amounts, in Rs. crore, paid to the generators, along with supporting documents and reconciliation with the audited accounts.
8. The Licensees, TGSPDCL and TGNPDCL, have claimed short-term power purchase quantum of 5,126 MU and 2,140 MU, respectively, as against the approved quantum of 1,532 MU and 640 MU. This represents an increase of about 235% (3.35 times) in the case of TGSPDCL and about 234% in the case of TGNPDCL over the quantum approved by the Hon'ble Commission.

At the same time, procurement from reliable GENCO thermal sources was lower than the approved quantum. In the case of TGNPDCL, only 6,968 MU was procured as against the approved 7,924 MU, and in the case of TGSPDCL, 16,692 MU was procured as against the approved 18,983 MU.

The simultaneous under-procurement from approved and economical thermal sources and excessive reliance on costly short-term market purchases clearly indicate lack of

proper power planning, forecasting, and optimal scheduling by the DISCOMs. Accordingly, the excess short-term procurement ought not to be considered prudent and should not be allowed in the True-up.

COMMENTS ON TGDISCOMs' TRUE-UP FILINGS FOR FY 2023–24

1. The Hon'ble Commission, vide Order dated 02.05.2025, granted an extension and directed the Licensees to file True-up petitions for FY 2022–23 and FY 2023–24 within two months. The petitions were filed only in November 2025, beyond the stipulated timeline.

In view of the above, it is humbly prayed that the Hon'ble Commission may not accept or admit the present True-up Petition. It is further prayed that an appropriate penalty be imposed on the Licensees, in line with the Commission's observations in the Tariff Order for FY 2024–25, wherein it has been specified that, "in case of delay in submission of tariff/True-up filings by the generating entity or licensee or SLDC, as required under this Regulation, the rate of RoE shall be reduced by 0.5% per month or part thereof," under Clause 20.2 of the Multi-Year Tariff Regulation No. 2 of 2023.

2. The Licensees have submitted that the Central Generating Stations witnessed a shortfall of 4,340 MU, amounting to a 21% reduction in generation, attributing the same to the delay in commissioning of the Telangana STPP. However, the Hon'ble Commission had approved a total quantum of 21,126 MU, as per Table No. 4.15 vide its Order dated 24.03.2023 for FY 2023–24, which included 8,247.29 MU from TSTPP–1. If the quantum pertaining to TSTPP–1 is excluded on account of the delay, the revised quantum works out to 12,878.71 MU.

In this context, a shortfall of 4,340 MU corresponds to approximately 20.5% of the approved quantum of 21,126 MU, and not 21% (which would amount to about 4,436 MU). Therefore, the percentage reduction claimed by the Licensees does not mathematically align with the stated shortfall and requires proper clarification and justification.

3. The Hon'ble Commission approved the quantum of power purchase from NCEs for FY 2023–24 as 11,896 MU, whereas the Licensees have claimed the quantum as 11,007 MU. The Licensees have submitted that there has been a 7.47% shortfall in energy dispatched by NCEs, leading to a reduction of 889 MU in generation.

In this regard, the Hon'ble Commission is humbly requested to direct the Licensees to furnish detailed data on curtailment, including scheduled energy vis-à-vis actual

drawal/withdrawal. The Commission may also direct the Licensees to clarify whether the quantum under net metering has been considered under this head.

4. The Licensees have claimed Transmission cost of ₹6,113 crore as against the approved cost of ₹5,376 crore for FY 2023–24. However, the audited accounts of TGNPDCL reflect Transmission & SLDC charges of ₹1,139.98 crore, while the audited accounts of TGSPDCL reflect ₹4,244.26 crore, aggregating to ₹5,384.24 crore.

The claimed amount is therefore higher than the audited figures by ₹728.76 crore and also significantly above the approved cost. Hence, the Hon'ble Commission is respectfully requested to direct the Licensees to furnish detailed justification and reconciliation for such variation.

5. The Licensees have claimed Interstate Sale/UI Sale/Purchase in 33 kV and below as ₹ (-735) crore for FY 2023–24, as against the approved value of ₹ (-1,862) crore. However, as per the audited accounts of TGNPDCL (Note 23.2), the Company has recorded inter-state sales amounting to ₹234.34 crore and Unscheduled Interchange (UI) charges of ₹6.12 crore.

In view of the above, the Hon'ble Commission is respectfully requested to direct the Licensees to furnish the complete break-up and detailed reconciliation of the said claim with the audited accounts.

6. The Licensee, TGSPDCL, has claimed the actual revenue realized from the HT category as ₹19,509.79 crore. However, the audited accounts of TGSPDCL (Note 21) reflect revenue earned from HT supply amounting to ₹19,608.47 crore.

In view of the above, the Hon'ble Commission is respectfully requested to direct the Licensee to submit a detailed reconciliation of the claimed amount vis-à-vis the figures reflected in the audited accounts.

7. The Licensee, TGSPDCL, has claimed revenue from other sources amounting to ₹289.10 crore, which appears to be understated when compared with the revenue from other sources as reflected in the audited accounts.

In view of the above, the Hon'ble Commission is respectfully requested to direct the Licensee to furnish a detailed break-up of the said amount along with proper reconciliation with the audited accounts.

8. The Licensee, TGNPDCL, has claimed Non-Tariff Income amounting to ₹72.37 crore, which appears to be understated when compared with the corresponding figures reflected in the audited accounts. The Licensee has not considered Miscellaneous Charges from consumers amounting to ₹486.62 crore, Recoveries towards

Theft/Malpractice amounting to ₹22.40 crore, and Delayed Payment Charges amounting to ₹166.08 crore.

In view of the above, the Hon'ble Commission is respectfully requested to direct the Licensee to furnish a detailed break-up of the said amount along with proper reconciliation with the audited accounts.

COMMENTS ON TGDISCOMs' TRUE-UP FILINGS FOR FY 2024–25

1. The Licensees procured 7,266 MU from short-term sources in FY 2022–23, which increased to 9,895 MU in FY 2023–24 (an increase of about 36%) and further escalated to 20,870 MU in FY 2024–25 (an increase of about 111% over the previous year). Overall, short-term power procurement has increased by approximately 187% over the two-year period. This steep and continuous rise in reliance on short-term sources indicates lack of proper long-term power planning and prudent procurement strategy on the part of the Licensees, resulting in avoidable financial burden on consumers.
2. The Licensees, while justifying the substantial increase in short-term power procurement, have submitted that the State of Telangana has been supplying 24×7 power to the agricultural sector since 1 January 2018, which has increased the overall power purchase requirement for FY 2024–25. The Licensees have further stated that, after exhausting all available sources, they resorted to short-term market purchases to meet the sudden increase in power demand during FY 2024–25.

However, it is submitted that the Licensees have not adequately explored alternative and more economical procurement options, such as procurement through the DEEP portal, short-term bilateral agreements, or medium-term power purchase arrangements. Instead, they have largely relied on costly power procurement through the power exchanges, without duly considering the resultant financial burden on consumers. Such procurement practices reflect a lack of prudent planning and optimal power procurement strategy.

In view of the above, the Hon'ble Commission is respectfully requested to disallow the excess costly procurement undertaken by the DISCOMs and direct them to adopt prudent and economically optimal power procurement planning in future.

3. The Licensee, TGSPDCL, has claimed Transmission Charges for FY 2024–25 amounting to ₹3,956 crore, whereas the audited accounts reflect Transmission Charges

of ₹3,905.28 crore. This results in a variation of ₹50.72 crore between the claimed amount and the audited figures.

In view of the above, the Hon'ble Commission is respectfully requested to direct the Licensee to furnish a detailed reconciliation of the claimed amount vis-à-vis the audited accounts and justify the said variation.

SPECIFIC COMMENTS (BASED ON PETITIONS AND AUDITED FINANCIAL STATEMENTS)

Based on the submissions made by the Discoms in Telangana, the analysis has been conducted. This primarily shows that the Discoms have been highly inefficient in their planning and power purchase as the share of power purchase from market has been increasing and has grown to 25% of the total requirement in FY 2024-25. The cost of power purchase from market has also been on higher side thereby leading to higher expense. The inefficiency of the Discoms need not be passed on to the consumers.

In FY 2024-25, the energy purchased from all sources reduced in comparison to the approval granted by the Commission. It is clear that such energy is being purchased from market at higher prices thereby adversely affecting the consumers.

Further, the point wise submission has been made below:

A. COMPARISON WITH AUDIT FINANCIAL STATEMENTS

Power Purchase Units (Mus)

Financial Year	Petition	TGSPDCL	TGNPDCL	Total as per FS	Variation from FS
2022-23	76073	51243	23217	74459.3	1613.7
2023-24	79848	58312	20976	79287.7	560.3

It can be seen that the Discoms are claiming cost of higher units in comparison to the units that are shown in the audited financial statements (FS). Therefore, the per unit cost related to power purchase (excluding transmission charges and sale of power) needs to be allowed only to the extent of units in audited financial statements. Thus, the

cost of 1,613.7 Mus in FY 2022-23 and 560.3 Mus in FY 2023-24 needs to be disallowed. **The units for FY 2024-25 for TGSPDCL is not shown in the audited financial statements, the Discom needs to be directed to show the units and accordingly treatment needs to be done for FY 2024-25 as well.**

Transmission Charges (Rs. Cr.)

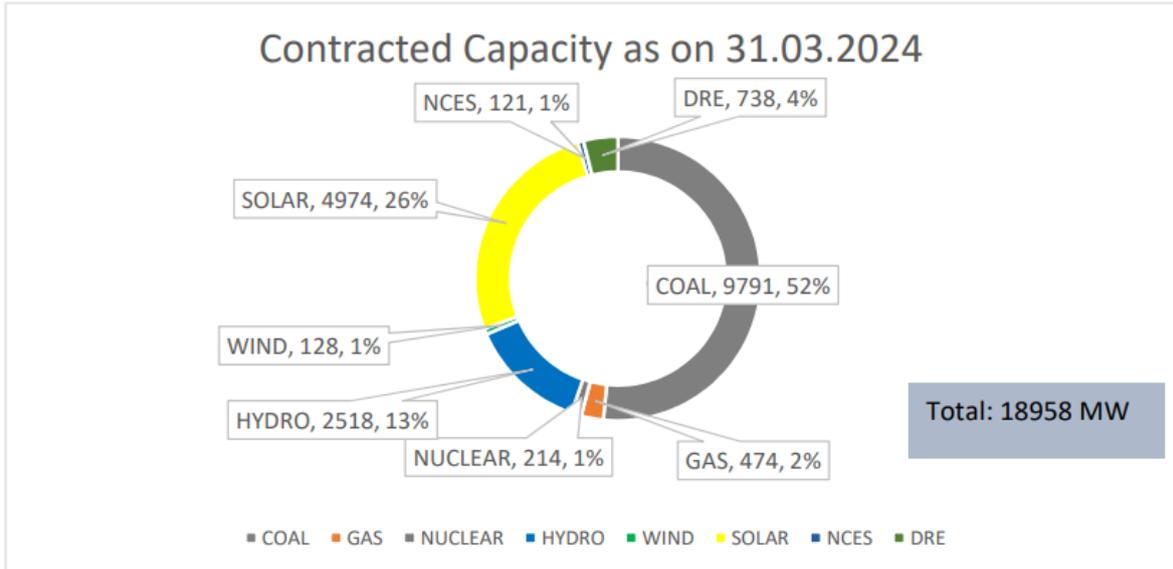
Financial Year	Petition	TGSPDCL	TGNPDCL	Total as per FS	Variation from FS
2022-23	5,871	4,019.61	1,018.66	5,038.27	832.73
2023-24	6,113	4,244.26	1,139.98	5,384.24	728.76
2024-25	5,618	3,905.28	1,681.59	5,586.87	31.13

It can be seen from the above table that the Discoms have claimed higher transmission charges in comparison to the transmission charges in the income statement. The transmission charges should be limited to the cost that has been accounted and shown in the audited financial statements of the two companies. **Thus, the cost of transmission charges of Rs. 832.73 Cr. in FY 2023, Rs. 728.76 Cr. in FY 2023-24 and Rs. 31.13 Cr. in Fy 2024-25 should be disallowed.**

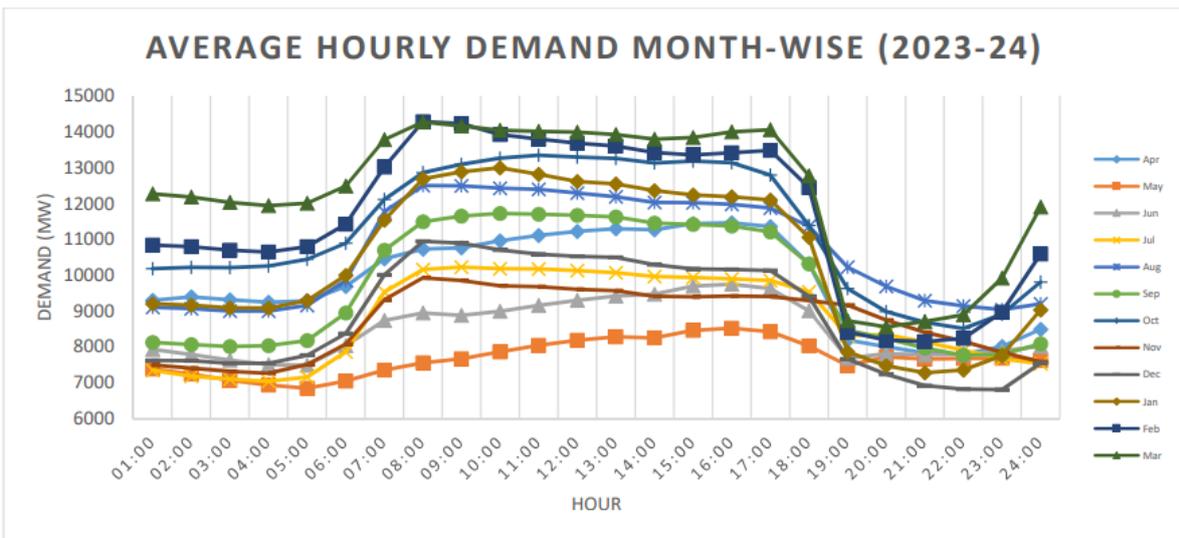
B. RESOURCE ADEQUACY PLAN (CEA)

The report on resource adequacy plan for the State of Telangana was published by CEA in November 2024. The report is available on https://cea.nic.in/wp-content/uploads/resource_adequacy_st/2024/11/Report_on_Resource_Adequacy_Plan_for_Telangana_Up_to_2034_35.pdf.

As per the report, in 2023-24, the peak demand for the State is 15,622 MW whereas 18,958 MW of the capacity has already been tied up. This is shown in the below chart:



The load profile of the State has also been studied which is shown below:



As can be seen from the above chart, the peak hours for Telangana are from 08:00 to 17:00 hours and there has not been much variation over the complete year which makes the planning more reliable and cost effective in comparison to other States like in northern part of the country where there is significant variation at different time of year. This favourable aspect for Discoms in Telangana should **minimize the need for expensive market purchases** during expected demand peaks. By aligning procurement with projected hourly and seasonal load profiles, DISCOMs can better match demand and supply and mitigate volatility in the cost of supply.

However, despite adequate tied-up capacity, recent operational and market trends show that the **share and cost of short-term power purchases have increased**. Even when overall capacity appears sufficient, DISCOMs often resort to the short-term market to balance real-time demand and supply, manage unforeseen outages, or respond to intra-day fluctuations — especially in a system with high renewable energy penetration. Such short-term purchases are typically priced significantly higher than long-term contracted power, which directly **adds to the power purchase cost** burden for DISCOMs.

Given this context, while the resource adequacy framework strengthens planning and can reduce reliance on short-term procurement, the **higher cost component associated with short-term market purchases should not be indiscriminately passed on to consumers**. Consumers have a legitimate expectation of efficient, cost-effective power supply. Passing through the full cost of expensive short-term purchases — especially when underlying tied-up capacity is adequate — could unduly increase tariffs and place avoidable cost burdens on end users. Instead, DISCOMs and the regulatory framework should prioritise **optimisation of the power purchase mix, enhanced forecasting, demand-side management, and long-term contracting strategies** to constrain short-term costs while ensuring reliability and affordability.

Further, the Telangana Discoms have not demonstrated any initiative that has been taken for meeting the targets for resource adequacy that have been approved by CEA. As per the report, the share of power purchase from market (short term) needs to be reduced and that of long and Medium term has to be increased. The Discoms need to develop power purchase plan in line with resource adequacy approved by CEA.

C. PRUDENCE PRINCIPLE FOR SHORT-TERM MARKET PURCHASES

An Appeal no. 98 of 2021 was filed by Noida Power Company Ltd. in which the company had appealed against the disallowance of short term power (power purchased from market). Hon'ble APTEL in judgement dated 02.12.2025 has observed that short term procurement of power by distribution Licensee is to be allowed at the cost at which it was actually procured, provided that the quantum of power utilised remains within the approved short-term procurement quantum and the procurement price does not exceed the approved average cost of short-term power as specified in the ARR Order (Pg. 212 of the Order).

The case of Telangana State Discoms is same and the principle laid down by Hon'ble APTEL needs to be applied. The approval granted by Hon'ble Commission was much lower and at much lower price. Consumers have a legitimate expectation of efficient, cost-effective power supply. The increase in power purchase cost due to inefficiency of the Discoms need not be passed on to the consumers. Therefore, the excess units over and above the approved quantum needs to be limited approved price or the price at which energy is purchased, whichever is lower.

D. COST OF POWER FROM NCE SOURCES

The prices discovered in government auctions (SECI/NTPC) for long-term Power Purchase Agreements (PPAs). Prices are in ₹/kWh are as shown below:

Year	Solar (Utility Scale)	Wind (Non-Solar)	Wind-Solar Hybrid
2022	₹2.20 – ₹2.50	₹2.84 – ₹3.10	₹2.53 – ₹2.65
2023	₹2.50 – ₹2.70	₹3.10 – ₹3.40	₹3.00 – ₹3.30
2024	₹2.50 – ₹2.65	₹3.40 – ₹3.60	₹3.15 – ₹3.45
2025/26	₹2.56 – ₹2.70	₹3.60 – ₹3.74	₹3.30 – ₹3.40

The above chart clearly shows that the prices of NCE sources have been quite stable in the last few years. The Discoms in Telangana have been inefficient not only in planning but have also been inefficient in operations. Thus, the approval of power purchase cost needs to be limited to the above range rather than approving the actual cost being claimed by the Discoms.

E. SOURCES OF POWER PURCHASED FROM MARKET

The discoms need to show that the power has been purchased from competitive sources by clearly showing the sources of power purchase and providing evidence of competitive bidding. **Such details are absent in the submission that has been made by the Discoms.**

F. MISCELLANEOUS CHARGES

The miscellaneous charges that are being claimed by the Discoms are essentially part of power purchase cost itself. Thus, allowing these costs separately will not be appropriate and hence have to be disallowed.

PRAYERS

SICMA most respectfully prays that the Hon'ble Commission:

- A. Consider the above Comments/Suggestion/Objections filed by SICMA on the True-Up Petitions of FY 2022-23, FY 2023-24, FY 2024-25 of TGDISCOMs.**
- B. To conduct True-Up of FY 2022-23, FY 2023-24 & FY 2024-25 on Suo-motu basis by 31st March 2026 as mandated by Hon'ble APTEL.**
- C. May direct the Discoms to provide a reconciliation of the Power Procurement Cost, and each component with the audited accounts and the Transmission Charges may be accordingly allowed subject to prudence check;**
- D. May Conduct a Prudence check over the components as highlighted by SICMA;**
- E. Pass necessary orders as may be deemed appropriate in the facts and circumstances of the case in the interest of competition, as has been enshrined in the Electricity Act;**

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**For SOUTH INDIAN CEMENT
MANUFACTURERS' ASSOCIATION**



**Authorised Signatory
I.Gopinath**

**Chief Executive Officer
(OBJECTOR)**

23.02.2026
Hyderabad