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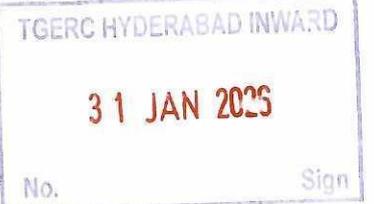
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BEFORE THE HON'BLE TELANGANA ELECTRICITY REGULATORY
COMMISSION, HYDERABAD



In the matter of:

Power Purchase Cost (PPC) True-up and Revenue True-up Petition for FY
2024-25 filed by Southern Power Distribution Company of Telangana Limited
(TGSPDCL)

OBJECTIONS TO PPC TRUE-UP PETITION (FY 2024-25) [O.P.No.82 of 2025]

Filed under Sections 62, 64, 86(1)(a) of the Electricity Act, 2003

1. INTRODUCTION AND LOCUS STANDI

The present objections are filed in public interest seeking strict application of prudence check, least-cost procurement and consumer protection principles, as consistently laid down by the Hon'ble Supreme Court, APTEL and this Hon'ble Commission.

2. TRUE-UP IS NOT AN AUTOMATIC PASS-THROUGH – SETTLED LAW

TGSPDCL has filed the present Petition seeking approval of Power Purchase Cost (PPC) and Revenue True-up for FY 2024-25. The magnitude of deviations claimed once again reflects serious deficiencies in demand forecasting, resource planning and power procurement strategy.

It is respectfully submitted that:

True-up is not a matter of right and cannot be allowed mechanically.

True-up is intended only for uncontrollable and unforeseeable variations, and not for inefficiencies, avoidable deviations or planning failures.

Repeated large true-up claims over successive years demonstrate systemic inefficiency rather than uncontrollable events.

Hon'ble APTEL has consistently held that true-up cannot be used to compensate inefficiency or imprudent expenditure.

3. FAILURE OF PRUDENCE CHECK UNDER SECTION 62 OF THE ELECTRICITY ACT, 2003

The Hon'ble Supreme Court in UP Power Corporation Ltd. vs NTPC (2011) 12 SCC 400 has mandated that Regulatory Commissions must ensure:

Least-cost power procurement

Protection of consumer interest

Exclusion of avoidable and imprudent costs

TGSPDCL has failed to establish that power procurement during FY 2024-25 was carried out on a least-cost basis or that adequate mitigation measures were adopted to control costs.

4. EXCESSIVE SHORT-TERM POWER PROCUREMENT – IMPRUDENT AND DISALLOWABLE

The Petition reveals continued excessive dependence on short-term and market-based power procurement during FY 2024-25.

The Objector submits that:

Short-term market power is the costliest source and should be resorted to only as a last option.

Repeated recourse to short-term procurement indicates chronic failure in long-term power planning and demand forecasting.

TGSPDCL has failed to demonstrate that all cheaper long-term, tied-up and internal sources were fully exhausted prior to resorting to market purchases.

As held by Hon'ble APTEL in multiple judgments, avoidable short-term power procurement arising out of planning failure is imprudent and cannot be allowed for pass-through to consumers.

5. VARIABLE COST ESCALATION – COMMERCIAL RISK

TGSPDCL has attributed increased PPC to escalation in variable cost on account of coal price increase, freight, royalty, green cess and forex variation.

It is submitted that:

Fuel price and forex risks are known commercial risks inherent to thermal power procurement.

TGSPDCL has not placed on record any evidence of fuel optimization, coal blending, alternate sourcing, hedging or cost-minimization efforts.

Automatic pass-through of such escalation defeats tariff certainty and consumer protection.

Hon'ble APTEL has categorically held that fuel price risk is not an automatic pass-through and must be subjected to prudence scrutiny.

6. MERIT ORDER VIOLATION AND SUB-OPTIMAL DISPATCH

The Petition indicates deviations in generation mix and scheduling during FY 2024-25.

The Objector submits that:

Cheaper sources such as hydel and allocated CGS power were not optimally utilized.

Costly thermal and market power was procured without adequate justification.

Failure to adhere to merit order principles and optimal scheduling disentitles the utility from recovery of excess costs, as held by Hon'ble APTEL.

7. 24×7 AGRICULTURAL SUPPLY – STATE POLICY COST

TGSPDCL has once again cited 24×7 agricultural supply as a contributing factor for increased PPC and revenue gap.

It is respectfully submitted that:

24×7 free or subsidized agricultural supply is a State Government policy decision.

Financial implications of such policy must be fully compensated by the State Government through explicit budgetary support.

Such costs cannot be passed on to consumers through tariff, true-up or regulatory assets.

This principle has been consistently upheld by the Hon'ble Supreme Court, Hon'ble APTEL and this Hon'ble Commission.

8. REVENUE TRUE-UP CLAIM – STRICT SCRUTINY REQUIRED

TGSPDCL has sought approval of Revenue True-up for FY 2024-25.

The Objector submits that:

Revenue deviations largely arise from inaccurate demand estimation, category-wise migration, billing inefficiencies and collection shortfall.

Revenue risk is inherent to the retail supply business and cannot be entirely socialized.

Before approving any revenue true-up, the Commission must examine billing efficiency, collection efficiency, demand projections and tariff design.

9. COMMISSION CANNOT ACT AS A CONDUIT TO GOVERNMENT

Any prayer seeking direction to the Hon'ble Commission to approach the State Government for funding is legally untenable.

The Commission is an independent statutory authority and cannot be used as a conduit between the Licensee and the Government for financial support.

10. TELANGANA-SPECIFIC REGULATORY PRECEDENTS

The Hon'ble TGERC and the erstwhile APERC have consistently held that:

Imprudent power purchase costs are not admissible for pass-through.

Policy-driven subsidies must be compensated by the Government.

True-up is not meant to neutralize inefficiencies.

These binding precedents squarely apply to the present Petition for FY 2024-25.

11. CONSUMER INTEREST – PARAMOUNT CONSIDERATION

Section 61(d) of the Electricity Act mandates safeguarding consumer interest. Allowing repeated large true-ups will:

Cause tariff shock

Inflate regulatory assets and carrying cost

Penalize consumers for inefficiencies beyond their control

PRAYER

In view of the foregoing submissions, the Objector respectfully prays that the Hon'ble Commission may be pleased to:

Reject or substantially reduce the PPC true-up claim for FY 2024-25.

Disallow imprudent short-term power procurement costs.

Exclude agricultural policy-driven costs from consumer recovery.

Subject revenue true-up to strict prudence and efficiency checks.

Prevent creation of avoidable regulatory assets.

Issue appropriate directions to TGSPDCL for robust long-term power procurement planning.

Pass such other order(s) as deemed fit in the interest of justice and consumers.

Filed by:


(T. Harish Rao)

Place: Hyderabad

Date: 31.01.2026