To

The Secretary

Telangana Electricity Regulatory Commission

Sy. No.145-P, Vidyut Niyantran Bhavan

Kalyan Nagar, GTS Colony, Hyderabad **January 14, 2026**

Respected sir,

Sub : Submission of objections and suggestions in OP No.67 of 2025 filed by TGGENCO for true-up for FY 2024-25 and tariff for FY 2026-27

With reference to the public notice dated 20.12.2025, inviting objections and suggestions on the subject issues, we are submitting the following points for the consideration of the Hon'ble Commission:

1. **We request the Hon'ble Commission to condone the delay in filing our submissions for the reasons given in our letter dated 1.1.2026 and take our submissions on record.**

2. **Telangana Power Generation Corporation Limited has submitted that it had submitted the true-up for FY 2022-23 and MYT petition for the 5th control period. However, it is silent on non-submission of true-up petition for 2023-24, the last year of the 4th control period. The Hon'ble Commission should have directed TGGENCO to submit the true-up/true-down petition for 2023-24 first, without taking up the true-up petition for 2024-25. Not doing so is tantamount to allowing GENCO to give a short shrift to its regulatory obligation. GENCO has maintained that the opening gross fixed assets (GFA) of FY 2024-25 are considered by addition of approved additional capitalization of FY 2022-23 in the MYT order dated 28.10.2024 and audited annual accounts of FY 2023-24. When annual accounts for FY 2023-24 were audited, there is no justification in GENCO not submitting true-up/true-down petition for the same FY.**

3. **For the FY 2024-25, TGGENCO has sought a true-up of Rs.1607.13 crore, claiming that total fixed charges for the year increased to Rs.8319.73 crore against Rs.6712.60 crore approved by the Commission. Except depreciation charges, it has shown increases in all the components of fixed charges. The additional fixed charges work out to 23.94% of what were approved by the Commission. When expenditures under different heads of various components of fixed charges exceed what are determined on normative basis, additional claims become questionable and**

impermissible. Compared to the total fixed charges of Rs.8784.06 crore proposed for the FY 2026-27, the rate of increase in fixed charges for 2024-25 becomes more questionable. It also indicates that the rate of increase in fixed costs for 2025-26 might be lesser than that for 2024-25.

4. Addition of gross fixed assets for 2023-24 is for Rs.226.77 crore, while the same for 2024-25 is Rs.143.81 crore. Without submitting true-up/true-down petition for 2023-24, TGGENCO has submitted that the approved additional capitalization of 2022-23 is added in the subject true-up claims. The way approvals are given in MYT order for additional capital cost and actual capital cost claimed to have been incurred need to be subjected to prudence check by the Commission to justify or disallow such expenditure.

5. The major component for true-up claims of GENCO is increase in operation and maintenance expenses "based on the annual accounts." O&M expenses increased by Rs.831.94 crore from Rs.1869.03 crore approved for the FY to Rs.2700.87 crore or 44.51%. Having admitted that the Commission specified in the MYT order dated 28.10.2024 that the impact of PRC-2022 has not been considered due to complete details of station-wise PRC not submitted in the filings and will be considered as part of truing up at the end of 4th control period subject to prudence check, why is GENCO claiming the impact in the true-up claims for 2024-25, the first year of the 5th control period, instead of claiming the same in the true-up at the end of the 4th control period?

6. That depreciation charges decreased for all the stations of GENCO, except KTPS-V and RTS-B, by Rs.212.27 crore from Rs.986.73 crore approved to Rs.774.47 crore makes it clear that the projections were made and approvals given were unrealistic. That the variation is 27.41% would give rise to the question as to what kind of parameters are being followed and how additional capital expenditures are being allowed, especially for the old stations of GENCO.

7. GENCO has claimed an additional Rs.43.28 crore increase in interest and finance charges on loan and Rs.44.81 crore as increase in interest on working capital. While depreciation charges decreased, interest and finance charges on loan are being shown as increased due to the variation in GFA considered in MYT order. Whether GFA increased as considered in the MYT order needs to be examined and subjected to prudence check. If interest on working capital is permitted on normative basis, higher cost would be impermissible. GENCO should try to avail itself of available opportunities for swapping existing loans with new loans with lower rates of interest.

8. GENCO has requested the Hon'ble Commission condone the delay in filing its petition for FY 2022-23 and not to reduce the base rate of return on equity by 4% for that year and 2024-25. Having issued its order earlier, the Hon'ble Commission should not review it to reverse its decision, especially when it had already approved a return on equity of Rs.1444.98 crore for 2024-25. Allowing increased RoE being claimed by GENCO would also lead to imposition of additional burden of proportionate corporate tax thereon, thereby doubly burdening the consumers.

9. TGGENCO has sought true-up of "actual additional pension liability" of Rs.1669.60 crore for FY 2024-25 pertaining to its employees and those of TGTRANSCO and TGDISCOMs. An erroneous decision taken by the first APERC in the 2000s in allowing such claims for interest and additional interest on pension bonds has been followed by subsequent Commissions and, after bifurcation of the state, by TGERC also, despite repeated requests being made by several objectors against it. We request the Hon'ble Commission to examine the following points, among others:

a) That the Commission is relying on the earlier practice of allowing this liability by earlier order of the Commission confirms that such a questionable and unfair decision was subjective and is not based on merits, if any. Simply because the earlier incumbents of the Commission have been taking an unjust and untenable decision, continuing it mechanically and repetitively, without any correction, is no virtue.

b) Allowing additional interest on pension bonds to be imposed on the consumers makes a mockery of the parameters being adopted by the Commission for determining employee costs as a part of operation and maintenance cost.

c) No private developer of a power plant with whom TGDISCOMs had PPA in force has been making claims for pension liabilities separately.

d) After trifurcation of the erstwhile APSEB, based on a wrong approach adopted by the then APERC in allowing interest on pension bonds as pass through to be collected from the consumers, successive Commissions continued the questionable and imbalanced approach in their orders. TGERC followed suit. Our repeated and detailed requests to successive Commissions over the years to

make it clear that interest on pension bonds shall not be allowed as pass through, that the DISCOMs should claim the same from the state government, which should provide funds for those bonds as a one-time measure to resolve the issue permanently, fell on the deaf ears of the powers-that-be. As a result, the burden of thousands of crores of rupees has been imposed on the consumers to meet interest on the said pension bonds and how long this injustice to consumers will continue is anybody's guess.

e) **It is incorporated in the Andhra Pradesh Electricity Reform (Transfer Scheme) Rules, 1999 dated 29.1.1999 that** *"The State Government shall make appropriate arrangements in regard to the funding of the pension funds and other personnel related funds to the extent they are unfunded on the effective date of transfer of the Personnel from the Board and till such arrangements are made all such payments for personnel who retire after the effective date shall be entirely arranged by the APTRANSCO.*

" The State Government shall make appropriate arrangements in regard to the funding and due payment of all terminal benefits to the existing pensioners of the Board as on the effective date of transfer and till such arrangements are made the payment falling due shall be made by the APTRANSCO, subject to such adjustments as may be decided between the State Government and the APTRANSCO." **Seeking regulatory consent for imposing such burdens on consumers, as well as allowing the same, is a violation of the said rules. The said agreement is inherited to power utilities of GoTS.**

f) **It is a standard practice that funds for retirement benefits and payment of pension for employees are maintained to earn interest on them. That is the reason why no private developer of a power plant with whom APDISCOMs had a PPA in force is seeking pension liabilities separately, as they have to maintain funds provided for retirement benefits of its employees in such a that they earn interest thereon. As the erstwhile APSEB did not maintain such funds separately and did not maintain accounts for the same, after unbundling of the Board and as a part of schemes for transfer of assets and liabilities to APGENCO, APTRANSCO and DISCOMs, assets were revalued and a master trust was formed with the responsibility of maintaining it entrusted to GENCO. APGENCO established a Master Trust and issued bonds for Rs. 1320.43 crore for retired employees as on 01.02.1999 and Rs. 3066.52 crore for employees still on the APSEB payroll as on that date. APGENCO assumed the responsibility for servicing these bonds, with redemption timelines set for 2029 and 2033, respectively. After bifurcation of A.P., the responsibility of pension liabilities of TGGENCO, TGTRANSCO and TGDISCOMs has been transferred to TGGENCO proportionately.**

g) **Responding to our repeated submissions, APERC decided, when Justice G Bhavani Prasad garu was its chairman, that "***the additional interest on pension bonds was accepted to the extent found provisionally admissible on due verification by the Commission. However, the request of the objector that the Government of Andhra Pradesh shall bear the additional burden be extracted and communicated to the Principal Secretary, Energy, GoAP for favourable consideration."* ***T*****hough the proposal was forwarded to the government by APERC, there was no response to it. The very fact that the Hon'ble Commission forwarded our request to the government shows that it merits favourable consideration by the government. The failure of successive Commissions to make it clear that either the government or the licensees themselves have to bear the burden of interest and additional interest on pension bonds and that it will not be allowed to be imposed on the consumers of power is nothing but regulatory failure, if not "regulatory capture." But there has been no such initiative by TGERC.**

h) **That TGGENCO has given a revised proposal for additional pension liability to the tune of Rs.1902.23 crore for 2026-27 shows the magnitude of this avoidable, unjustified and continuous burden on the consumers.**

i) **We request the Hon'ble Commission to reconsider our request and give appropriate direction to TGGENCO, TGTRANSCO and TGDISCOMs, as suggested above, on pension liabilities.**

10. **Water charges claimed by TGGENCO may be allowed, after prudence check, to the extent permissible.**

11. **Auxiliary energy consumption, gross station heat rate and second fuel oil consumption should be permitted to the extent they have been permitted by the Commission on normative basis. In this connection, I would like to remind that Singareni Collieries Company Limited agreed to my suggestion of bearing the expenditure for lighting of staff quarters of its Singareni Thermal Power Plant itself from its profits. Showing substantial return on equity every year, TGGENCO also should agree accordingly relating to lighting of staff quarters of its projects.**

12. **Stating that CEA flexible operation regulation stipulates thermal generating units to operate as low as 55% of full load operation based on grid demand, TGGENCO has requested the Hon'ble Commission to allow actual auxiliary consumption to compensate for low load operation of units for truing up of FY 2024-25. We request the Hon'ble Commission to examine the following points, among others:**

a) When surplus power is available to the DISCOMs under PPAs in force, the principle of merit order dispatch is being followed for backing down thermal power stations. The burden of fixed charges being paid for the capacities backed down is being imposed on the consumers for the failures of commission and omission of the powers-that-be.

b) Legal sanctity of CEA flexible operation regulation is questionable, because it is arbitrary in nature and is intended to unduly benefit generators of renewable energy, because such an arbitrary approach avoids backing down of RE units after backing down of thermal stations to the technically permissible level as incorporated in their respective PPAs. In other words, the arbitrary regulation of CEA is detrimental to the interests of the thermal power stations and consumers of power.

c) The said regulation of CEA violates and makes mockery of even the imbalanced merit order principle in force. It encroaches upon the decision-making authority of SLDCs to decide which power station has to be backed down, to what extent and when, depending on availability of surplus power and requirement of power to meet demand in the state.

d) TGGENCO has contended that CERC has issued regulation dated 4.2.2025 for compensation for degradation of parameters due to part load operation/reserve shut down of thermal generating stations. If DISCOMs of the state are backing down thermal power stations, it is being, and should be, confined to the permissible technical level as incorporated in the respective PPAs. When for such backing down, DISCOMs are paying fixed charges, the question of "compensation for degradation of parameters due to part load operation/reserve shut down of thermal generating stations" does not arise. This is one more irrational and imbalanced regulation of CERC, toeing as it has been the irrational decisions of the GoI. Regulations of CERC are not binding on TGERC and TGGENCO, TGTRANSCO and TGDISCOMs.

e) The said regulations of CEA and CERC are nothing but exercising their authority, without any responsibility and accountability for the adverse consequences that would arise as a result of implementing the same. Both the entities, as well as GoI, do not take any responsibility to compensate the states and their power utilities for the avoidable and unjustifiable burdens that would arise as a result of implementing the said regulations and such other directions and orders.

f) **The request of TGGENCO to the Hon'ble Commission to "allow actual Auxiliary energy consumption, Station Heat Rate and secondary fuel oil consumption," if permitted, would make a mockery of the principle of merit order dispatch and applicable terms and conditions in the respective PPAs and impose avoidable and unjustifiable burdens on the consumers additionally. Therefore, we request the Hon'ble Commission to reject the request of TGGENCO and direct it to adhere to what have been decided by the Commission on normative basis which are also liberal in nature.**

g) **Higher variable costs will make thermal power stations of TGGENCO more and more vulnerable to be backed down under the principle of merit order dispatch and affect their interests, leading to underutilization of their capacities, when abnormal quantum of surplus power is available as a result of imprudent decisions in entering into long-term PPAs with thermal power plants and RE units taken indiscriminately, unrelated to actual trends of demand growth and need for maintaining harmonious balance between fluctuating demand curve and power mix to the extent technically feasible.**

13. **Different energy charge rates shown by GENCO for the five units of KTPS lack justifiability and they should be subjected to prudence check by the Commission. When the requests of GENCO, as pointed out under point No.12 above, are rejected, its claims for energy charge rates based on "actual values" do not hold water. If such unjust claims are allowed, it will make a mockery of the normative basis on which the Commission has been determining ECRs. It will also absolve GENCO of its responsibility to maintain efficiency in running its power stations. Allowing such questionable claims would impose unjust and avoidable burdens on the consumers. Therefore, we request the Hon'ble Commission to reject the claims of GENCO and direct it to adhere to what have been determined by the Commission on normative basis.**

14. **Proposing revised tariff for the FY 2026-27, TGGENCO has shown GFA additions during the next financial year to the tune of Rs.1053.86 crore against the same estimated for 2025-26 at Rs.52.92 crore only. For the FY 2026-27, GENCO has proposed the following revised variations against what was approved by the Commission in the MYT order:**

Item	Rs.cr. Approved	Revised	Variation
1. O&M expenses	2068.70	2959.14	890.44
2. Depreciation	979.50	802.79	-176.71

3.	**Interest and finance charges on loan**	**678.98**	**793.74**	**114.76**
4.	**Interest on working Capital**	**300.54**	**316.44**	**15.90**
5.	**Return on equity**	**1951.21**	**2041.93**	**90.72**
6.	**Non-tariff income**	**118.18**	**85.69**	**-32.49**
7.	**Addl. Pension liability**	**1617.06**	**1902.23**	**285.17**
8.	**Water charges**	**33.84**	**53.48**	**19.64**

Thus, GENCO has proposed increase of annual fixed charges from Rs.7511.65 crore approved in the MYT to Rs.8784.06 crore, i.e., by Rs.1272.41 crore or 16.94%.

The claim of GENCO for a true-up of Rs.1607.13 crore for 2024-25 and an additional claim of annual fixed charges by Rs.1272.41 crore for 2026-27 makes its projections, initial and revised, and the approach of MYT determination questionable. Moreover, the revised projections for 2026-27 cannot be taken as final, going by the submissions of GENCO for future claims under various heads and seeking true-up again for 2026-27 cannot be ruled out. We request the Hon'ble Commission to subject the claims of GENCO to prudence check and normative parameters and disallow what is considered impermissible.

15. **GENCO has submitted that the energy charge rate for FY 2026-27 is computed considering the coal prices reduced by SCCL by Rs.741 per MT with effect from 7.9.2025 for all grades of coal and net reduction in landed cost of coal, after factoring increase of GST on coal prices from 5% to 18%. GENCO has worked out the net reduction of weighted average coal price to Rs.600/- per MT. In other words, even while reducing prices for coal, thereby correcting irrational pricing mechanism to some extent, GoI is nullifying that reduction by increasing GST on coal abnormally, and, in the process increasing its GST revenue unduly. There is no basis for the claim of GENCO for escalating coal price and secondary fuel oil price @2% for 2026-27. Such advance escalation in prices is impermissible and should be rejected. If, and as and when, price hikes take place, GENCO can claim the same, not in advance based on presumptions.**

16. **We request the Hon'ble Commission to reject the proposals of GENCO for compensation on degradation of operating parameters for 2026-27 for the reasons submitted above relating to its true-up claims for 2024-25.**

17. **The proposal of GENCO for incentive @ 50 paise per kwh for actual energy generated and supplied to DISCOMs in excess of normative plant load factor as incorporated in the respective PPAs approved by the Commission be permitted as per the terms of applicable PPAs.**

18. The claim of GENCO for carrying cost or holding cost is impermissible and should be rejected. Without submitting required information at the appropriate time and seeking substantial amounts under true-up later, GENCO should not be allowed to impose avoidable burden on the consumers for its failures of commission and omission.

19. The claim of GENCO for permitting it to claim any additional capital expenditure to be incurred for meeting the renewable generation obligation (RGO) as per the resolution dated 27.2.2023 of the Ministry of Power, GoI, the revised tariff policy, 2016 and subsequent clarification issued by the Ministry on 7.8.2025 is highly objectionable. I request the Hon'ble Commission to examine the following points, among others:

a) If at all RGO is binding on thermal power generating stations, it is an obligation on such stations, and the consumers have nothing to do with it.

b) DISCOMs and their consumers should not be compelled to purchase such RE from generators with whom they had PPAs in force for procurement of thermal power. It is all the more so, because of the RPPO being imposed on the consumers through the DISCOMs.

c) It is for the generators of thermal power stations to meet RGO of 40% by the COD of the thermal power station concerned by setting up an RE unit with required capacity or purchase renewable energy certificates.

d) Either by setting up RE units of required capacities or purchasing required renewable energy certificates to meet its RGO obligation, whatever be expenditure GENCO incurs, it cannot be claimed from the DISCOMs. Such an expenditure does not benefit the DISCOMs and their consumers of power.

e) If mutually agreed, GENCO and DISCOMs can enter into a PPA to purchase RE from the units to be set up by GENCO, if that RE is required and tariff competitive. Here, the question of efficiency and competitiveness of GENCO comes into play. If a PPA is entered into between GENCO and DISCOMs, and if the Commission gives its consent, to supply RE, it undergoes normal regulatory process.

f) If DISCOMs do not require that RE from GENCO, it is for the latter to seek avenues for selling RE to be generated by its units.

g) **If GENCO purchases RECs, instead of setting up RE units, it has to bear that expenditure which cannot and should not claimed from the DISCOMs.**

h) **DISCOMs should not be compelled to purchase RE from generators of thermal power stations with whom the former had PPAs in force for purchase of thermal power, it will be sheer anarchy and crude abuse of authority, without any legal sanctity. It will be detrimental to the interests of the DISCOMs and their consumers of power, if they are forced to purchase unwarranted RE in this manner.**

i) **DISCOMs have already been saddled with obligations to purchase unwarranted RE under RPPO orders in force and even far exceeding their obligation to purchase minimum quantum of RE. As if such avoidable burden is not enough, imposing the obligation of purchasing RE from generators of thermal power stations under RGO on the DISCOMs means doubly overburdening the latter. As such, in the name of encouraging RE, imposing RGO is nothing but perversity and vulgar abuse of authority by the GoI, without any responsibility and accountability for the adverse consequences to the generators of thermal power stations and/or DISCOMs and their consumers of power.**

j) **Allowing the so-called flexible operation of thermal power stations, on the one hand, and permitting setting up of new thermal power stations and imposing RGO, on the other, are mutually contradictory and reflect another absurdity of ever-changing and never-ceasing reform process, with a number of dichotomies and imbalances.**

k) **We request the Hon'ble Commission to reject the vague and sweeping claim of GENCO for claiming** "any additional capital expenditure to be incurred for meeting the Renewable Generation obligation" **from the DISCOMs and their consumers of power.**

20. The claim of GENCO for compensation from the DISCOMs for the so-called flexible generation of its thermal power stations as per notification of the CEA and regulations of CERC should not be allowed for the reasons already submitted above.

21. Opening of revolving letter of credit and payment of surcharge for delayed payment for power supplied by GENCO to the DISCOMs should be implemented as per the terms of the PPAs in force.

22. What are the latest accumulated dues TGDISCOMs have to pay to TGGENCO for the power being supplied by the latter?

23. I request the Hon'ble Commission to provide me an opportunity to make further submissions during the scheduled public hearing, after receiving responses of GENCO. I also request the Hon'ble Commission to provide me a link permitting me to participate in the public hearing through virtual mode.

Thanking you,

Yours sincerely,

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