



TELANGANA POWER GENERATION CORPORATION LIMITED

(A Govt. of Telangana Undertaking)
Vidyut Soudha, Khairatabad, Hyderabad- 500082.
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From
The Chief Engineer,
Coal & Commercial,
TGGENCO, Vidyut Soudha,
Khairatabad,
Hyderabad- 500082.

To
The Commission Secretary,
TGERC,
#Vidyut Niyantaran Bhavan,
GTS Colony, Kalyan Nagar,
Hyderabad- 500045.

Lr.No:TGGENCO/CE(Coal & Comml)/SE(C&C)/F.ATP-2026-27/D.No:44/26,Dt:17.01.2026

Sir,

Sub: - TGGENCO- Submission of replies on Objections / Suggestions raised on Annual Tariff Petition: 2026-27 - Reg.

Ref:- Letter from the South Indian Cement Manufacturers' Association (SICMA), Hyderabad, Dtd.10.01.2026. on Annual Tariff Petition 2026-27.

The replies to the Objections / Suggestions raised by The South Indian Cement Manufacturers' Association (SICMA), Hyderabad, Dtd.10.01.2026. on Annual Tariff Petition 2026-27 are herewith enclosed.

Encl: As above

Yours faithfully

(Signature)
/17/26

Chief Engineer
(Coal & Commercial)
TGGENCO/VS/HYD

➤ **Copy to**

Sri.I.Gopinath, CEO, South Indian Cement Manufacturer's Association, 3rd Floor, 36th Square, Plot No. 481, Road No. 36, Jubilee Hills, Hyderabad-500034. Telangana.

Annexure-1

TGGENCO replies to the Objections/Comments raised by SICMA on True up of FY 2024-25 & Revised Tariff Petition for FY 2026-27 (O.P.No.67 of 2025)

Sl.No	Objections/Suggestions	TGGENCO Reply
	True-Up for FY 2024-25	
1.	<p>Non-Filing of True-up Petition for FY 2023-24 TGGENCO has not filed the True-up Petition for FY 2023-24 despite audited accounts being available, in violation of the MYT Regulations, 2019 and 2024. The Petition should therefore be rejected at the very outset.</p>	<p>TGGENCO has filed True-up Petition for FY 2023-24 to the Hon'ble Commission on 21.06.2025 and Hon'ble Commission admitted the petition vide O.P.No 43 of 2025 and Public hearing was conducted on 17.09.2025. Order is awaited.</p>
2.	<p>GFA Additions/ Additional Capitalisation Should not be considered Additions to GFA for FY 2024-25 shall not be considered at this stage and should be examined only after completion of True-up for FY 2023-24. The approval of additional capitalization for FY 2024-25 must be made strictly contingent upon regulatory determination of the additional capitalization for FY 2023-24, so as to ensure continuity and prevent distortion of the True-up framework.</p>	<p>TGGENCO has filed True-up Petition for FY 2023-24 to the Hon'ble Commission on 21.06.2025 and Hon'ble Commission admitted the petition vide O.P.No 43 of 2025 and Public hearing was conducted on 17.09.2025. Order is awaited. Additions for the FY 2024 – 25 were considered based on the audited annual accounts.</p>
3.	<p>Improper claim of O&M expenses O&M expenses under True-up must be examined and allowed strictly on a normative basis in accordance with MYT Regulations. However, TGGENCO has inappropriately claimed variations based on actual expenditure.</p>	<p>TGGENCO has claimed O&M expenses at actuals, detailed explanations along with justifications, especially in the case of BTPS, KTPS VII Stage and pending approval of PRC 2022 Commitments were submitted in the filings, for favourable consideration of the commission.</p>

Plant-Wise Information to be furnished: To ensure that only optimum costs are allowed as a pass-through, TGGENCO should be directed to submit the following:

- a. Station-wise manpower deployment, total manpower cost, cost per MW, benchmark manpower norms and costs of NTPC/NHPC/CEA, and initiatives for optimal manpower utilization.
- b. Station-wise Specific Heat Rate (SHR) and Secondary Fuel Oil Consumption as approved by TSERC vis-à-vis actuals, including excess coal and secondary oil consumption and financial impact.
- c. Station-wise landed cost of coal, including base rate, premium, freight components, and cost per tonne.

Non-Compliance with Regulatory Provisions (Cl. 46.5-

8th Proviso)): As per Regulation 46.5 (8th proviso) of the MYT Regulations, TGGENCO is mandated to publish, on a monthly and rolling three-month basis, on its website.

- i. GCV parameters,
 - ii. Price of fuel including domestic coal, imported coal and e-auction coal,
 - iii. Blending ratio of imported coal with domestic coal, and
 - iv. Proportion of e-auction coal used.
- TGGENCO has failed to comply with this mandatory disclosure requirement. Non-publication of these parameters defeats transparency.

- d. Station-wise Auxiliary Energy Consumption as approved versus actual, along with financial impact due to higher auxiliary consumption, noting that SCCL coal is significantly costlier than CIL coal and directly impacts consumer tariff.

- a. The Station-wise man power deployment and man power cost are enclosed.

- b. Station-wise Specific Heat Rate (SHR) and Secondary Fuel Oil Consumption as approved by TSERC vis-à-vis actuals is enclosed.

- c. Station-wise landed cost of coal details are enclosed.

The GCV parameters and landed cost of coal are being furnished to TGDISCOMs on monthly basis. Further, TGGENCO is procuring coal at notified prices from SCCL only as per the long term coal linkage sanctioned by Ministry of Coal, GOI. TGGENCO is not procuring imported coal and e-auctioned coal.

- d. Station-wise Auxiliary Energy Consumption as approved versus actual are enclosed.

It is further to inform that the thermal stations of TGGENCO linked to SCCL as per the linkage sanctioned by Ministry of Coal, Government of India. As per the Fuel supply agreement cost of

coal including taxes, duties and levies shall be payable as per the price notification issued by SCCL from time to time. Since the sanctioned coal linkages to TGGENCO thermal stations are through SCCL, TGGENCO do not have linkage with Coal India Limited. Hence comparison of coal cost between SCCL coal and CIL coal does not arise.

e. Copies of correspondence with SCCL./coal suppliers regarding reduction in coal price, responses received, and details of any escalation made to the State Government regarding exorbitant coal pricing and action taken thereon.

e. TGGENCO has taken up the issue of higher coal prices with SCCL from time to time and requested to reduce the price of coal. SCCL has reduced the price of coal for all Grades by Rs. 650/- per MT w.e.f 7.09.2025.

f. Since the energy cost per unit of TGGENCO stations is significantly higher than NTPC/STPP stations, TGGENCO must submit measures adopted to reduce generation cost.

f. As per the linkage sanctioned by Ministry of Coal, GOI, SCCL is supplying coal from their cluster of Mines (Ramagundam area, Mancharial and Kothagudem area Mines) distance ranging from 30Km to 300Km involving higher freight charges. Further, SCCL is supplying coal of Grades from G17 to G7 Grades and the price of G8 and above Grades is in the range of Rs.6420 to 7665 per MT. Hence the weighted average GCV of coal as received at power station and weighted average landed cost will be varied based on the grade mix received during the month.

In view of the above, relaxation of normative parameters cannot be permitted. In the absence of extraordinary and regulatory recognized circumstances. Accordingly, no claim relating to relaxation in SHR, auxiliary consumption, specific oil consumption, or any associated cost impact should be allowed.

Whereas, STTP and NTPC are receiving majority of coal from nearby Mines and Grade of coal is comparatively higher than the supply Grades to TGGENCO thermal Stations. Hence Generation cost of STPP and NTPC cannot be compared with TGGENCO Stations.

TGGENCO is claiming energy charge rate (ECR) considering the normative operating parameters (GSHR, Auxiliary Energy Consumption,

		<p>Secondary Fuel Oil consumption) as approved by TGERC in MYT order dated 28.10.2024.</p> <p>During partial loading parameters of Heat rate, auxiliary consumption etc., will vary as per machine characteristics. Hence TGENCO has requested Hon'ble Commission for compensation on degradation of operating parameters in line with the CERC Regulations during Backing down of the thermal units. Due to renewable integration thermal stations are back down during solar hours.</p>
5.	<p>Revised RoE Claim Impermissible</p> <p>The rate of RoE, once determined in the MYT Order, cannot be revised, as the MYT Order is expected to draw the norms. Further, since no tax has actually been paid during FY 2024-25 (current tax is NIL) as per accounts, tax on RoE shall be NIL, consistent with MYT Regulations.</p>	<p>With regard to ROE Rate Reduction:</p> <p>The rate of RoE as approved at Para No. 4.1.53 of True-up and MYT order dated 28.10.2024 has been considered @20.713% for thermal stations and run-of-river stations and 22.049% for hydel stations with pondage by grossing up the base rate of 15.5% and 16.5% with the applicable Corporate Tax rate of 22% with applicable Surcharge and CESS of 10% and 4% respectively.</p> <p>TGENCO has filed the Interlocutory Application (I.A) for condonation of delay in filing the petition specifying the reasons for delay in filing the MYT tariff petition before the due date. The Hon'ble Commission has admitted the petition and issued I.A.No.18 of 2024. But Hon'ble Commission has reduced the base rate of return on equity of 4% (0.5% per month). Hon'ble TGERC also not used suo moto tariff petition to avoid late tariff determination.</p> <p>Further, SERC are to be guided by CERC Regulations and National Tariff Policy for Generating stations as per Section 61 of Electricity Act, 2003. None of these guidelines stipulate penalization for late filing. Pleaded before Hon'ble TGERC to reset the penal clause and allow 4% RoE.</p>

		<p>With Regard to Actual Tax Paid :</p> <p>TGGENCO has opted for paying taxes under is paying tax under Section 115BAA of Income Tax Act, 1961.</p> <p>Hon'ble TGERC in MYT Order dated 28.10.2024, has considered the submission of TGGENCO at Para No.4.1.50 & Para No.5.1.52 and commissioned approved a Tax rate of 25.17 % for grossing up of ROE in Para No.4.1.53 & Para No.5.1.59.</p> <p>Further, in CERC 2024 Regulations it was clearly mentioned that, <i>“that in case a generating company or transmission licensee has opted for Section 115BAA, the effective tax rate shall be tax rate including surcharge and cess as specified under Section 115BAA of the Income Tax Act, 1961”</i>, i.e., Base Rate-22% + Surcharge -10% on base rate + Cess-4% on Base rate + surcharge.</p> <p>As per the income tax provisions is nil, as the depreciation under Income Tax Act provisions is higher than the book depreciation, which resulted to Nil Tax liability. In books tax liability is recognised as deferred tax liability.</p>
6.	<p>Mismatch in NTI The net Tariff Income claimed does not reconcile with the audited financial and remains unsubstantiated.</p>	<p>TGGENCO has passed on NTI as per TGERC Regulations 2 of 2023. As per Audited Annual report the Non – Tariff Income is Rs.80.37 Crs. Which includes Notional Income (Ind AS Provisions) Rs.1.94 Crs. and Rs.0.04 Crs. pertaining to YTPS.</p> <p>After adjusting the above Non – Tariff Income of Rs.78.39 Crs. passed on the TGDISCOMS and Karnataka ESCOMS.</p> <p>During the FY 2024 – 25 TGGENCO has passed on the complete Gross Non - Tariff Income Rs.78.39 Crs.</p>

7.

Additional Pension Liability Not Admissible

Despite clear direction from the Hon'ble Commission in a plethora of Orders to seek pension related contributions from the Government of Telangana, the Utilities have been seeking recovery of the same through tariff, imposing an additional burden of Rs.1669 crore.

Consequent to the unbundling of APSEB in 1999 into 6 corporations APGENCO, APTRANSCO & APDISCOMS, the assets of APGENCO were revalued and the corresponding liability was created and the liability of Additional Pension Liability was allocated to the then APGENCO vide Govt. of AP Energy Power(III) G.O.Ms.No. 9 dated 29.01.1999 read with G.O.Ms NO. 11 dated 31.01.2000.

To meet the above pension liability APGENCO has floated 2 bonds maturing one in 2029 and the other in 2033.

As the provision created in 1999 was not sufficient to meet the pension liabilities of the pensioners, subsequently, in 2003 Hon'ble APERC has allowed the additional pension liability over and above scheduled Principal & interest on bonds as a pass through in Tariff.

In all the subsequent orders, Hon'ble commission has allowed the additional pension liability as a pass through in Tariff.

Consequent to the state bifurcation in 2014, liability as on 01.06.2014 was divided between the APGENCO and newly formed TGGENCO in the populations ratio, vide G.O.Ms.No.29 dated. 31.05.2014, based on the provisions of A.P. Reorganisation Act, 2014.

Subsequently, Hon'ble TGERC has also approved the additional pension liability for the 5th control period i.e., FY 2024 – 29, as pass through in tariff.

A tripartite agreement was entered in 1999, between the employee unions and the Government and consequent corporations to protect the pensioner's pension liability to be borne by APGENCO and TGGENCO. The additional pension liability claimed by TGGENCO is of the pensionary commitments of all the four companies TGGENCO, TGTRANSCO, TGSPDCL & TGNPDCL being discharged by TGGENCO.

The same methodology is also being followed by Andhra Pradesh also. Hence, at this juncture the liabilities cannot be passed on to the

	<p>Water Charges Require Prudence Review Water consumption charges should be limited to the normative levels prescribed by MOEF&CC and TGGENCO should furnish details of actual specific water consumption to enable regulatory prudence.</p>	<p>government. Hon'ble Commission has approved the water charges of Rs. 33.47 Crore for FY 2024-25. TGGENCO has claimed actual water charges of Rs. 35.38 Crores in True-up 2024-25. Sustainability practices are followed in TGGENCO.</p>
<p>9.</p>	<p>ARR/TARIFF for FY 2026-27 Unexpected O&M Increase for FY 2026-27 The increase in projected O&M, especially citing pay revision, is unsubstantiated and must be limited to normative levels.</p>	<p>The reasons for variation of the actual O&M expenses and the approved O&M Expenses are as below: a. Employee Expenses: PRC was implemented to the TGGENCO Employees during FY 2022-23. The impact of PRC-2022 was not factored in approved O&M Charges for FY 2024-25 to FY 2028-29. The Hon'ble Commission at Para no 4.1.40 of True-up and MYT Order dated 28.10.2024 specified 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 the impact of PRC-2022 as part of trueing up at the end of 4th control period subject to prudence check of the station wise actual PRC effect in employee cost for FY 2022-23. Further, in respect of BTPS the commission has considered the actual employees expenses of FY 2020 – 21 & FY 2021 – 22, during the period the station was not fully operational to its full capacity. b. A&G Expenses: The variation in projected A&G Expenses and approved in MYT Order for FY 2026-27 is due to the increase in security guard charges due to implementation of Pay Revision by Government of Telangana and also due to increase in electricity charges towards colony consumption (earlier colony consumption was included in auxiliary consumption).</p>
<p>10.</p>	<p>Income Tax Cannot Be Provided on a Projection Basis The MYT framework does not allow projected tax; only actual tax paid may be considered.</p>	<p>Tariff exercise is ex-ante as per Regulation.</p>

11.

ECR Projection

Owing to the revision in GST and related taxes, TGGENCO has proposed a reduction in coal cost by Rs 600 per MT. Despite being the case, the utility as projected the increase in Per-unit energy charge (ECR) from certain GENCOs, as under:

GENCO	Existing FY 2025-26 (Rs/unit)	Proposed FY 2026-27 (Rs./Unit)
KTPS-VI	3.74	3.853
BTPS	3.34	3.677

Additionally, despite the normalization of coal cost in recent times (reduced import dependency), the ECR claimed is on the higher side that needs the attention of the TGERC.

TGGENCO does not import coal. Proposed 2026-27 ECR is based on actual of power stations and increased GST and rail freight. FSA takes care of any variations as per actuals.

[Handwritten Signature]
17/11/20

Chief Engineer
Coal & Commercial
TGGENCO, V.S. Hyderabad-82.

Point 4a.
STATION WISE SERVICE WISE WORKING STRENGTH OF THERMAL/HYDEL GENERATING STATIONS & CORPORATE OFFICE AS ON 31.12.2025

S.No.	Name of the Post	KTPS V&VI STAGES	CETD	KTPS-VII Stage	BTPS	YTPS Stage-I&II	RTS-B	KTPP	NSHES	SLBHES	MHS POCHAMPAD CIRCLE	PCHES	PJHES	LJHEP	Corporate Office
I	Engineering Service	433	12	334	387	399	52	454	131	115	70	45	51	39	271
II	Chemical Service	21	1	22	23	32	2	29	0	0	0	0	0	0	2
III	P&G and HR Services	18	0	56	21	135	12	6	7	5	10	0	0	0	132
IV	Accounts Service	66	2	73	57	47	17	67	26	24	11	7	16	1	148
V	Security Service	28	0	16	57	2	7	84	6	13	0	5	27	0	0
VI	Medical Service	1	0	3	0	0	0	0	1	0	0	0	0	0	1
VII	O&M Service	459	1	599	566	595	142	441	100	61	130	18	28	3	3
	TOTAL	1026	16	1103	1111	1210	232	1081	271	218	221	75	122	43	557
VIII	Artisans	1373		729	6	3	49	809	114	139	17	0	94		186

Point no. 4(b)

Details of Approved and Actual Station Heat Rate and Secondary fuel quantity

Particulars	Legend	Units	KTPS-V	KTPS-VI	KTPS-VII	RTS-B	KTPP-I	KTPP-II	BTPS
Gross Station Heat Rate	Approved	kcal/kWh	2500	2450	2151	3000	2450	2300	2318.4
	Actual	kcal/kWh	2322	2276	2077	3635	2335	2371	2379
Secondary Fuel oil consumption	Approved	ml/kWh	0.5	0.5	0.5	0.5	0.5	0.5	0.5
	Actual	ml/kWh	0.61	0.13	0.23	17.30	0.37	0.22	0.29

Point No.4c

Station-wise Landed Cost of Coal per MT for the FY 2024-25

Unit	Coal rate per MT (Ton)	Freight charges per MT (Ton)	Landed Cost of coal per MT (Ton)
Kothagudem TPS V Stage	4140.29	229.72	4370.01
Kothagudem TPS VI Stage	5405.15	291.39	5696.54
Kothagudem TPS VII Stage	5728.29	322.69	6050.99
Ramagundam TPS	5230.52	110.7	5341.23
Kakatiya TPP Stage I&II	5497.16	220.74	5717.90
Bhadradri TPS	4577.45	126.56	4704.01

Point no.4d

Details of Approved and Auxiliary Energy Consumption

Particulars	Units	KTPS-V	KTPS-VI	KTPS-VII	RTS-B	KTPP-I	KTPP-II	BTPS
		%	%	5.25	10	5.25	5.25	
Auxiliary Energy Consumption	Approved	9.3	5.25	5.25	23.46	6.42	6.33	8.5
	Actual	10.98	4.96	4.51	23.46	6.42	6.33	9.97

