

To

The Secretary

Telangana Electricity Regulatory Commission

Sy. No.145-P, Vidyut Niyamtran Bhavan

Kalyan Nagar, GTS Colony, Hyderabad

January 12, 2026

Respected sir,

Sub : Submission of objections and suggestions in OP No.68 of 2025 filed by TGTRANSCO for true-up for FY 2024-25 and tariff for FY 2026-27 and OP No.69 of 2025 filed by SLDC

With reference to the public notice dated 20.12.2025, inviting objections and suggestions on the subject issues to be filed on or before 10.1.2026, we are filing 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 stated in our letter dated 1.1.2026.**
- 2. We congratulate TGTRANSCO for constantly maintaining its transmission network availability at 99.9%. Its efforts to reduce the percentage of transmission losses exceeding the targets fixed by the Commission are appreciable and we hope the Corporation would continue that trend. The efforts of TGTRANSCO are praiseworthy, especially in the face of inadequate personnel, with the vast difference between the staff sanctioned and actual staff as shown by it. In other words, engineers, workers and other staff of TGTRANSCO have been doing a commendable job in maintaining the transmission network efficiently.**
- 3. For the first year of the 5th control period, i.e., 2024-25, Transmission Corporation of Telangana Limited (TGTRANSCO) has projected a surplus revenue of Rs.1390.76 crore, with expenditure decreasing by Rs.535.34 crore and total revenue increasing by Rs.855.42 crore., and aggregate revenue requirement decreasing to Rs.2603.65 crore from Rs.3138.99 crore approved by the Commission in the MYT order for the fifth control period. The revenue of TRANSCO decreased to Rs/2603.65 crore from Rs.3994.41 crore approved by the Commission for FY 2024-25. As we have been pointing out over the years, the ARRs being projected by TRANSCO and approved by the Commission have been tended to be inflated substantially. The results of FY 2024-25 have once again confirmed the same. That the surplus of Rs.1390.76 crore works out to 53.41% of the actual ARR of**

Rs.2603.76 crore once again underlines the need for taking a realistic view and improving their efficiency and performance in making projections of various components of ARR and determining the same, on the part of TGTRANSCO and TGERC, respectively. While TRANSCO exceeding the targets fixed by the Commission for reduction of transmission losses is a marginal factor for getting this abnormal surplus, the other reason is the failure of TRANSCO to incur the expenditure approved by the Commission and implement the works proposed fully is another reason. Based on such unrealistic and inflated projections of various components of ARR and determining proportionately inflated tariffs based thereon is the fundamental reason for getting this surplus. This is the unfortunate reality for FY 2024-25, and what would be the outcome for FY 2025-26 is to be seen. It is nothing but nothing but imposing avoidable and unjustifiable burdens on the consumers on the consumers, that, too, in advance.

- 4. When, for the FY 2024-25, operation and maintenance charges, depreciation, interest and finance charges on loan, interest on working capital decreased considerably against what were approved in the tariff order, it is strange that TRANSCO is claiming that return on equity increased from Rs.432.30 crore approved by the Commission to Rs.541.41 crore, i.e., by Rs.109.11 crore or 25.24%.**
- 5. When licensees and generators are permitted to collect true-up amounts ultimately from the consumers as determined by the Commission, the surplus of Rs.1390.76 should be trued down and refunded to the consumers. The proposal of TGTRANSCO to adjust Rs.700 crore in the proposed tariff for the FY 2026-27 and the balance in the next financial year, i.e., 2027-28 is highly objectionable and impermissible for the following reasons, among others:**
 - a) Imposing an avoidable burden of Rs.1390.76 crore against actual ARR of Rs.2603.76 crore itself is a manipulative frontloading.**
 - b) By collecting and retaining such a huge amount just for one financial year, TRANSCO has been enjoying undue benefit at the cost of consumers of power. Seeking to adjust that surplus in the tariffs for the next two financial years is nothing but seeking regularization and continuation of that manipulative approach at the cost of consumers of power at large.**
 - c) Instead of truing down the surplus and refunding the same to the consumers, seeking to adjust it in the tariffs for the next two FYs is nothing but frontloading the tariffs again and again. In other words, it is nothing but continuing the manipulative trend, instead of correcting it.**

- d) **TRANSCO is entitled to get tariffs every month, as determined by the Commission. It is not entitled to get tariffs for several months in advance for the FY concerned, even before the FY commences.**
- e) **Reliance of TGTRANSCO on a regulatory provision of the CERC and orders of some other SERC is no valid ground for the kind of adjustment of surplus in the next two financial years as proposed by it. Regulations of CERC are not binding on TGERC and TGTRANSCO.**
- f) **Advance against “future depreciation” is another variant of frontloading the tariff. The way depreciation charges are being allowed to be collected by the licensees and generators under applicable regulations itself is allowing frontloading of tariff.**
- g) **TRANSCO has submitted that actual depreciation amount for the FY 2024-25 has been decreased due to change in depreciation methodology and comparatively lower capitalization during the year relative to capitalization approved in the MYT order for the 5th control period. It has further maintained that TGERC has issued regulation 2 of 2023, changing the methodology of depreciation to uniform straight line method over the useful life of the asset from the existing methodology of CERC followed by TRANSCO. It has also pointed out that the objection filed by it was not admitted by the Commission. The very purpose of bringing about the said change by TGERC is to lessen the burden of frontloading of tariff on the consumers. The Commission, too, has asserted that it cannot revisit the clauses in the Regulation through judicial proceedings as it had already undertaken public consultation process. Therefore, we request the Hon’ble Commission not to allow advance against depreciation.**
- h) **When the useful life span of the transmission asset is considered as 35 years, the licensee is already permitted to recover a lion’s share of loan with interest much earlier under applicable rates of depreciation. TRANSCO has admitted that, for the FY 2024-25, comparatively lower capitalisation during the year relative to capitalization approved by the Commission in the MYT order for the 5th control period is one of the reasons for decrease in depreciation to Rs.542.60 crore from Rs.818.35 crore approved in the tariff order, for its failure to implement and capitalize works permitted for the said FY, TRANSCO itself is responsible and it cannot find fault with the Commission for the same.**

- i) If, in any financial year, capital expenditure of TRANSCO increases by virtue of completing the spillover works and capitalized, exceeding capitalization permitted by the Commission for that year, it will have opportunity to claim depreciation charges for the same. As such, there will be no need for advance against depreciation.**
 - j) The submission of TRANSCO that the decrease in interest and finance charges by Rs.196.82 crores and of interest on working capital by Rs.16.89 crore does not justify its claim for advance against depreciation.**
 - k) The expenditure incurred by TRANSCO also needs to be subjected to prudence check by the Hon'ble Commission in terms of purchases and calling for tenders and with comparison of materials purchased and their market values, etc.**
- 6. Having admitted that the Hon'ble Commission, as per clause 29/2 of the regulation, has reduced return on equity by 3.5% for FY 2024-25 due to delay in submission of MYT petition for the 5th control period, there is no point in TGTRANSCO now requesting the Hon'ble Commission again to waive the said reduction of RoE.**
 - 7. We request the Hon'ble Commission to examine veracity and permissibility of the actual of various components of ARR claimed by TRANSCO for the FY 2024-25 and determine the same to the extent permissible. Such a regulatory diligence may result in further reducing the actuals claimed by TRANSCO.**
 - 8. We request the Hon'ble Commission to refund the surplus revenue of TRANSCO for the FY 2024-25 to the consumers through the TGDISCOMs forthwith with interest.**
 - 9. For the FY 2026-27, TGTRANSCO has made claims higher than what were determined in the MYT order for depreciation (by Rs.184.22 crore) and for return on equity (by Rs.42.09 crore). While showing claims for other items lesser than what were permitted by the Commission in the MYT order, TRANSCO has adjusted Rs.700 crore from the surplus shown for 2024-25 from the ARR of Rs.3498.65 crore, thereby projecting revised ARR of Rs.3224.21 crore, as if it were reducing the ARR of Rs.3498.65 crore permitted by the Commission in the MYT order by Rs.274.44 crore. In fact, without such impermissible adjustment, the ARR projected for FY 2026-27 by TRANSCO would increase to Rs.3924.21 crore.**
 - 10. For the FY 2026-27, total generation contracts of TGDISCOMs are projected to be 22510.68 MW, which includes 142.174 MW for intra-state open access, against**

21788.23 MW estimated for 2025-26 - an increase of 722.45 MW or 3.32%. However, the increase in ARR for 2026-27 over estimated ARR of Rs.1760 crore for 2025-26 is more by Rs.2164.21 crore or 122.97%. On the face of it, the increase is abnormal and the basis for the same needs to be examined thoroughly, in view of the actual trends for the last and current financial years.

11. For the FY 2026-27, in their ARR petitions, both the TGDISCOMs have projected availability of 1,13,006 MU and requirement of 1,01,981 MU, with a surplus of 11,025 MU. However, TGTRANSCO has projected availability of 115605 MU against 106157.47 MU approved by the Commission in the resource plan for the 5th control period. Similarly, TRANSCO has projected energy requirement of 98427.60 MU against 92364.52 MU approved by the Commission. The energy balance for the next financial year projected by TGTRANSCO is 17178.24 MU against 13792.95 MU approved by the Commission, i.e., more by 3385.29 MU or 24.54%. Surplus projected by TRANSCO over the surplus projected by the DISCOMs is higher by 6153.24 MU or 55.81%. TRANSCO has maintained that “the energy requirement figures re being finalized by the TGDISCOMs & hence the figures given above are subject to change.” However, a variation of 55.81% cannot be justified. Such a variation indicates that either TRANSCO has overestimated availability, requirement and surplus or the DISCOMs have underestimated the same. Or, it may be that both the estimates are unrealistic.
12. The highest peak demand of 17162 MW was recorded on 20.3.2025, for 2025-26, it is projected to be 17614 MW and for 2026-27 it is projected to be 18709 MW, both in the month of March of the respective FYs. TRANSCO has stated that CSPDCL of Chattisgarh has stopped declaring capacity to TGDISCOMs from APRIL, 2022 and filed OP No.24 of 2026 before CSERC, seeking directions to TGDISCOMs to pay outstanding dues. Until the dispute with reference to outstanding amounts is resolved, it is unlikely that CSPDCL will resume power supply to TGDISCOMs, it has observed. Since TGERC has not considered any availability from CSPDCL in the retail supply business of TGDISCOMs for FY 2024-25 to FY 2028-29, as there is no scheduling of power, contracted capacity of this project is not considered for TGDISCOMs ATP for FY 2026-27, TRANSCO has maintained. Had availability from CSPDCL been considered, availability of surplus for TGDISCOMs would have been much more.
13. For the FY 2026-27, TRANSCO has proposed transmission tariff for long-term and medium-term users @ Rs.119.36 per kw per month and for short-term users @ Rs.0.17 per kw per hour against a contracted transmission capacity of 22,510.68 MW and ARR of Rs.3224.21 crore for transmission business. Since the ARR

projected by TRANSCO for the FY 2026-27 is highly inflated for the reasons explained above, the transmission tariffs proposed by it are, naturally, highly inflated. After reducing various components of ARR projected by TRANSCO, realistically, and examining the need for works proposed, we request the Hon'ble Commission to reduce the proposed transmission charges also proportionately.

14. SUBMISSIONS IN OP NO.69 of 2025 of SLDC for TRUE-UP for 2024-25 and ARR for 2026-27:

15. SLDC has sought a true-up of Rs.7.59 crore for 2024-25 in view of increase in O&M expenses, especially an increase of Rs.6.34 crore towards employee expenses, and depreciation, after adjusting the reductions shown under other heads. It has requested the Hon'ble Commission to admit the above deficit, without specifying how it should be adjusted. For the FY 2024-25, when TGTRANSCO has shown O&M expenses lesser by Rs.164.50 crore, out of which Rs.118.10 crore towards employee cost, compared to what was approved in the MYT order, the claim of SLDC for increase in O&M expenditure needs to be examined and determined prudently.

16. While ARR of SLDC is estimated to come down by Rs.14.65 crore, with actual ARR estimated to be Rs.67.72 crore against Rs.82.37 crore approved in ATP order, it has projected ARR of Rs.97.05 crore against Rs.83.06 crore approved in the MYT order for the 5th control period, i.e., more by Rs.13.99 crore. Compared to the estimated ARR for 2025-26, ARR for 2026-27 is higher by Rs.29.33 crore or 43.31%.

17. Against the generation contracted capacity for SLDC business increased from estimated 22828.18 MW for 2025-26 to 23550.65 MW for 2026-27, i.e., by 722.65 MW or 3.16%. Against this, the projected increase of 43.31% in ARR for 2026-27 seems to be very much higher.

18. The claims of SLDC and approvals given by the Commission for the FY 2025-26 and projections of SLDC for 2026-27 have also tended to be inflated, as in the case of TRANSCO, with a difference in degree. Based on inflated projection of ARR for 2026-27, SLDC charges proposed for the same FY are increased by 962.09 per MW per month or 38.92% compared to the estimated charges for 2025-26.

19. We request the Hon'ble Commission to subject the claims of SLDC to prudence check and determined what is permissible.

20. I request the Hon'ble Commission to provide me an opportunity to make further submissions during public hearings, after receiving responses to the above submissions. I request the Hon'ble Commission to provide me a link to participate in the public hearings through virtual mode.

Thanking you,

Yours sincerely,

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