



The Federation of Telangana Chambers of Commerce and Industry

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FTCCI/2025-26/282

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The Secretary,
T.G. Electricity Regulatory Commission,
Vidyut Niyamtran Bhavan, GTS Colony,
Kalyan Nagar, Hyderabad – 500 045

Sub: Comments and suggestions of FTCCI on the filings made by TGGENCO in the matter of determination of Capital Cost and Provisional Tariff in respect of:

Unit-2 (800MW) of YTPS for the period from FY 2024-25 to FY 2028-29 vide O.P.No.77 of 2025.

Unit-1 (800MW) of YTPS for the period from FY 2025-26 to FY 2028-29 vide O.P.No.76 of 2025.

Ref: - Public Notice dated 19-12-2025 with respect to O.P. Nos. 76 and 77 of 2025.

TGGENCO filed the petitions for determination of capital cost and provisional tariff for the energy generated from Unit-1 and Unit-2 of Yadadri Thermal Power Station (YTPS). The details of the capital costs are given as follows:

Components of capital cost:

Project cost (Rs. in Cr) 2025	Particulars PPA 2020	Addendum to DPR
Cost of Project excluding IDC	25,567.62	27,664.85
Interest during construction IDC	4,265.63	8,309.54
Financing cost and CSR	132.22	157.56
Total cost of Project including IDC	29,965.48	36,131.99
Cost Per MW	7.49	9.03

Interest during construction (IDC):

The above table shows that the original project cost increased from Rs. 7.49 crore per MW to Rs. 9.03 per MW.

It clearly shows that much of cost escalation is due to increase in Interest during construction (IDC). It increased from Rs. 4,265.63 Crores to Rs. 8,309.54 Crores, almost doubled.

Interest on loan considered was 12% while calculating IDC. TGGENCO obtained loans at concessional rates from PFC and REC which were less than 12%. Actual rates of interest at which loans were obtained by TGGENCO from PFC and REC shall be taken in to account for arriving at IDC

Components of Project Cost (Rs. in Cr)

<u>Particulars</u>	<u>PPA 2020</u>	<u>Addendum to DPR 2025</u>
Equipment cost	12,727.80	12,727.80
Equipment cost including spares	13,033.27	13,033.27
Equipment cost including duties, taxes and spares	15,379.26	15,379.26
Erection, testing, commissioning	1,716.99	1,716.99
Civil works	5,057.50	6,398.50
EPC and non-EPC cost	24,729.73	26,034.81
Establishment cost	741.89	884.08
Start up fuel	50.00	700.00

The above table shows that equipment related costs including erection, testing and commissioning have not experienced any increase in costs. These items are taken up by BHEL. The items that are handled by TGGENCO have seen substantial increase in costs.

Cost of civil works increased from Rs. 5,057.50 Crores to Rs. 6,398.50 Crores. Establishment cost increased from Rs. 741.89 Crores to Rs. 884.08 Crores. Cost of start-up fuel increased from Rs. 50 Crores to Rs. 700 Crores. These three items together accounted for Rs. 2,133.19 Crore higher capital cost. Even after incurring such high costs TGGENCO has not yet completed substantial works undertaken by it. Such abnormal increase in costs demand thorough scrutiny of TGGENCO claims on capital costs.

Delay in Commissioning of YTPS

YTPS Unit	Capacity (MW)	Scheduled CoD*	Actual/Expected CoD	Delay in months
Unit-1	800	October 2020	12-07-2025	56
Unit-2	800	October 2020	25-01-2025	50
Unit-3	800	October 2021	November 2025	59
Unit-4	800	October 2021	November 2025	59
Unit-5	800	October 2021	February 2026	62

The important reason for higher IDC was the inordinate delay in executing the project. The delay in executing the project ranged from 50 months to 62 months (which goes up further). That is, CoD was delayed by more than four to five years.

It is to be noted that TGGENCO attributed major delay to COVID. But Covid-19 was majorly affected India including Telangana in 2020. Substantial work on Unit-1 and Unit-2 should have been completed by this time, as initial COD was given as October 2020. But it was not so. Delay of one year may be attributed to COVID.

The delay of remaining four years was due to inefficient execution of the works by Genco.

Further, TGGENCO attributed further delay to time taken in obtaining environment clearance and forest clearance. How the cost over runs attributed to delay in obtaining mandatory clearances can be passed on to the consumers? It is the responsibility of the developer/TGGENCO to obtain these clearances in time.

Thus, delay in execution of the YTPS has to be attributed to inefficient project management of TGGENCO. As a corollary to this Interest During Construction (IDC) beyond the scheduled COD should not be allowed. Electricity consumers in the State shall not be forced to suffer due to inefficient project management of TGGENCO.

Because of inefficiency of TGGENCO, we will be in no further shock, if the cost of project further increases to more than Rs 10 crore per MW.

With the cost escalation due to delay in COD, the tariff for the energy generated from Unit-1 and Unit-2 of Yadadri Thermal Power Station (YTPS) will come to between Rs. 7.50 to 8.20 per unit. Add to this, transmission cost and distribution cost of about Rs 2.50, the power purchase cost for DISCOM reaches more than Rs. 10.

The industrial consumers are already facing huge competition from other states as they are denied Open Access Power, NOC for procurement of green energy and non-issuance of permits to set up RE projects.

While closing all the doors to avail cheaper power, if the Commission permits unreasonably high escalation of capital cost, it is forcing down the costly power on to the consumers, making running an industry unviable in the state.

PRAYER: We request the Hon'ble Commission

- To reject the petition in its whole
- Not to approve the IDC beyond the initial COD
- Not to compel and spare the consumers from buying unusually expensive power