To

The Secretary

Telangana Electricity Regulatory Commission

Sy. No.145-P, Vidyut Niyantran Bhavan

Kalyan Nagar, GTS Colony, Hyderabad **January 27, 2026**

Respected sir,

Sub : Submission of objections and suggestions in OP Nos. 76 & 77 of 2025 filed by TGGENCO, seeking determination of capital cost and provisional tariff for unit I and Unit II, with 800 MW each, from 2025-26 to 2028-29 for Unit I and from 2024-25 to 2028-29 for Unit II of Yadadri Thermal Power Station

With reference to the public notice dated 19.12.2025, inviting objections and suggestions on the subject issues, we are submitting the following points for the consideration of the Hon'ble Commission:

1. **We thank the Hon'ble Commission for positively responding to our request and extending time for filing submissions in the subject petitions up to 28.1.2026 from 9.1.2026.**

2. **Telangana Power Generation Corporation Limited (TGGENCO) has filed the subject petitions, seeking determination of capital cost and provisional tariffs for Units I & II of its Yadadri Thermal Power Station (YTPS) and condoning delay in declaration of commercial operation dates of the units of the project. Power Purchase Agreement (PPA) between TGGENCO and TGDISCOMs was signed on 11.3.2020 and amended PPA on 22.12.2021 for supply of power from the project (5x800 MW) for a period of 25 years from the commercial operation date (COD) of the last unit. The threshold level of PLF of the project is 85%. 14 million MTPA of G9 grade coal will be supplied to this project by Singareni Collieries Company Limited.**

3. **TGGENCO took up 4000 MW (5x800MW) YTPS, with super critical technology, in Nalgonda District. Zero date of this project was 01.06.2015. The initial capital cost of this project, as shown in the 268-page DPR, was Rs.25099.42 Cr (Rs. 6.27 Cr/MW) and later it was revised to Rs.34,543 Cr (Rs.8.64Cr /MW). The total capital cost of the project, including interest during construction and finance charges, has been revised again to Rs.36131.99 crore for which administrative approval was given on 17.10.2024 by the government of Telangana state. The increase in capital**

cost is Rs.11032.99 crore or 43.96%. IDC increased from Rs.3572.94 crore to Rs.8409.65 crore or 43%. The revised capital cost of the project works out to Rs.9.03 crore per MW.

4. **Despite the direction given by TGERC in its MYT order dated 22.03.2022 to submit the proposal for determination of capital cost and tariff for YTPS, TSGENCO did not do so. In its order dated 29.12.2023 for approval of Business Plan and Capital Investment Plan for MYT 5th control period from FY 2024-25 to GY 2028-29, the Commission reiterated its direction to TGGENCO.**

5. **Time overrun for execution of YTPS submitted by GENCO to TGERC is given below:**

Unit No.	Scheduled COD	Tentative COD	Expected/ actual COD	Delay
1	17.10.2021	31.12.2023	12.7.2025	45 months
2	17.10.2021	31.12.2023	25.1.2025	39 months
3	17.10.2022	31.10.2024	Nov.2025	37 months
4	17.10.2022	30.09.2024	Nov.2025	37months
5	17.10.2022	31.12.2024	Feb.2026	40 months

These details given by GENCO in the formats attached to the petitions need to be examined and their authenticity ascertained, comparing with the contract with BHEL to be submitted. GENCO should submit a copy of the EPC contract given to BHEL. As shown in the DPR, he following is the project commissioning schedule from the zero date:

Units I and III	52 months
Units II and IV	58 months
Unit V	64 months

As such, CoD of the five units should have been declared from November 2020 to October 2021.

From the zero date, the delay in declaration of COD of the five units of YTPS, as per the revised CoDs, ranges from 52 months to 56 months.

The delay in execution of the project is so abnormal that it is nearly equal to the period of execution or 70-80 percent of the agreed/applicable period of execution itself. No conditions of force majeure permit such an abnormal delay. Whatever be the reasons for the abnormal delay, the adverse consequences, enormous and long-term, of it have been the following, among others:

a) Because of the abnormal delay in executing YTPS, TGDISCOMs have been purchasing abnormal quantum of power in the market and through exchanges at higher tariffs every year, thereby imposing avoidable burdens additionally on the consumers. In their petitions for true-up for the financial years from 2022-23 to 2024-25, TGDISCOMs have shown additional power purchase in the market exceeding the quantum approved by the Commission at 16008 MU at higher prices, against 2511 MU approved by the Commission. Had YTPS been implemented and power generated and supplied as originally scheduled, the additional burden of market purchases would have come down proportionately.

b) The abnormal increase in capital cost, including IDC, if, and to the extent, the Commission permits would impose avoidable burdens of higher tariffs on the consumers.

c) Due to the abnormal delay in execution of the project, an installed capacity of 4000 MW could not be utilized during the period of delay, depriving the state of Telangana of the benefit of getting that power to meet demand in the state, on the one hand, and TGGENCO of revenue and profit that would have accrued to it by generating and supplying that power to the DISCOMs.

d) Higher variable cost of YTPS would make the project vulnerable as per the principle of merit order dispatch, resulting in backing down capacities of its units, as and when substantial surplus power is available to the DISCOMs under PPAs in force. It would result in additional burden of auxiliary consumption and lessen the useful lifespan of the plant. ECR per kWh is projected to be Rs.4.078 for 2026-27, Rs.4.159 for 2027-28 and Rs.4.242 for 2028-29.

e) In view of higher cost of generation of power, both fixed and variable, neither GENCO, nor the DISCOMs, would be able to sell power of YTPS to the extent it becomes surplus under the principle of merit order dispatch, in the open market, at least, with no loss and no profit, if not for a remunerative price.

f) Liquidated damages of Rs.63.45 crore for each one of the five units have to be paid, GENCO has pointed out. Whether the liquidated dmages have to be paid to the DISCOMs by TGGENCO, or by EPC contractor to TGGENCO needs to be clarified.

g) With coordinated planning between power utilities of the state government, addition of proposed installed capacity and transmission capacity, as well as distribution network capacity, is expected to take place simultaneously for

required synchronization of these additions. If transmission capacity, as well as distribution network capacity, was added to evacuate power to be generated by YTPS, as originally scheduled, in view of the abnormal delay in execution of YTPS, the transmission and distribution capacities added for evacuation and distribution of power to be generated by YTPS would have remained, or would remain, idle, unless such additional capacities were/are used for transmission and distribution of power from other sources.

h) **If coal is available from coal fields nearer to YTPS, getting coal from mines at a long distance ranging from 170 to 388 KMs is imprudent and imposes avoidable burden of transport cost additionally during the period of PPA, thereby increasing variable costs detrimental to YTPS and consumers of the DISCOMs.**

6. **The issue was so serious that the government of Telangana had appointed a Commission of Inquiry on 14.3.2024 relating to some of the issues pertaining to the power sector in the state, with the following terms of reference relating to YTPS** "to enquire into the correctness and propriety of the decision taken by the Government of Telangana":

i) To establish the Yadadri Thermal Power Station (YTPS) at Damarcherla with coal supply from the coalfields of Singareni Collieries Company Limited located at distances ranging from 170 to 388 KMs resulting in considerable transport cost leading to higher cost of power for DISCOMs.

ii) In awarding the EPC contract for establishment of the said unit without taking recourse to the process of open competitive bidding, but purely on nomination basis.

In addition to the Terms of Reference mentioned above, the Commission shall also fix the responsibility for the lapses that may be identified in the above matters and indicate the financial implications of the lapses so identified.

The Commission conducted inquiry and submitted its report to the state government long time back. But nothing has been in public domain as to what further initiative the government has taken to take appropriate follow-up action based on the findings of the Commission. We request the Hon'ble Commission to get a copy of the report of the Commission of Inquiry and take its findings into consideration, while taking decisions on the subject issue and issuing its order. Alternatively, the Commission has all the powers to call for records relating to the subject issue and itself order an inquiry, if permissible and necessary.

7. **GENCO has shown gross fixed assets of YTPS as Rs.9271.98 crore as on the date of COD of unit II, i.e., 25.1.2025, and addition to GFA of Rs.24308.48 crore during FY**

2026-27, Rs.1250 crore during 2026-27 and Rs.1300 crore during 2027-28. It has submitted that petition for determination of capital cost and tariff would be submitted after commissioning and capitalization of expenditure of the remaining three units. It has shown the GFA of Rs.4738.54 crore for unit I as on 12.7.2025 and addition of Rs.1356.58 crore by 31.3.206 and Rs.800 crore by 31.3.2027, i.e., a total GFA of Rs.6895.12 crore by the end of next financial year.

8. **While PPA was signed on 11.3.2020 and amended on 22.12.2021, due to deficiencies in filing petition for determination of capital cost and provisional tariff for Unit I and Unit II of YTPS, and regulations and directions of the Commission, the subject petitions have come up for consideration of the Hon'ble Commission now. There has been inordinate delay in this process. Instead of submitting the PPA, proposed capital cost and provisional tariff after entering into PPA for considering the same simultaneously by the Commission, as used to be the standard practice after the advent of reforms, the way regulations have been issued by the Commission and the piecemeal submission of petitions, without relevant documents and information by GENCO, has led to this avoidable delay in taking up the subject petitions for consideration by the Hon'ble Commission. This situation once again underlines the need for amending the regulations of the Commission, facilitating submission of petitions for approval to PPA, and determination of capital cost and tariffs, for consideration of the Commission simultaneously, after signing of the PPA, incorporating schedule of implementation of the project and imposition of liquidated damages for the period of avoidable delay, conditions of force majeure, etc. Giving permission to the DISCOMs for procurement of power from the proposed project, filing petitions for determination of capital cost and provisional tariffs separately are becoming questionable for various reasons, as experience has been proving. We request the Hon'ble Commission to reexamine the issue and bring about necessary amendments to its regulations to ensure that petition on all the aspects - requirement of power from the project proposed, PPA, determination of capital cost and tariffs – is submitted by the DISCOMs and taken up for consideration by the Commission, simultaneously. The delay in signing PPA and amending it coinciding with the originally proposed CoD is questionable, in view of the fact that keeping in view the time schedule for completion of the project unit-wise and cut-off date need to be enforced in terms of the PPA and getting it approved by the Hon'ble Commission well in advance.**

9. **The reasons given by TGGENCO for the inordinate delay caused and being caused in execution of YTPS are not tenable. It has not even referred to the conditions of force majeure and whether extension of time permissible was sought by it and agreed by the DISCOMs. Since there has been no regulatory consent to the PPA, its**

terms and conditions may not come into force, technically. Such a situation makes it clear that submission of PPA after it is signed, along with petition for determination of capital cost and provisional tariff, as well as their disposal, after following due regulatory process, is imperative in order to ensure enforcement of obligations of the parties to the agreement in a time-bound manner.

10. **The contention of GENCO that the works of YTPS were adversely affected due to out of break of Covid does not justify the inordinate and abnormal delay in execution of the project. A realistic assessment needs to be made in this regard.**

11. **Impact of monsoons and unprecedented rains during other seasons and non-availability of oxygen cylinders also cannot justify the abnormal delay.**

12. **The responsibility for not getting environmental clearance in time and order of the National Green Tribunal rests with GENCO for its failures of commission and omission in taking required action in time.**

13. **The failures of commission and omission on the part of GENCO to get forest clearance by MoEF&CC and diversion of 13.195 Hqs of forest land in its favour, which was done on 22.1.2024, are evident from the fact that, keeping in view the requirement of the same as per the original schedule of execution of YTPS, it should have taken up and followed up the process for the same well in time.**

14. **How installments of loan have been decided to be drawn by GENCO originally and how they have been drawn actually, depending on the progress or delay of the works, and impact of the burden of interest on loan in view of such variations and abnormal increase in interest during construction need to be subjected to prudence check. We request the Hon'ble Commission to call for all relevant records, direct GENCO to submit a copy of the EPC contract given to BHEL for execution of YTPS and examine the same.**

15. **For delay in execution of the project, if the EPC contractor has been responsible, to what extent the latter is responsible needs to be examined and liquidated damages as per the terms of EPC contract collected or to be collected need to be determined and deducted from the capital cost of the project. Clause 21.2 (d) of MYT Regulation of 2023 says:** "If the delay in achieving the COD is not attributable to the generating company or the transmission licensee, IDC and IEDC beyond SCOD may be allowed after prudence check and the liquidated damages, if any, recovered from the contractor or supplier or agency shall be adjusted in the capital cost of the generating station or the transmission system, as the case may be."

16. **The responsibility of TGGENCO and EPC contractor for the abnormal delay in execution of YTPC should be fixed based on facts and applicable regulations of the Commission, avoidable capital expenditure and additional interest during construction being claimed by GENCO should be disallowed. Based on such a disallowance, the claims of GENCO for annual fixed charges - for the components of interest and finance charges on loan, interest on working capital, return on equity and operation and maintenance charges - should be pruned to the extent they are impermissible. Clause 21.2 (e) of MYT Regulation of 2023 says:** "If the delay in achieving the COD is attributable either in entirety on in part to the generating company or the transmission licensee or its contractor or supplier or agency, in such cases, IDC and IEDC beyond SCOD may be disallowed after prudence check either in entirety or on pro-rata basis corresponding to the period of delay not condoned and the liquidated damages, if any, recovered from the contractor or supplier or agency shall be retained by the generating company or the transmission licensee, as the case may be." **Furthermore, Clause 31.9 of the same regulation says:** "The excess interest during construction on account of time and/or cost overrun as compared to the approved completion schedule and capital cost or on account of excess drawal of the debt funds disproportionate to the actual requirement based on Scheme completion status, shall be allowed or disallowed partly or fully on a case to case basis, after prudence check by the Commission based on the justification to be submitted by the Generating Company or Transmission Licensee or Distribution Licensee along with documentary evidence, as applicable:

    "Provided that where the excess interest during construction is on account of delay attributable to an agency or contractor or supplier engaged by the generating entity or the transmission licensee, any liquidated damages recovered from such agency or contractor or supplier shall be taken into account for computation of capital cost:"

    "Provided further that the extent of liquidated damages to be considered shall depend on the amount of excess interest during construction that has been allowed by the Commission:"

    "Provided also that the Commission may also take into consideration the impact of time overrun on the supply of electricity to the concerned Beneficiary."

17. **Regarding energy charges, the proposed escalation of the cost of coal and oil by 2% should be disallowed. If cost of coal and oil increases during any financial year, GENCO can claim the additional cost. In its responses to our objections on such a claim in OP No.67 of 2025, GENCO has admitted that** "if the escalation is not considered, there may be an increase in the FCA bills and fluctuations in the tariff billed to the consumers. However, actual cost of fuel will be compensated through FCA or True-up." **Allowing escalation of 2% in advance based on presumption of likely hike in cost of fuel during subsequent financial year would unduly impose avoidable burden on the consumers and allow GENCO to get additional revenue, even though**

the same can be adjusted later under true-down/true-up. Therefore, the proposed escalation should not be allowed.

18. **Against 5.25% of auxiliary energy consumption considered in the regulation of the Commission, from next financial year onwards GENCO has projected the same as 6.50%, considering commissioning of Fuel Gas Desulphurization (FGD) as per the norms of MoEF. It is to be ascertained whether FDG is going to be commissioned during the next financial year or shelved. Unless FGD is commissioned, the question of increasing the permissible percentage of auxiliary energy consumption to 6.50% does not arise. In the DPR, it is pointed out that commissioning of FGD "IF REQUIRED."**

19. **The request of GENCO for approving carrying cost on the admissible amounts, with simple interest at the weighted average base rate prevailing during the concerned year, plus 140 basis points should be rejected. Having delayed not only execution of the project abnormally, but also submission of its petitions for determination of capital cost and provisional tariffs and consent for PPA, for its failures of commission and omission, GENCO cannot claim carrying cost.**

20. **The claim of TGGENCO to permit it to claim any additional capital expenditure to be incurred for meeting the Renewable Generation obligation of 40% for YTPS as per the resolution of the Ministry of Power, GoI, is questionable for the following reasons:**

    a) **If at all RGO is binding on thermal power generating stations, it is an obligation on such stations, and the DISCOMS and their 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 and to be approved by the Commission 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) **GENCO should ignore the said resolution on RGO issued by MoP, GoI, and contest it legally, if situation so demands.**

l) **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.**

m) **In response to our objections on the above lines in OP No.67 of 2025, TGGENCO has maintained that** "now clarification Dt.07.08.2025 provides Voluntary RGO. In this petition no additional capital expenditure towards RGO is proposed." **Therefore, the request of GENCO for permitting it to claim additional expenditure to be incurred for meeting the claimed RGO should be rejected summarily.**

21. **In response to our objections in OP No.67 of 2025 to 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 submitted above, it has maintained that** "in this petition no additional expenditure towards modeling studies is proposed." **We request the Hon'ble Commission to reject the request of GENCO for allowing it to claim compensation from the DISCOMs for flexible generation of its thermal power stations and additional expenditure towards modeling studies for the reasons articulated above.**

22. **The request of TGGENCO to allow it to recover fees for filing the subject petition and publication expenses, security expenses, ash transportation expenses at actuals should be rejected. Its reliance on regulation of CERC for this purpose indicates that regulations of TGERC have no provisions for allowing the same, and rightly so. In fact, on sale of fly ash, GENCO should earn revenue, as has been the practice, and the same should be included in non-tariff income. In the detailed project report (DPR) of YTPS, it is pointed out that** "in the vicinity of the proposed power station, 22 cement plants are already set up at a radius of 10 km. The fly ash generated by the proposed power station will be fully utilized for manufacture of Pozzolona cement." **The other expenses are expected to be a part of its administrative expenses. It did not make such claims in the past. It seems that TGGENCO is emulating private power companies like Hinduja National Power Corporation Limited to make such whimsical and impermissible claims.**

23. **In the DPR, it is explained that due to adoption of super critical technology, from the point of view of plant performance, the benefits of reduction in coal**

consumption, ash generation, effluent gasses to atmosphere and suspended particulate matters to environment, besides better performance during off-design operation due to variable :Evaporation End Point" would accrue. From the point of view of operation, better heat rate at full load as well as partial load, lesser percentage of auxiliary consumption, hence increase in et power export, lesser startup time and hence less consumption of startup fuel and power, quicker load following capabilities, i.e., better response to load rise/fall, lesser consumption of cooling water, boiler drum is eliminated hence no need of level control, more favourable for frequent start/stop even for two-shift operation, and lesser requirement of service like compressed air, water, etc., because of reduction in number of units would accrue. From the point of view of plant upkeep, lesser requirement of manpower for the operation and maintenance, lesser number of equipments to maintain, hence lesser inventory, and increase in cost due to expensive materials to withstand higher pressure and temperature is offset for reduction in size of balance of plant as well as number of units would follow. Super critical pressure power plant is envisaged in view of the above-indicated benefits, it is explained in the DPR. Despite all these expected benefits, the tariffs for power to be generated and supplied from YTPS, as per the inflated capital cost and higher transportation cost, is turning out to be abnormal.

24. **We request the Hon'ble Commission to disallow increased capital cost, including IDC, to the extent it is impermissible as per applicable regulations, revise all the components of fixed and variable charges proposed by GENCO and reject its impermissible claims. In this connection, it may be recollected that Hon'ble TGERC- the first Commission - had disallowed hundreds of crores of Rupees from the capital costs of several power plants of TGGENCO and STPP of SCCL in the past, considering our objections, among others. Such a standard practice is evident in the regulatory process of ERCs to fix responsibility of the authorities concerned for imprudent and impermissible costs and avoidable delays in execution of power projects and protect larger consumer interest.**

25. **If claims of TGGENCO for capital cost, PPA and provisional tariff are permitted as they are, it will impose avoidable and unjustified burden on consumers during the entire period of the PPA. If substantial amounts are disallowed from the claims of GENCO to the extent they are impermissible, it will have to incur huge financial loss. Either way, it is frittering away of public money, directly or indirectly. Therefore, we request the Hon'ble Commission to point out the failures of commission and omission of the powers-that-be, both political and bureaucratic, and their responsibility for the avoidable delay in execution of the project and resultant increase in capital cost and frittering away of public money and make**

appropriate recommendations to the government and GENCO for taking corrective steps, if possible, and as a guidance to avoid such failures of commission and omission in future.

26. We request the Hon'ble Commission to permit us to make further submissions after receiving responses of TGGENCO and during the public hearing scheduled on 5.2.2026. I request the Hon'ble Commission to permit me to participate in the public hearing through virtual mode and provide me a link for the same.

Thanking you,

Yours sincerely,

M. Venugopala Rao
Senior Journalist & Convener, Centre for Power Studies

H.No.1-100/MP/101, Monarch Prestige, Journalists' Colony,

Serilingampally Mandal , Hyderabad - 500 032

Copy to: CE (coal & commercial), TGGENCO