

REPRESENTATION TO THE TELANGANA ELECTRICITY REGULATORY COMMISSION

Under Section 86 of the Electricity Act, 2003 read with TGERC (Distribution Licence) Regulations, 2016

To,

22nd April 2026

The Chairperson,

Telangana Electricity Regulatory Commission (TGERC),
5th Floor, Singareni Bhavan, Red Hills,
Lakdikapul, Hyderabad – 500 004.

Reference: Petition No. O.P 11 of 2026 filed by TGRPDCL on 06 April 2026, seeking Distribution Licence under Section 14 of the Electricity Act, 2003.

SUBJECT: Representation in the matter of the Petition for Distribution Licence filed by Telangana Rythu Power Distribution Company Limited (TGRPDCL) — Submissions on Conditions of Licence, Transition Safeguards, and Governance Framework

I. Respectful Submission

This representation is submitted in the public interest in the matter of the petition filed by Telangana Rythu Power Distribution Company Limited (TGRPDCL) on 06 April 2026 before this Honourable Commission, seeking a Distribution Licence under Section 14 of the Electricity Act, 2003 read with TGERC (Distribution Licence) Regulation No. 4 of 2016.

The petitioner is a newly incorporated state government undertaking (CIN: U35100TS2026SGC213226) created by G.O.Ms.No.44 (Energy Department, 17 December 2025) and formally constituted as a company by G.O.Ms.No.4 (Energy Department, 11 March 2026). It seeks a distribution licence to serve approximately 29.08 lakh electricity consumers in the categories of agriculture, Lift Irrigation Schemes (LIS), HMWSSB, Mission Bhagiratha, and municipal water supply — currently served by TGSPDCL and TGNPDCL — across the combined territory of Telangana.

A detailed independent analysis of TGRPDCL's formation documents, the licence petition, and the policy context of this reform is annexed hereto as Annexure A ("TGRPDCL Analysis, April 2026"). This representation draws upon that analysis to submit specific observations and requests for the Commission's consideration before the licence is granted.

II. Context and Significance of This Licence Proceeding

The creation of TGRPDCL represents the most structurally significant restructuring of Telangana's power distribution sector since the bifurcation of APCPDCL in 2014. Its stated objectives — bringing efficiency and transparency to electricity subsidies and relieving TGSPDCL and TGNPDCL of agricultural and water supply arrears amounting to Rs. 35,982 crores — are sound

in principle and consistent with the regulatory objectives of this Commission under Section 86 of the Electricity Act, 2003.

However, the Commission's decision on this licence petition will set the operational and governance framework for an entity that will:

- Serve 29.08 lakh consumers, all of whom receive free or heavily subsidised electricity;
- Inherit infrastructure assets valued at Rs. 4,929 crores, working capital loans of Rs. 9,032 crores, and payables to TGGENCO of Rs. 26,950 crores;
- Depend entirely on timely government subsidy releases of approximately Rs. 8,000 crores annually for its financial viability;
- Operate in the same geographic territory as two existing licensees, creating a unique three-DISCOM structure with no precedent in Indian power regulation; and
- Require active cooperation from the two incumbent licensees for asset transfer, staff deputation, power purchase reallocation, and interim data sharing — none of which has been completed as of the date of this representation.

Given this context, the Commission is respectfully submitted that the grant of a distribution licence in this matter requires consideration not only of the statutory eligibility criteria under Section 14 of the Electricity Act, but also of the operational safeguards necessary to ensure that the new licensee can function as a genuine electricity distribution utility — and not merely as a financial pass-through for government subsidy payments.

III. Observations on the Licence Petition

A. Capital Adequacy

The Capital Adequacy Rules, 2005 require demonstration of 30% equity on the cost of planned distribution network investment. TGRPDCL's paid-up capital is Rs.5 crores against a Rs.4,929 crore asset base. The petition navigates this by relying on the Government guarantee provision under G.O.Ms.No.4 (Point 8) and the proviso to Section 14 of the Electricity Act, 2003.

While this position is legally arguable given the state government ownership structure, the Commission may consider whether it would be appropriate to note — by way of a licence condition — that TGRPDCL shall demonstrate enhanced capitalisation or committed government-backed credit lines within a defined period post-licence grant, so that financial viability does not rest entirely on the Government guarantee remaining unqualified.

B. Debt Financing: 'Yet to be Tied Up'

The licence petition contains the following disclosure under items 20(a) and 20(b): debt financing for distribution activities is "yet to be tied up" and lenders are "yet to be tied up." This is a material disclosure for an entity that will inherit Rs. 9,032 crores in working capital loans and will need to pay generators of the scale of TGGENCO (Rs. 26,950 crore payable) from its first day of operation.

The Commission is respectfully submitted that a licence condition requiring TGRPDCL to furnish evidence of committed credit facilities within 90 days of licence grant — failing which the Commission may review the licence — would be an appropriate safeguard.

C. Business Plan: Does Not Yet Exist

The petition discloses that a detailed five-year business plan will be submitted within three months of licence grant, per Regulation 38.1. This means the Commission is being asked to grant a licence to an entity whose fundamental operational planning document has not been prepared. The Commission is respectfully submitted to consider requiring that the business plan, once submitted, be placed before the Commission for review and that it mandatorily address: seasonal demand forecasting, the solar deboarding roadmap, the interim data management framework, and the DTR metering procurement timeline.

D. Board Independence

The Board of TGRPDCL as constituted comprises directors drawn entirely from the parent DISCOMs — TGSPDCL and TGNPDCL — which will be counterparties to TGRPDCL in bilateral negotiations on wheeling charges, interface metering, asset valuations, and PPA reallocation. This creates a structural conflict of interest that, if unaddressed, may affect the fairness of bilateral settlements. The Commission may consider requiring appointment of at least two independent directors with power sector expertise as a condition of licence.

IV. The Three-DISCOM Coordination Problem: A Submission Unique to This Case

The Commission's attention is respectfully drawn to a governance challenge that has no direct parallel in any existing Indian distribution licence framework: three electricity distribution licensees will operate concurrently in the same geographic territory, serving different consumer categories on shared physical infrastructure.

This creates friction points that cannot be resolved through the standard bilateral licensee-regulator relationship:

- Interface metering disputes at every transfer point between TGRPDCL's agricultural DTRs and the upstream infrastructure of TGSPDCL and TGNPDCL;
- Emergency outage response on feeders that serve both agricultural consumers (TGRPDCL's jurisdiction) and other consumer categories (TGSPDCL/TGNPDCL jurisdiction);
- Seasonal power allocation conflicts during Kharif and Rabi peaks, when all three DISCOMs compete for the same pool of economical power; and
- The absence of any mechanism for real-time operational coordination between three entities whose infrastructure is physically interleaved.

This representation respectfully submits that the Commission consider, as part of the licence conditions or through a separate regulatory direction, the constitution of a Three-DISCOM MD Council — a standing body comprising the CMDs of TGRPDCL, TGSPDCL, TGNPDCL and

TGTRANSCO — with a formal, notified mandate covering interface metering governance, seasonal load coordination, emergency response protocols, and transition milestone oversight. The detailed recommended mandate is set out in the annexed analysis (Annexure A, Section G).

Without such a mechanism, the Commission will likely find itself receiving an increasing volume of bilateral disputes between the three licensees — disputes that are operationally urgent but procedurally slow to resolve through formal regulatory proceedings.

V. Obligations of the Incumbent Licensees: A Submission on Transition Conditions

The licence petition before the Commission concerns TGRPDCL alone. But TGRPDCL's ability to function as an operational licensee is entirely dependent on the timely discharge of obligations by TGSPDCL and TGNPDCL. As of the date of this representation, none of the following have been completed:

- Asset register verification and physical handover of 5.22 lakh DTRs and associated LT lines;
- Transfer of consumer database records for 29.08 lakh connections;
- Staff deputation of 2,000 employees;
- PPA reallocation (42% share) to TGRPDCL;
- Execution of a data-sharing agreement for SCADA access;
- Novation of working capital loan facilities; and
- Notification of a Transfer Scheme with a defined effective date.

This representation respectfully submits that the Commission consider incorporating, as conditions of TGRPDCL's distribution licence, specific obligations upon the incumbent licensees with defined timelines — or, alternatively, direct the Energy Department to issue a Transfer Scheme notification with enforceable milestones before the licence takes effect. A licensee that is operationally dependent on two other licensees who have no formal obligation to assist it is a licensee that may fail not through its own inadequacy but through the inaction of others.

VI. The DTR Metering Delay: Consumer Interest Implications

The reform's central measurement mechanism — installation of smart meters (0.2S accuracy class) on all 5.22 lakh agricultural DTRs at an estimated cost of Rs.1,306 crores — has not been tendered as of the date of this petition. Given procurement, testing, and installation timelines of 12–18 months post-contract, DTR metering will not be complete before mid-2028 at the earliest.

This has direct implications for consumer interest, which this Commission is constitutionally mandated to protect under Section 86(1)(b) of the Electricity Act:

- Subsidy computation will be based on estimated or proxy consumption for at least two years, creating a risk of over- or under-provisioning;
- Distribution loss attribution between TGRPDCL and the incumbent DISCOMs will be contested in the absence of metered boundary points; and

- TGRPDCL's ability to plan efficient service improvements will be constrained without consumption data.

The Commission is respectfully requested to consider directing that: (a) the DTR metering tender be issued within a defined period of licence grant; (b) an interim data-sharing protocol with TGSPDCL and TGNPDCL be executed before the Transfer Scheme effective date; and (c) subsidy computation methodology for the pre-metering period be approved by the Commission in advance, to prevent disputes from arising retroactively.

VII. The Fiscal Transparency Objective: A Submission on Subsidy Discipline

A central purpose of this reform — as articulated in G.O.Ms.No.44 — is to bring transparency to the true cost of electricity subsidies. This objective is best served by a licence framework that makes the government's subsidy obligation visible, timely, and publicly reported.

Accordingly, this representation respectfully requests the Commission to consider the following as licence conditions or regulatory directions:

1. That TGRPDCL file with the Commission, on a monthly basis, a statement of subsidy due, subsidy received, and any shortfall — accessible in the public domain;
2. That the Annual Revenue Requirement (ARR) filings of TGSPDCL and TGNPDCL — post-separation — separately disclose the residual revenue gaps previously cross-subsidised by agricultural subsidy flows, so that the Commission and the public can assess the true fiscal position of all three licensees; and
3. That TGRPDCL report annually on the number of agricultural connections transitioned to solar pumps, as a measurable indicator of progress toward the reform's primary objective of subsidy reduction.

VIII. Summary of Prayers

In view of the foregoing, this representation respectfully requests the Honourable Commission to:

4. Grant the distribution licence to TGRPDCL subject to conditions that address: (a) capitalisation and credit line confirmation within 90 days; (b) appointment of independent directors with power sector expertise; (c) submission of a five-year business plan within three months, to be reviewed by the Commission; and (d) execution of a formal data-sharing agreement with the incumbent licensees before the Transfer Scheme effective date.
5. Direct the constitution of a Three-DISCOM MD Council with a notified mandate as detailed in the annexed analysis (Annexure A, Section G), to be constituted prior to the licence taking effect.
6. Incorporate in the licence conditions specific obligations upon TGSPDCL and TGNPDCL — with defined timelines — for asset handover, consumer database transfer, staff deputation, PPA reallocation, SCADA data access, and loan novation.
7. Direct that the DTR metering tender be issued within 120 days of licence grant, and approve an interim subsidy computation methodology for the pre-metering period.
8. Direct monthly public disclosure by TGRPDCL of subsidy due versus subsidy received

9. Explore the possibility of issuing automatic notice to the Energy Department and Finance Department if shortfall persists beyond 60 days by the Commission's secretariat.
10. Direct TGSPDCL and TGNPDCL to submit, in their next ARR filings, a disaggregated disclosure of residual revenue gaps arising from the separation of agricultural and water supply consumers.

This representation is made in good faith and in the public interest. The full independent analysis on which these submissions are grounded is annexed hereto as Annexure A.

Submitted with respect,



Dr. Donthi Narasimha Reddy
Public Policy Expert
Hyderabad

ANNEXURE A

TGRPDCL: Critical Analysis of India's Most Ambitious Power Distribution Reform

(Updated April 2026 — Based on G.O.Ms.No.44, G.O.Ms.No.4, and TGERC Licence Petition dated 06 April 2026) [Full analysis document filed as separate attachment]