

To

The Secretary

Telangana Electricity Regulatory Commission

Sy. No.145-P, Vidyut Niyamtran Bhavan

Kalyan Nagar, GTS Colony, Hyderabad

April 25, 2026

Respected sir,

Sub : Submissions in OP No.11 of 2026 in the matter of application for grant of distribution licence to Telangana Rythu Power Distribution Company Limited

In response to the public notice dated 18.4.2026, we are submitting the following points for the consideration of the Hon'ble Commission in the subject issue:

- 1. Pursuant to G.O.Ms.No.44 dated 17.12.2025 of Energy (Power I) department, government of Telangana, the subject application is filed for grant of distribution licence to the third DISCOM in the state - Telangana Rythu Power Distribution Company Limited (TRPDCL). However, the relevant contents in the G.O. are not incorporated in the subject petition. The petition and additional information submitted to the Commission confined to procedural and functional aspects relating to formation of the third DISCOM. What kind of impact formation of the third DISCOM, with transfer of assets and liabilities from the existing two DISCOMs – TGSPDCL and TGNPDCL - would have on the three DISCOMs and their consumers is not explained either in the said G.O. or the subject petition. In fact, that is the crucial aspect rather than the procedural and functional formalities. It can be taken for granted that additional information is submitted only after the Hon'ble Commission directed the authorities concerned.**
- 2. In the said G.O., it is explained that “due to the gap between the Average Billing Rate (ABR) and the Average Cost of Service (ACoS), the financial position of TGDISCOMs has deteriorated over time.**
“This precarious financial position of the DISCOMs severely limits their ability to secure funding for developmental initiatives. It also restricts their participation in critical infrastructure programs such as the Revamped Distribution Sector Scheme (RDSS). Consequently, the DISCOMS are facing challenges to implement essential system upgrades needed to ensure reliable and quality power supply to consumers across the State.
“To address the said concern and to improve the electricity supply position of the State, the Government decided to set up a Third DISCOM in the State responsible for handling

electricity retailing for specific consumer categories supported by Government.” We request the Hon’ble Commission to examine the following points, among others:

- a) **The contention that “due to the gap between the Average Billing Rate (ABR) and the Average Cost of Service (ACoS), the financial position of TGDISCOMs has deteriorated over time” is not correct. Earlier, the previous government did not allow the DISCOMs to file their petitions for aggregate revenue requirement and tariff revision for three consecutive financial years. For the same reason, the DISCOMs could not file their petitions for true-up claims in time annually and as a result, they filed their petitions for true-up claims for a period of seven years. The Hon’ble Commission approved a true-up of Rs.9360.35 crore for the period from 2016-17 to 2021-22 and a true-up of Rs.312.65 crore towards expenses and revenue for distribution business for the 1st, 2nd and 3rd control periods. The government of Telangana gave an assurance to the Commission on 16.3.2023 that it would extend the necessary financial support to the licensees to cover the true-up amounts over a period of five years. When, in our submissions on ARR and tariff revision petitions of the DISCOMs for the FY 2026-27, we sought information as to how much amount was paid by the state government, as per its above-mentioned commitment, the DISCOMs avoided to give factual position. In the report of the Comptroller and Auditor General of India on state public sector enterprises for the period ended March, 2023, it is pointed out that “Telangana State Electricity Regulatory Commission (TSERC) approved (24.03.2023) ₹9,360.35 crore towards the power purchase True-ups for the period FY 2016-17 to 2021-22 and provisional true-up for 2022-23. Further, an amount of ₹312.65 crore towards true-up of expenses and revenue for distribution business for the 1st, 2nd and 3rd control periods was also approved. However, the Government of Telangana (GoT) gave an assurance (16.03.2023) to TSERC that it was committed to extend the necessary financial support to the State Power Utilities towards true-up of wheeling charges and power purchase true-ups for distribution business and retail supply business respectively over a period of 5 year. The facts pertaining to the communication regarding the form and amount of assistance pending from the GoT were not disclosed in the Notes to Financial Statements.”**
- b) **Every year, the Hon’ble Commission is issuing retail supply tariff orders for the DISCOMs, determining their ARR and bridging their projected revenue gap with tariff revision and subsidy the state government agreed to provide. As such, gap between the Average Billing Rate (ABR) and the Average Cost of Service (ACoS) does not arise. For variations in their ARR, the Commission has been allowing the DISCOMs to recover the same under true-up claims determined by it from the consumers. This is despite the fact that the DISCOMs have not been collecting, rather, have not been allowed by the successive state government to collect, Rs.0.30 per unit per month under FSA, though the Hon’ble Commission**

permitted them to collect the same, without undergoing due regulatory process. With true-up claims of the DISCOMs being allowed by the Commission to the extent permissible, they should not have any precarious financial position.

- c) As per the said G.O., as on July 25, 2025, SPDCL and NPDCL have to collect arrears of Rs.45,398 crore from the state and central governments and their departments. In addition, dues of power consumption bills from private consumers and local bodies and dues from the state governments towards subsidy and true-up claims need to be taken into account, if they are not included in the arrears.
- d) It is obvious that, arrears and dues to be paid by the state and central governments, local bodies and other consumers are the real reasons for the precarious financial position of the existing DISCOMs. Therefore, to say that due to the gap between the Average Billing Rate (ABR) and the Average Cost of Service (ACoS), the financial position of TGDISCOMs has deteriorated over time is to rehash mechanically the ingenious distortions being trotted out by the protagonists of pro-corporate and anti-people reforms. If these issues are resolved effectively, the DISCOMs would come out of the red and there would be no need to form the third DISCOM as proposed to bail them out of their financial predicament. If the trend of accumulation of arrears and dues continues, formation of the proposed third DISCOM would not improve the financial position of the three DISCOMs.
- e) While arrears as on July, 2025 from lift irrigation schemes, HMWSSB and mission Bhagiratha to the tune of Rs.35,982 crore are proposed to be transferred to the third DISCOM, such arrears of Rs.6291 crore and Rs.3125 crore would remain with SPDCL and NPDCL, respectively. Similarly, arrears to be paid to TGGENCO, to the tune of Rs.26,950 crore are proposed to be transferred to the third DISCOM, while such arrears of Rs.4747 crore to be paid to central generating stations, IPPs and others would remain with the existing DISCOMs. Similarly, while working capital loans of Rs.9032 crore are proposed to be transferred to the third DISCOM, such loans to the tune of Rs.36,424 crore and Rs.10,523 crore would remain with SPDCL and NPDCL, respectively. Capex loans of Rs.4251 crore and Rs.2667 crore would remain with SPDCL and NPDCL, respectively, no capex loan is proposed to be transferred to the third DISCOM. Altogether, the third DISCOM has to collect arrears from the government to the tune of Rs.35,982 crore, and it has to clear an equal amount towards liabilities of loans and payables to TGGENCO, leaving the third DISCOM without any profit or loss, with assets with a book value of Rs.4929

crore. In other words, if the government pays its arrears to the third DISCOM, the latter can clear all its liabilities and come out of precarious financial position. When will the state government clear these arrears to the new DISCOM and dues of Rs.6291 crore and Rs.3125 crore to SPDCL and NPDCL, respectively, as on July, 2025 is a million dollar question. Going by the magnitude of arrears to be cleared by the state government to the DISCOMs - 79.26% to TRPDCL and 20.74% to the existing two DISCOMs - the third DISCOM will continue to bear the brunt of precarious financial position extremely disproportionate to its requirement of power and assets and liabilities proposed to be transferred to it, depending on the priorities of the state government in clearing the dues to the three DISCOMs. It is all the more so, because the arrears to be collected by the third DISCOM are from the state government and dues to be paid to its instrumentality, i.e., TGGENCO. If the way successive state governments have been allowing the arrears they have to pay to the DISCOMs to get accumulated abnormally and the nature of their priorities are any indication, the financial position of the third DISCOM would continue to be more precarious than that of SPDCL and NPDCL. If such a trend continues, TGGENCO and TRPDCL will continue to be the sufferers. Since both are its instrumentalities, it will be no wonder, if the state government continues its questionable approach; it will continue to have adverse impact on the efficiency of GENCO and TRPDCL in their operation and maintenance and consequently on the service to the consumers and their employees.

- f) When 42% of total energy available is going to be allocated to the third DISCOM, most of it from all thermal power stations with which the DISCOMs had PPAs in force and likely to come into force, what is the justification in transferring dues to be paid to TGGENCO entirely to TRPDCL, instead of transferring dues to all thermal power stations proportionately to all the three DISCOMs? Is TRPDCL getting its share of thermal power from the projects of TGGENCO only or from all other thermal power stations also with whom the DISCOMs had PPAs in force and likely to come into force?
- g) It is announced that TRPDCL would come into operation from the 2nd June, 2026. What is the quantum of RE that can be supplied to the DISCOM from that date under KUSUM and Indira Mahila Shakti? With that RE, will TRPDCL in a position to meet its obligations under RPPO order in force? If not, how the DISCOM is going to fulfil its obligations under RPPO in force during the current financial year and later?

h) If “this precarious financial position of the DISCOMs severely limits their ability to secure funding for developmental initiatives and also restricts their participation in critical infrastructure programs such as the Revamped Distribution Sector Scheme (RDSS). Consequently, the DISCOMS are facing challenges to implement essential system upgrades needed to ensure reliable and quality power supply to consumers across the State,” it is contended in the said G.O. If that is so, after formation, the financial condition of the third DISCOM, as proposed, continues to be more precarious and it will continue to face more serious challenges to implement essential system upgrades needed to ensure reliable and quality supply of power to its consumers across the state. Unless the state government clears all its arrears to the third DISCOM, its creditworthiness cannot be established. The way the third DISCOM is proposed to be established leads to improving the creditworthiness of SPDCL and NPDCL to some extent and weakening that of TRPDCL.

i) For the FYs 2022-23 and 2023-24, the Hon’ble Commission has approved a true-up of Rs.7635.22 crore. GoTS has requested the Commission to defer consideration of the true-up for these two years by one year and conveyed that it would communicate its position in due course, in view of creating TRPDCL. The Commission has stated that it will decide on the manner of passing on the power purchase true-up of these two years in due course of time. In other words, neither the government has agreed to pay the true-up amounts allowed by the Commission, nor the latter has determined how the amounts should be collected. Submission of claims for true-up/down by the DISCOMs for three FYs ending with 2024-25 were submitted by them belatedly. Even after the Commission has determined permissible claims under true-up, determination of the manner of recovery of the same by the DISCOMs is also deferred. In other words, unwarranted procrastination is taking place for the DISCOMs to recover what has been due to them, thereby further precipitating their precarious financial position and increasing avoidable burden of interest or carrying cost for the period delayed.

3. Going by the categories of consumers whom TRPDCL is going to serve, it cannot get any revenue under cross-subsidy. As a result, the need for subsidy from the state government to fully subsidized agricultural consumers under TRPDCL would increase.

4. As pointed out in the above-mentioned G.O., the existing PPAs with the incumbent DISCOMs shall be vested with the three DISCOMS in the proportion of the energy requirement.
o The share of allocation between the three DISCOMs shall be done on the proportion of Average energy consumption attributable to these DISCOMs in the last 5 years. Existing PPAs

with TGGENCO, CGS, IPPs, Inter-state solar, Inter-state Hydel to be split in the ratio of energy requirement. Intra-state solar and NCEs to remain with the incumbent DISCOMs as they are allocated on geographical basis. Upcoming additions in KUSUM & Indira Mahila Sakthi to be allocated to the third DISCOM for RPO compliance. **Moreover, with allocation of sales of power to agriculture, lift irrigation schemes, Composite Protected Water Supply Scheme (CPWS)/ Mission Bhagiratha, Hyderabad Metropolitan Water Supply and Sewerage Board (HMWSSB) and Municipal water connections with separate DTRs (LT VI-B) to the third DISCOM, and based on sale of energy to various categories of consumers grossed up with actual losses for the last five financial years, the share of requirement of power is worked out in the said G.O. as 1,70,034 MU (45%) to SPDCL, 49,720 MU (13%) to NPDCL and 1,56,775 MU (42%) to TRPDCL. We request the Hon'ble Commission to examine the following points, among others:**

- a) **If total allocation of capacities of generation under the PPAs in force and PPAs which would come into force, with PPAs pertaining to intra-state solar and NCEs remaining with SPDCL and NPDCL on geographical basis, and allocation of upcoming capacities under KUSUM and Indira Mahila Sakthi schemes to be allocated to TRPDCL, what would be the implications and impact on maintaining a harmonious balance between fluctuating demand curve and power mix, on the one hand, and availability of surplus/deficit to each DISCOM, on the other, need to be examined.**
- b) **The categories of consumers, especially agricultural consumers, being allocated to TRPDCL do not consume power throughout the day and year. In their replies to our submissions on the ARR and tariff proposals of the DISCOMs for the FY 2026-27, the latter maintained that “agricultural sales for FY 2026-27 have been estimated based on 12 hours of daily supply and 180 operational days.” In other words, supply of power to agriculture is mostly during the day time and operational days only, notwithstanding the policy of the state government to supply it throughout the day and year free of cost. Similarly, supply of power to the remaining categories of consumers who come under TRPDCL is also time-specific. Requirement of power to lift irrigation schemes depends on availability and requirement of water. Since TRPDCL gets allocation of power proportionate to share of generation capacities of thermal power stations, not intra-state solar and NCEs, plus upcoming capacities under KUSUM and IMS schemes, it may encounter several problems and face resultant consequences.**
- c) **Under base-load thermal power stations, allocation of capacities to TRPDCL as proposed would lead to availability of substantial surplus power, especially during the night time and non-agricultural seasons. Unwarranted surplus power has to be backed down and fixed charges have to be paid for the same. Whether**

the generation capacities allocated to TRPDCL would be sufficient to meet demand of the categories of consumers concerned during specific hours of requirement also needs to be examined. Depending on demand curve and power mix, the DISCOM may be required to purchase power in the market and through exchanges, despite availability of surplus power.

- d) The difference between pattern of consumption of the categories of consumers under TRPDCL and of the remaining consumers under SPDCL and NPDCL and the proposed allocation of shares of energy to the three DISCOMs would intensify and widen the imbalance between fluctuating demand curve and power mix more in TRPDCL, with attendant adverse consequences. It may be noted that the DISCOMs have projected availability of a surplus of 11,025 MU for the FY 2026-27. Allocation of thermal power to TRPDCL, as proposed, would lead to availability of more surplus power disproportionate to its share of allocation of 42% of total energy available compared to the percentage of surplus power available to the other two DISCOMs. The higher the surplus power, the higher will be its backing down and payment of fixed charges for the same, leading to imposition of the burden of true-up claims later.**

- e) With an allocation of 42% of total energy available minus RE and NCE to TRPDCL, to what extent allocation of upcoming capacities under KUSUM and Indira Mahila Sakthi schemes to it would meet its requirements in terms of meeting its obligations under renewable power purchase obligation order also needs to be assessed. Moreover, allocation of relatively higher percentage of thermal power to TRPDCL would lead to increase in cost of service to its consumers and resultant need for increase in tariffs or subsidy from the government or both. To what extent that additional burden could be tapered off with allocation of RE under KUSUM and MS schemes to TRPDCL also needs to be assessed.**

- f) If intra-state solar and NCEs are to remain with the incumbent DISCOMs, as they are allocated on geographical basis, as contended in the said G.O., it implies that TRPDCL has no geographical basis for allocation of solar and NCEs under PPAs. Going by the reasoning of the government, as stated in the said G.O., TRPDCL cannot enter into PPAs with any intra-state solar and NCE units that may be set up in future, because they invariably fall in the geographical extent of SPDCL or NPDCL. The question of geographical basis for allocation of RE under KUSUM and MS schemes to TRPDCL also would arise. In the subject petition, it is defined that the geographical area within which TRPDCL proposes to undertake distribution is total State of Telangana. This dichotomy needs to be**

resolved. Allocation of RE and NCE capacities to the DISCOMs in Andhra Pradesh on geographical basis led to questionable and unwarranted imbalances. When we elaborated them during public hearings of APERC and suggested proportionate allocation of RE and NCE capacities to all the DISCOMs on par with allocation of share of thermal power, finally, GoAP made reallocations accordingly.

5. In the said G.O., it is stated that downstream of assets from the agricultural DTR till the end of consumption point, covering agricultural DTRs and LT lines - total DTRs of 5,22,472, with DTR capacity of 19,088 MVA having book value of Rs.2792 crore and agricultural LT lines with a length of 2,61,240 ckms having book value of Rs.2137 crore being transferred to the third DISCOM. TRPDCL will have no distribution network of its own and SPDCL and NPDCL have to levy wheeling charges to the third DISCOM for the upstream infrastructure owned, operated and maintained by the existing two DISCOMs as approved by TGERC, as per the said G.O. It is also proposed to install smart meters on the LT side of DTRs at an estimated cost of Rs.1306 crore to accurately account for the electricity consumption by the third DISCOM, obviously, at its cost. The cost of smart meter installation per DTR is considered as Rs.25,000/-. Depending on voltage level and length of transmission and distribution of power from the point of generation to agricultural DTR, T&D losses and charges will be relatively higher, impacting on cost of service, in addition to the cost of installation of smart meters to the DTRs. Till smart meters are installed to DTRs, disputes between TRPDCL and the existing two DISCOMs on the quantum of power supplied and drawn may arise.
6. It is proposed in the said G.O. that the third DISCOM would require manpower of 2000, including 1000 O&M staff and artisans, 660 engineers and 340 administrative staff (accounts and P&G). It is stated in the G.O. that "to encourage the employees to opt for transfer to third DISCOM, promotions are proposed to be offered. Transfer of manpower to third DISCOM for Operation & Maintenance will ensure reliable and uninterrupted supply of electricity to the subsidized category of consumers. This will also create clear demarcation of responsibilities between the incumbents and third DISCOM." It is further maintained in the G.O. that "TGDISCOMs would estimate detailed employee requirement for the new entity and also other aspects such as service conditions, transferability and seniority list for the employees to be transferred. Based on the manpower requirement for the third DISCOM, employees would be transferred from TGSPDCL, TGNPDCL, TGGENCO, TGTRANSCO to the third DISCOM. The administrative positions currently present in incumbent DISCOMs will also be created for the third DISCOM. However, field level positions are proposed to be created based on the geographical distribution of the consumer categories under the third DISCOM. The

number of staff is proposed to be employed in proportion of the network length, geographical area and number of consumers.” **We request the Hon’ble Commission to examine the following points, among others:**

- a) **How many posts in four power utilities of the state government are vacant? What would be the impact on them, if their engineers and staff are transferred to the third DISCOM, without filling up the vacant posts?**
- b) **Because of formation of the third DISCOM, the workload of TGTRANSCO would not come down. What is the justification in proposing allotment of its staff to the third DISCOM? Similar is the case with TGGENCO. Do TRANSCO and GENCO have excess staff? How is it expected that staff working in generation and transmission are fit for doing the work required for supply of power to the consumers under the third DISCOM? What would be the problems and how they are proposed to be resolved till such staff members are trained to perform their duties under TRPDCL?**
- c) **Since agricultural service connections are spreading all over the state, compared to areas with higher density of non-agricultural consumers, time required for attending to required work and areas to be covered by the O&M staff and artisans will be relatively higher. With the proposed strength of 1000 staff members, whether allotment of not more than two O&M staff members per Mandal would be sufficient for efficient maintenance to cater to the requirements of agricultural consumers is a big question mark. While staff of the third DISCOM would cater to the requirements of agricultural consumers in all the villages in a Mandal, the staff of SPDCL and NPDCL will continue to cater to non-agricultural consumers in all the villages in a Mandal under their respective DISCOM. Till now, staff of SPDCL or NPDCL are catering to the requirements of all categories of consumers in each Mandal. With formation of the third DISCOM on the basis of specified categories of consumers, some kind of an imbalance would take place in allocation of staff and their requirement, notwithstanding the claim that field level positions are proposed to be created based on the geographical distribution of the consumer categories under the third DISCOM. The contention that “this will also create clear demarcation of responsibilities between the incumbents and third DISCOM” is equally amusing, as if clear demarcation of responsibilities between SPDCL and NPDCL was found wanting. The staff of SPDCL/NPDCL, on the one hand, and of TRPDCL, on the other, will have to work side by side and separately in a village/area catering to the requirements of their respective categories of consumers there, contrary to the present arrangement of the same staff catering to the requirements of all**

categories of consumers in a village/area as allocated to them. Under the proposed arrangement, specific staff of TRPDCL/SPDCL/NPDCL will be required to cover a wider area, thereby spending more time than they are spending under the existing DISCOMs for going from one place to another. In other words, their work load per head would increase – an inefficient arrangement.

- d) **The proposal that**, to encourage the employees to opt for transfer to third DISCOM, promotions are proposed to be offered **would naturally entail additional expenditure for the third DISCOM.**
 - e) **The contention that** transfer of manpower to third DISCOM for Operation & Maintenance will ensure reliable and uninterrupted supply of electricity to the subsidized category of consumers **is equally amusing**, as if the same had not been ensured to the subsidized category of consumers under the existing two DISCOMs over the years.
7. **As is well known, the Modi government at the centre is moving in the direction of allowing private power distribution companies in the areas of operation of the DISCOMs of the state governments. Creation of a DISCOM exclusively to cater to specific categories of consumers as in the subject case would facilitate cherry-picking by prospective private DISCOMs, without any responsibility to serve agricultural consumers, and affecting the interests of the DISCOMs of the state governments and their consumers in several ways.**
8. **The subject petition is found wanting in making it clear as to how quality or efficiency of supply of power by SPDCL and NPDCL to the categories of consumers proposed to be transferred to the third DISCOM are deficient and how can the same be improved under TRPDCL. Both the existing DISCOMs, since their inception, have been handling electricity retailing for all categories of consumers, including specific consumer categories supported by Government and now proposed to be transferred to the third DISCOM. When an objective and holistic view is taken, it is obvious that the move of the state government to create the third DISCOM in the manner in which it has proposed is ill-advised, hasty and unwarranted, creating new problems rather than solving the existing ones.**
9. **Since I have to prepare and file my submissions in some of the petitions pending before APERC in time, I request the Hon'ble Commission to permit me to make further submissions in the subject petition before the due date and during public hearings.**

Thanking you,

Yours sincerely,

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