



**TELANGANA POWER GENERATION CORPORATION LIMITED**

Vidyut Soudha, Hyderabad-500082

From  
The Chief Engineer,  
Coal & Commercial,  
TGGENCO, Vidyut Soudha,  
Khairatabad,  
Hyderabad-500082.

To  
The Commission Secretary,  
TGERC,  
#Vidyut Niyantran Bhavan,  
GTS Colony, Kalyan Nagar,  
Hyderabad-500045.

Lr.No: TGGENCO/CE (Coal & Comml) / SE(C&C)/ D.No: 165 /24, dt: 18.10.2024

Sir,

Sub: - TGGENCO- Submission of replies on objections raised on Multi Year Tariff  
Petition for 5<sup>th</sup> control period (FY: 2024-29) - Reg.

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The replies to the Objections/Suggestions raised by the Chief Engineer (IPC),  
TGSPDCL, Hyderabad-500004 on True up of Generation Tariff for FY: 2022-23 and  
Multi Year Tariff for the 5<sup>th</sup> Control Period (FY 2024-29) Petitions are herewith  
enclosed.

Encl: As above

Yours faithfully

*Chs*  
*18/10/2024*  
Chief Engineer (L/A)  
(Coal & Commercial)  
TGGENCO/VS/HYD

➤ **Copy to**

The Chief Engineer (IPC), TGSPDCL, Corporate Office, 6-1-50, Mint Compound,  
Hyderabad-500004.

Sl. No	Objections	TGGENCO REPLY
1	<p><b><i>Additional Capitalization Annexure -I (T)</i></b></p> <p>Hon'ble Commission is requested to not allow the additional Capitalization claimed for KTPS-V at this point of time as the station has served 25 years of life.</p> <p>1) TGGENCO has claimed additional capitalization of Rs.13.12 crores for Srisailam Left Bank, Small Hydel, Priyadarshini jurala in total for which the commission has not granted any prior approval.</p> <p>The Hon'ble Commission is prayed to allow the additional capitalization after prudent check.</p>	<p>KTPS-V Stage has been commissioned during 1998 and has completed its useful life of 25 years. As per the CEA guidelines the units shall not be decommissioned before 2029. Hence, it is essential to replace some of the equipment for smooth running of the plant.</p> <p>In respect of Srisailam left bank, Small Hydel, Priyadarshini Jurala the actual additional capitalization incurred for smooth running of the plant has been claimed.</p>
2.	<p><b><i>Depreciation Annexure- II (T)</i></b></p> <p>1) Additional Capitalization approved for KTPS VII for FY 2022-23 in MTR is 193 crores and depreciation approved accordingly is 253.40 crores. TGGENCO claiming additional capitalization now in true-up is Rs.72.33 crores and corresponding depreciation claimed is Rs.261.87 crores which is Rs.8.47 crores over and above than the amount approved in MTR.</p> <p>2) Additional Capitalization approved for BTPS for FY 2022-23 in MTR is 1079 crores and depreciation approved accordingly is 329.05 crores TGGENCO claiming additional capitalization now in true-up is Rs.312.83 crores and corresponding depreciation claimed is Rs.360.88 crores which is Rs.31.83 crores over and above than the amount approved in MTR.</p> <p>3) TGGENCO has claimed depreciation of Rs.100.42 crores and Rs.19.24 crores as against Rs.87.97 crores and 11.24 crores approved in MTR for Nagarjuna sagar and Pulichintala Hydel stations.</p>	<p>The additional capitalization has been computed in accordance with clause No.10 of TGERC Regulation 1 of 2019.</p> <p>1. Hon'ble Commission has approved the depreciation for FY 2022-23 without considering the additional capitalisation.</p>

	The Hon'ble Commission is requested to allow the depreciation after prudent check for above stations.	
3	<p><b><i>Interest on Loan and interest on Loan &amp; Finance charges Annexure-III(T)</i></b></p> <p>TGGENCO has claimed Rs.43.79 crores over and the amount approved towards interest on Loan &amp; Finance charges in MTR for BTPS.</p> <p>Further, the weighted average interest rate on loan submitted by TSGENCO is in the range of 9.95 % to 12.50 %.</p> <p>TGGENCO may be directed to explore the possibility to restructure the loans for reduction of interest rates.</p> <p>The Hon'ble Commission is prayed to approve interest rate after prudent check so that there is no undue burden on DISCOMs.</p>	<p>The Interest and Finance Charges claimed by TGGENCO is in line with the TGERC Regulations 1 of 2019.</p> <p>The Interest and Finance Charges vary based on the rate of interest allowed by the lenders, on the actual loan portfolio and the difference in rate of interest on loan portfolio interest rate provisionally approved.</p> <p>The normative loan will be adjusted to actual capital additions/deletions and depreciation allowed is considered as normative loan repayment during the year.</p> <p><u>With regard to reduction of interest rates:</u></p> <ul style="list-style-type: none"> <li>• PFC &amp; REC (FIs) has rated TGGENCO under the category of A+. Financial Institutions are charging rate of interest applicable to A+ category only.</li> <li>• Additionally, rebates were also allowed by the above FIs to O&amp;M Projects in the range of 110 to 137 bps (Base points) on the applicable interest rates.</li> <li>• In computation of Weighted Average interest rates, rebates were also considered.</li> <li>• TGGENCO is putting all efforts for reduction in rate of interest.</li> </ul>

4	<p><b><i>Interest on working capital Annexure-IV (T)</i></b></p> <p>TGGENCO has claimed RS.70.74 crores over and above the amount approved in the MTR towards interest on working capital. It was observed from the forms enclosed by TGGENCO regarding operating parameters the auxiliary consumption, station heat rate and secondary oil consumption are more than the normative values and availability is less than the normative value for BTPS station.</p> <p>The Hon'ble Commission is requested to allow the IoWC charges as per the normative operating parameters or actual parameters whichever is less and after prudent check for all the stations.</p>	<p>Interest on working capital (IoWC) calculated in accordance with the clause No. 13.3 of TGERC Regulation 1 of 2019.</p> <p><u>i. Reasons for change in Interest on Working Capital:</u></p> <p>a. Increase in Working Capital base:</p> <p>While determining the Mid-Term review order Dt.23.03.2023, Hon'ble commission has considered Rs.3451.65 Crs. (Rs.293.39 Crs./8.5%) as base working capital (Back calculation) for computing the IoWC component. Whereas, while computing the base working capital for True-up i.e, Rs.3857.31 Crs. (364.13/9.44%) TGGENCO has considered the Coal &amp; Oil Costs incurred towards actual generation, O&amp;M Charges and all the other components based on actuals. Due to the increase in base by Rs.405.66 Crs. there is an increase in IoWC by Rs.34.48 Crs.</p> <p>b. Increase in Interest Rate of on Working Capital:</p> <p>While determining the Mid-Term review order Dt.23.03.2023, Hon'ble commission has allowed IoWC @ 8.5%, as per clause No. 13.3 of TGERC Regulation 1 of 2019 Generating company can claim IoWC @ weighted average bank rate prevailing during FY 2022-23 plus 150 basis points (SBI MCLR – 7.94% + 150 Basis Points).above Generator is eligible to claim IoWC @ 9.44%. Thus, resulted in increase in IoWC by Rs.36.74 Crs.</p> <p><u>ii. Operating Parameters of BTPS:</u></p> <p>BTPS is and new station commissioned during FY 2020 -21 &amp; FY 2021 -22, it requires some time to streamline the logistics,</p>
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		<p>auxiliaries to stabilize and to maintain continuous availability.</p> <p>However, Fixed charges were claimed duly limiting the Fixed charges approved by the commission to the actual availability of the station &amp; Energy charges were claimed as per the normative parameters approved by the commission.</p>
5	<p><b><i>O&amp;M expenses Annexure- V (T)</i></b></p> <p>The major share in the true-up claim of TGGENCO to an extent of Rs.792.06 crores is towards O&amp;M an expense which is attributed to Pay revision -2022.</p> <p>The Hon'ble Commission is prayed to allow the said amount after prudent check.</p>	<p>In the Tariff filings, TGGENCO furnished the component wise actual expenditure of O&amp;M Charges in Annexure – V (T). However, breakup is furnished below:</p> <p>Employee Cost - Rs.2,114.49 Crs.  R&amp;M Cost - Rs. 257.52 Crs.  A&amp;G Cost - Rs. 120.72 Crs.  Total - Rs.2,492.72 Crs.  Less: Approved - Rs. 1,700.66 Crs.  Variance - Rs. 792.06 Crs.</p> <p>Reasons for variance in O&amp;M Cost is as detailed below:</p> <p>i. For FY 2022–23, against TGGENCO claimed amount of Rs.1958.93 Crs, Hon'ble commission has allowed only Rs.1700.66 Crs. Due to the short allowance the variance increased 258.27 Crs.</p> <p>ii. Increase in BTPS O&amp;M Expenses:</p> <ul style="list-style-type: none"> <li>• BTPS is a new station commissioned during FY 2020 – 21 (3 Units) &amp; FY 2021 – 22 (1 Unit).</li> <li>• In the absence of base expenditure for projections, hon'ble commission has provisionally approved Rs. 159.96 Crs. in the MTR.</li> <li>• The expenditure incurred at BTPS amounting Rs.392.56 Crs. is highly justifiable, due to below mentioned reasons: <ul style="list-style-type: none"> <li>○ As per clause No. 35(1(I)) CERC Regulations 2019,</li> </ul> </li> </ul>

		<p>Normative O&amp;M expenses of thermal generation stations of 250 MW Series is Rs.36.56 Lakhs/MW were allowed by the commission. If same were considered for BTPS the Normative O&amp;M Expenses shall be Rs.394.85 Crs. Whereas, for BTPS O&amp;M Expenses claimed were Rs.392.56 Crs., which is lower than the CERC Norm.</p> <ul style="list-style-type: none"> <li>○ Further, O&amp;M Charges approved by the commission for the FY 2022–23, with similar capacity of TGGENCO Thermal stations is detailed below:  KTPS V &amp; VI (1000 MW) – Rs. 377.83 Crs.  KTPP I &amp; II (1100 MW) –Rs. 343.51 Crs.</li> </ul> <ul style="list-style-type: none"> <li>• Thus, the impact of Variance in O&amp;M Cost of BTPS is Rs. 232.60 Crs.</li> </ul> <p>iii. Administrative and General Charges  A&amp;G Charges increased due to increase in security guard charges due to implementation of Pay Revision by Government of Telangana and also due to increase in electricity charges towards colony consumption (earlier colony consumption was included in auxiliary consumption). No Pay revision of TGGENCO is included in the A&amp;G claims.</p> <p>iv. Pay Revision 2022  In the projections submitted for MTR FY 2022–23 &amp; FY 2023–24, no provisions were created towards Pay Revision 2022-23. TGGENCO has approved Pay revision to its employee w.e.f 1.4.2022.  As per Clause No.19.14 of TGERC Regulations 1 of 2019, “Any increase in employee cost on account of pay revision etc. will be considered separately by the commission. In accordance with the regulations, actual expenditure amounting to Rs.245.45 Crs., incurred on account of Pay Revision is included in the Employees cost.</p>
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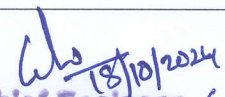
6	<p><b><i>Return on Equity Annexure -VI (T)</i></b></p> <p>TGGENCO has claimed return on equity by grossing up the base rate with corporate tax. The Hon'ble Commission is prayed to allow the return on equity as per section 115 BAA by grossing up the base rate with MAT and allow the same as per the actuals paid (Considering the income tax returns filed by TGGENCO)</p>	<p>The true-up charges of ROE are on account of change in tax rate considered in computation of Return on Equity.</p> <p>The base rate of Return on Equity is considered as per Clause 11.2 of Regulation No. 1 of 2019.</p> <p>TGGENCO opted new tax regime i.e, Section 115BAA, according to which base tax rate @ 22% plus applicable surcharge and cess (Effective tax rate is 25.168%).</p>
7	<p><b><i>Non-Tariff Income Annexure -IX (T)</i></b></p> <p>Clarification may be provided for decrease in the non-tariff income from FY 22-23.</p> <ul style="list-style-type: none"> <li>• Approved in MTR : Rs.(32.3) crores</li> <li>• Actual : Rs. (191.08) crores.</li> </ul>	<p>In the FY 2022 – 23, Non Tariff Income approved by the commission was Rs.32.30 Crs., against which TGGENCO has passed a credit amount of Rs.191.08 Crs. to TGDISCOMS/Ktk ESCOMS. The excess Non – Tariff income is on account of Sale of Scrap of KTPS O&amp;M dismantled station, it's a non-recurring item.</p> <p>In the subsequent years, in Non-Tariff income estimations income from Sale of KTPS O&amp;M Scrap is not considered for projections.</p>
8	<p><b><i>Energy charges Annexure-VII (T)</i></b></p> <p>TGGENCO has claimed Rs.319.593 crores true-up towards energy charges for BTPS station and Rs11.176 crores for KTPS-VII station.</p> <p>The Hon'ble Commission is prayed to allow the said charges as per the normative operating parameters or actual parameters whichever is less only after prudent check.</p>	<p>In accordance with the TGERC Regulation 1 of 2019 the Energy Charges has been claimed.</p>
9	<p><b><i>Station wise thermal incentive Annexure-VIII (T)</i></b></p> <p>TGGENCO has claimed thermal incentive for KTHP-II and KTPS-VI.</p>	<p>In the FY 2022 – 23, TGGENCO has claimed PLF incentive in respect of KTPS VI &amp; KTHP Stage II, in accordance with clause No. 21.4 of TGERC Regulation 1 of 2019, PLF Incentive to a</p>

	<p>As per the sheets enclosed by TGGENCO for operating parameters it is observed that the actual auxiliary Consumption of KTPP-II and KTPS-VI are 5.39 % and 4.88 % as against the normative values of 7. % and 7.5 %</p> <p>It is prayed that while arriving the units for claiming incentive the actual auxiliary consumption may be considered and the incentive amount may be allowed accordingly.</p>	<p>Generating Station shall be payable at the rate specified in CERC Regulations, 2014 as applicable during control period.</p> <p>KTPS VI 500 MW Plant, Generation at Target PLF (80%) is 3504.00 MU against which Normative Generation of 3742.7810 MU was achieved. As the Normative Generation exceeds the Target PLF by 238.7810 MU. Hence, KTPS VI is eligible for an incentive @ 50 Paise per Kwh, accordingly Rs.11.94 Crs were claimed.</p> <p>Similarly, in respect of KTPP Stage II 600 MW Plant, Generation at Target PLF (80%) is 4204.80 MU against which Normative Generation of 4480.1568 MU is achieved. As the Normative Generation exceeds the Target PLF by 275.3568 MU. Hence, KTPP Stage II is eligible for an incentive @ 50 Paise per Kwh, accordingly Rs.13.76 Crs were claimed.</p> <p>Detailed workings as per CERC Regulation, the incentive above Normative PLF has been computed and provided in Annexure VII (T)(i) of the filings.</p>
10	<p><b><i>The plant life of RTS-B has been considered upto 31.03.2025</i></b></p> <p>RTS-B station was under shutdown from 04.06.2024 due to technical issues and generation could not be restored till date. In view of the above, TGDISCOMs have also filed a petition before Hon'ble TGERC on 03.10.2024 praying the Hon'ble Commission to consider the extension of PPA for RTS-B station for a period from 01.04.2024 upto 03.06.2024 only.</p> <p>Hence, it is requested to consider the life of RTS-B station upto 03.06.2024 only in the MYT filed by TGGENCO for 2024-29.</p>	<p>Under Purview of Hon'ble Commission.</p>
11	<p><b><i>GCV of coal billed and GCV of coal received Transit loss claim of TGGENCO.</i></b></p>	<p><b><u>Pit-head Power Plant:</u></b></p> <p>As per the Ministry of Environment and Forests Gazette</p>



	<p>As per the forms relating to operating parameters of thermal stations submitted by TGGENCO in the above filings, there is a huge variation in the GCV of coal billed and GCV of coal received which in turn impacts variable cost claim of TGGENCO and: additional burden on TGDISCOMs. The Commission may consider the following details:</p> <table><tr><th>S.No</th><th>Station</th><th>Nearest coal source</th><th>Distance</th></tr><tr><td>1</td><td>BTPS</td><td>M/s SCCL</td><td>20 Kms from BTPS</td></tr><tr><td>2</td><td>KTPS</td><td>M/s SCCL</td><td>Less than 30 kms from KTPS</td></tr><tr><td>3</td><td>KTPP-I</td><td>M/s SCCL</td><td>Less than 20 Kms from KTPP-I</td></tr><tr><td>4</td><td>KTPP-II</td><td>Tadicherla</td><td>20 kms from KTPP-II</td></tr></table> <p>TGGENCO claiming a transit loss of 0.8 % (as non -pit head stations) for all the above Pit head stations. It is to submit that Hon’ble APTEL considered DSPM thermal station as pit head station and allowed a transit loss of 0.3 % vide order dated 25.07.2018 in Appeal No. 222 of 2015. The station does not have a dedicated transport mechanism or Merry-go around System for handling the coal. A xcopy of the same (relevant pages) is enclosed for reference.</p> <p>Hon’ble Commission is prayed to approve the transit loss of 0.2 % for the above stations accordingly.</p>	S.No	Station	Nearest coal source	Distance	1	BTPS	M/s SCCL	20 Kms from BTPS	2	KTPS	M/s SCCL	Less than 30 kms from KTPS	3	KTPP-I	M/s SCCL	Less than 20 Kms from KTPP-I	4	KTPP-II	Tadicherla	20 kms from KTPP-II	<p>Notification dated: 2<sup>nd</sup> January, 2014, Pit-head Power Plant is any captive or Power Plant having a Captive transportation system (MGR/Conveyor) for the exclusive movement of coal from the loading point at the mine up to the unloading point at the Power Station without using any other mode of transportation.</p> <p>All the Thermal Power Plants of TGGENCO are not having captive transportation system (Merry-Go-Round/ Conveyor) and the coal is being transported by Rail/ Road mode from the loading point at mines to the unloading point at the Power Station. All the Thermal Plants of TGGENCO are linked to SCCL. SCCL is supplying coal to TGGENCO from their cluster of mines (JVRB, Manuguru, Ramagundam, Manchiryal Mandamarry, Bhoopalpally etc.) and the distance is varying from 20Km to 275 Km.</p> <p>Hence the Transit loss of 0.80% is being claimed.</p>
S.No	Station	Nearest coal source	Distance																			
1	BTPS	M/s SCCL	20 Kms from BTPS																			
2	KTPS	M/s SCCL	Less than 30 kms from KTPS																			
3	KTPP-I	M/s SCCL	Less than 20 Kms from KTPP-I																			
4	KTPP-II	Tadicherla	20 kms from KTPP-II																			
12	<p><b>Auxiliary consumption</b></p> <p>TGGENCO is proposing an increase in auxiliary consumption of BTPS from 8.5 % to 8.792%.</p> <p>Hon’ble Commission is prayed to approve auxiliary consumption as per</p>	<p>The reasons for modifications of ESPs and Boiler auxiliaries as per the new MoEF &amp;CC norms are as follows:</p> <p>1. It is essentially required for modification in ESP and associate system to meet particulate emission level of 30mg/MN3 from 50 mg/NM3.</p>																				

	<p>the CEA technical norms.</p> <p>TGGENCO has not claimed any increase in normative auxiliary consumption pertaining to FGD system of KTPS-VII. The status of installation of FGD may be provided.</p>	<p>2. Modifications in Boiler auxiliaries to keep a provision for inclusion of SCR to achieve a NOx level of 100mg/NM3 from existing 260mg/NM3.</p> <p>Considering the above reasons, the auxiliary consumption of BTPS is increased to 8.79%.</p>
13	<p><b><i>Determination of input price of coal from Tadicherla-I coal block supplying to KTHP-II</i></b></p> <p>For the control period FY 2024-25 to FY 2028-29, TGGENCO is projecting the input price of coal in the range of Rs. 6200 to Rs.7500.</p> <p>Whereas, in the operating form-11 pertaining to KTHP-II submitted by TGGENCO, the landed cost of coal for FY 2022-23 was in the range of Rs.4800/- to Rs.5300/-.</p>	<p>KTHP Stage – II (600 MW) is linked to Tadicherla – I coal mine and KTHP Stage – I (500 MW) is linked to SCCL as per the long term coal linkage sanctioned by Ministry of Coal, GOI.</p> <p>The landed cost of coal for FY 2022-23 in the form -11 communicated is the blended cost of coal received from SCCL and Tadicherla – I coal mines, since the coal is being used in blending, as both the units are having coal handling, stocking facilities.</p> <p>The Input price of coal from Tadicherla-I coal block is projected for the period FY 2024-29 in the range of Rs. 6200/- to Rs. 7500/- computed as per the TGERC Regulation 2 of 2023.</p>

  
 18/10/2024  
**Chief Engineer (LIA)**  
 Coal & Commercial  
 TGGENCO, V.S. Hyderabad-82.