

**IN THE APPELLATE TRIBUNAL FOR ELECTRICITY
(Appellate Jurisdiction)**

O. P. No. 1 OF 2025

IN THE MATTER OF:

In Suo-Motu action under Section 121 of the EA Petitioner(s)

Versus

Forum of Regulators & Ors. Respondent(s)

**AFFIDAVIT ON BEHALF OF RESPONDENT NO. 15 / TELANGANA
ELECTRICITY REGULATORY COMMISSION (TGERC) IN TERMS OF
ORDER DATED 29.08.2025**

I, V. Ramchander, aged about 72 years, S/o Late V. R. Babu, R / o of Hyderabad, having office at respondent No. 15 / Telangana Electricity Regulatory Commission, Vidyut Niyantran Bhavan, Sy. No. 145 - P, G. T. S. Colony, Kalyan Nagar, Hyderabad - 500045, do hereby solemnly affirm and declare as under:

1. That I am working as the Secretary of the respondent No. 15 / Telangana Electricity Regulatory Commission (TGERC) ('TGERC') and I am acquainted with the issue of 'regulatory asset' with respect to the licensees in the state of Telangana and I am duly authorised and



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competent to swear this affidavit on behalf of TGERC, and the contents in the present affidavit are based on the information available with the TGERC and in the normal course of business and believed by me to be true.


2. That in the captioned petition, this Hon'ble Tribunal has initiated the proceedings pursuant to the directions of the Hon'ble Supreme Court by its order dated 06.08.2025 in the matter of liquidation of regulatory asset created by respective State Electricity Regulatory Commissions (**SERCs**), while deciding the batch of cases in W. P. No. 104 of 2014 filed by M/s. BSES Rajdhani Power Limited and others. The Hon'ble supreme court directed this Hon'ble Tribunal ensure compliance of the liquidation of the regulatory asset and held thus as reproduced below.

"12. Directions.

71. For the reasons state above, we issue the following directions:

- (i) As a first principle, tariff shall be cost-reflective;
- (ii) The revenue gap between the approved ARR and the estimated annual revenue from approved tariff may be in exceptional circumstances;
- (iii) The regulatory asset should not exceed a reasonable percentage, which percentage can be arrived on the





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basis of Rule 23 of the Electricity Rules that prescribes 3% of the ARR as the guiding principle;

- (iv) If a regulatory asset is created, it must be liquidated within a period of 3 years, taking Rule 23 as the guiding principle;
- (v) The existing regulatory asset must be liquidated in a maximum of 4 years starting from 01.04.2024, taking Rule 23 as the guiding principle;
- (vi) Regulatory Commissions must provide the trajectory and roadmap for liquidation of the existing regulatory asset, which will include a provision for dealing with carrying costs. Regulatory Commissions must also undertake strict and intensive audit of the circumstances in which the 81 distribution companies have continued without recovery of the regulatory asset;
- (vii) Regulatory Commissions shall in general follow the principles governing creation, continuation and liquidation of the regulatory asset, as laid down in paragraph 70, and also abide by the directions of the APTEL summarised in paragraph 69.8;





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(viii) The APTEL shall invoke its powers under Section 121 and issue such orders, instructions or directions as it may deem fit to the Regulatory Commissions for performance of their duties with respect to regulatory asset as enunciated by us in this judgment and as per the orders of the APTEL in O.P. No. 1/2011 dated 11.11.2011 and O.P. Nos. 1 and 2/2012 dated 14.11.2013.

(ix) The APTEL shall register a suo moto petition under Section 121 of the Act to monitor implementation of above directions (v) and (vi) till the conclusion of the period mentioned therein.....”

3. It is submitted pursuant such directions, this Hon'ble Tribunal having initiated the proceedings in the captioned matter has issued notice to this Commission and all other Regulatory Commissions directing their appearance and to ascertain the status of the issue as directed by the Hon'ble Supreme Court. This respondent has caused appearance on 28.08.2025.





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4. It is submitted that after recording the presence of the answering respondent, the matter was again listed 29.08.2025. This hon'ble Tribunal was pleased to pass the following order after hearing all the counsel.

".....While several of the Respondent Regulatory Commissions had, no doubt, filed their respective affidavits before the Supreme Court stating either that they have no Regulatory Assets or, if they had, it would be liquidated within a specified time frame, Para 71(v) of the order of the Supreme Court dated 06.08.2025 requires the existing Regulatory Assets to be liquidated in a maximum of four years starting from 01.04.2024, taking Rule 23 as the guiding principle; and Para 71 (vi) of the said judgement requires the Regulatory Commissions to provide the trajectory and roadmap for liquidation of the existing regulatory assets, which will include a provision for dealing with carrying costs. The directions of the Supreme Court require the concerned Regulatory Commissions to also undertake strict and intensive audit of the circumstances in which the distribution companies have continued without recovery of the regulatory asset. In this context, it is useful to take note of the amended Rule 23 (amended by the 2024 Rules notified on 10.01.2024). Rule 23, as amended, reads as under:




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“23. Gap between approved Annual Revenue Requirement and estimated annual revenue from approved tariff: -


The tariff shall be cost reflective and there shall not be any gap between approved Annual Revenue Requirement and estimated annual revenue from approved tariff except under natural calamity conditions:

Provided that such gap, created if any, shall not be more than three percent of the approved Annual Revenue Requirement:

Provided further that such gap along with the carrying costs at the base rate of Late Payment Surcharge as specified in the Electricity (Late Payment Surcharge and Related Matters) Rules, 2022, as amended from time to time shall be liquidated in maximum three numbers of equal yearly installments from the next financial year:

Provided also that any gap between approved Annual Revenue Requirement and estimated annual revenue from approved tariff existing on the date of notification of these rules, along with the carrying costs at the base rate of Late payment Surcharge as specified in the Electricity (Late Payment Surcharge and Related Matters) Rules, 2022, as




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amended from time to time shall be liquidated in maximum seven numbers of equal yearly installments starting from the next financial year.”

In terms of the directions, in Para 71 (v) of the Judgment of the Supreme Court dated 06.08.2025, the exercise of liquidation of the entire Regulatory Assets, existing as on 01.04.2024, must be completed before 01.04.2028, taking Rule 23 as the guiding principle.

The submission, urged on behalf of private Discoms, is that a few of these Commissions, while recording the revenue gap, has not treated such amounts, reflected as Revenue gap, as Regulatory Assets; and, in terms of Rule 23, the amounts shown as revenue gap in the respective ARRAs are also required to be adjusted, akin to Regulatory Assets, in terms of the directions in Para 71(v) of the Judgement of the Supreme Court dated 06.08.2025, on or before 31.03.2028.

We, therefore, direct all the Regulatory Commissions to file their respective affidavit within two weeks from today furnishing details of (a) the Regulatory Assets with respect to each Discoms, within their jurisdiction, as on 01.04.2024; (b) the Revenue Gap (whether





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carried forward or not) as reflected in each ARR upto 01.04.2024; (c) the trajectory/ roadmap for liquidation of these Regulatory Assets / ending the revenue gap upto 01.04.2024, so as to ensure that the entire Regulatory Assets / Revenue Gap is liquidated latest by 31.03.2028; (d) the steps taken by each of the Commissions to commence an intensive audit of the circumstances in which the Distribution Companies, operating within their jurisdiction, have continued to function without recovery of the Regulatory Assets/ Revenue Gap; and (e) the year upto which each of these Commissions have passed true up/ ARR orders with respect to each of the Distribution Companies within their jurisdiction. The said affidavit shall be filed in the Registry of this Tribunal latest by 11.09.2025. Besides filing the afore-said affidavit in the Registry of this Tribunal, each of the Commissions shall also upload a copy of the said affidavit on their respective websites for information of the general public / distribution companies, latest by 11.09.2025.

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5. It is submitted that in obedience of the directions of this Hon'ble Tribunal, the following are the submissions of the respondent No. 15 (TGERC) as stated below.




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(a) the Regulatory Assets with respect to each Discoms, within their jurisdiction, as on 01.04.2024;

It is submitted that the regulatory asset in respect of the two distribution companies being Southern Power Distribution Company of Telangana Limited and Northern Power Distribution Company of Telangana Limited is 'Nil'.


(b) the Revenue Gap (whether carried forward or not) as reflected in each ARR upto 01.04.2024;

It is submitted that the revenue gap after taking into account the subsidy commitment made by the Government of Telangana is 'Nil'.

The same is elaborated specifically in respect of each of the DISCOMs for the year starting FY 2015 - 16 to the running FY 2025 - 26 in the table below.

TGSPDCL					
Sl. No.	Financial Year	Approved ARR	Estimated Annual Revenue from Tariff	Subsidy from Government of Telangana	Revenue Gap
1	2015-16	16,309.67	15,585.88	723.79	-
2	2016-17	19,144.23	18,069.96	1,074.27	-
3	2017-18	18,400.35	17,673.26	727.09	-
4	2018-19	20,161.75	18,764.25	1,397.50	-
5	2019-20	20,161.75	18,764.25	1,397.50	-
6	2020-21	20,161.75	18,764.25	1,397.50	-




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7	2021-22	20,161.75	18,764.25	1,397.50	-
8	2022-23	33,031.80	31,420.91	1,610.89	-
9	2023-24	35,473.68	34,124.16	1,349.52	-
10	2024-25	37,947.00	33,931.94	4,015.06	-
11	2025-26	41,128.21	36,147.87	4,980.34	-

TGNPDCL					
Sl. No.	Financial Year	Approved ARR	Estimated Annual Revenue from Tariff	Subsidy from Government of Telangana	Revenue Gap
1	2015-16	7,170.48	3,637.07	3,533.41	-
2	2016-17	7,653.84	4,143.61	3,510.23	-
3	2017-18	8,667.78	4,617.82	4,049.96	-
4	2018-19	9,859.82	5,316.86	4,542.96	-
5	2019-20	9,859.82	5,316.86	4,542.96	-
6	2020-21	9,859.82	5,316.86	4,542.96	-
7	2021-22	9,859.82	5,316.86	4,542.96	-
8	2022-23	15,676.47	9,066.20	6,610.27	-
9	2023-24	16,533.11	8,757.81	7,775.30	-
10	2024-25	16,236.22	8,751.76	7,484.46	-
11	2025-26	17,499.87	8,980.80	8,519.07	-

(c) the trajectory / roadmap for liquidation of these Regulatory Assets/ ending the revenue gap upto 01.04.2024, so as to ensure that the entire Regulatory Assets / Revenue Gap is liquidated latest by 31.03.2028;

It is submitted that since there is no regulatory asset arising out of revenue gap for the above said DISCOMs in the State of Telangana,



Ram Lakshmi
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the issue of providing trajectory or road map for liquidation of the same would not arise. As such no action is required from the respondent TGERC.

(d) the steps taken by each of the Commissions to commence an intensive audit of the circumstances in which the Distribution Companies, operating within their jurisdiction, have continued to function without recovery of the Regulatory Assets / Revenue Gap;

It is submitted that the distribution companies in the state of Telangana have no regulatory asset nor the respondent TGERC has created any revenue gap while approving the ARR for the respective financial years due to commitment made by Government of Telangana towards the shortfall in revenue through subvention. Hence, as at present there are no steps required by the Commission to take intensive audit of the distribution companies. However, it is submitted that the Commission will undertake necessary action as and when the situation warrants thereof.

(e) the year upto which each of these Commissions have passed true up / ARR orders with respect to each of the Distribution Companies within their jurisdiction;




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It is submitted that ARR orders have been passed upto FY 2025 – 26. It is submitted that the Commission has carried out true up of distribution companies upto the FY 2021-22. It is also submitted that the Commission will undertake the true up exercise of the remaining years of upto FY 2024-25 as and when the proposals have been submitted by TGDISCOMs.

6. It is submitted that in view of the submission made supra and as stated by the respondent TGERC, the Telangana DISCOMs have no regulatory asset or revenue gap to be mitigated within the time frame directed by the Hon'ble Supreme Court in the above said order.

7. Therefore, it is prayed that this Hon'ble Tribunal may consider the above stated submissions and close the suo-moto exercise in so far as the respondent TGERC is concerned.

8. I submit that the contents of this affidavit are true and correct to the best of my knowledge, and nothing material has been concealed therefrom. The statements made above are limited to the issue of 'regulatory asset' as sought by this Hon'ble Tribunal vide its order dated 29.08.2025.



ATTESTED
[Signature]
M. SRINIVAS RAO
ADVOCATE / NOTARY
10-5-779/3/2, V. NAGAR,
TUKARAMGATE, SEC'BAD.
Cell : 9346444418

[Signature]
DEPONENT
COMMISSION SECRETARY
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VERIFICATION

I, V. Ramachander, office at respondent No. 15 / Telangana Electricity Regulatory Commission, Vidyut Niyamtran Bhavan, Sy. No. 145 - P, G. T. S. Colony, Kalayan Nagar, Hyderabad - 500045 presently at, Hyderabad, solemnly affirm that the contents of paragraphs 1 - 8 are true to my personal knowledge / derived from the official record and are believed to be true, and that I have not suppressed any material fact.

Ramachander

Commission Secretary

TGERC/Respondent No. 15

Place: Hyderabad

Date:

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ATTESTED
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04 SEP 2025