



TELANGANA ELECTRICITY REGULATORY COMMISSION

'Vidyut Niyantran Bhavan', G.T.S. Colony, Kalyan Nagar, Hyderabad 500 045

R. P. No. 02 of 2026 in O.P. No. 74 of 2025

Dated: 10.07.2026

Present

Dr. Justice Devaraju Nagarjun, Chairman

Sri. Raghu Kancharla, Member (Technical)

Sri. Cherukuri Srinivasa Rao, Member (Finance)

Telangana Power Generation Corporation Limited

... Review Petitioner

AND

1. Southern Power Distribution Company of Telangana Limited,

2. Northern Power Distribution Company of Telangana Limited

... Respondents

This petition has come up for hearing on 26.05.2026 and 10.06.2026. Sri. M. Sridhar, Advocate represented the Review Petitioner. Sri. Bande Ali, Law attaché appeared on behalf of the Respondents. The review petition having stood over for consideration to this day, the Commission has passed the following:

ORDER

Background

1. This Review Petition is filed by Telangana Power Generation Corporation Limited (TGGENCO), seeking to review orders in O.P. No. 74 of 2025 dated 10.03.2026 filed for approval of additional capital expenditure of Rs.135.87

Crores towards New Conveying System and Construction of Space frame structure raw coal storage shed at BTPS under the provisions of the Electricity Act, 2003 and the Telangana Electricity Regulatory Commission (Multi Year Tariff) Regulation, 2023.

2. The circumstances that necessitated the petitioner to file this review petition are that the petitioner with a proposal to install new conveying system and the construction of a space-frame structure for raw coal storage shed at BTPS, has filed the Multiyear Tariff Petition before the Commission for the Control Period spanning FY 2024-25 to FY 2028-29. This Commission while passing the orders on 28.10.2024 has specifically observed that the proposed works were not substantiated by adequate documentary evidence and accordingly declined the proposal for additional capitalisation. In the said orders this Commission has considered the additional capitalization only as approved in the Capital Investment Plan and Business Plan for FY 2024-25 to FY 2028-29 as per its order dated 29.12.2023 and passed orders on the Multiyear Tariff Petition for the Control Period (FY 2024-25 to FY 2028-29).
3. Subsequently the review petitioner has filed O P No. 74 of 2025 along with documentary evidence seeking to approve the additional capital cost towards New Conveying System and Construction of Space frame structure raw coal storage shed at BTPS. The Commission has passed Orders on 10.03.2026 dismissing the petition on the ground that the petitioner failed to satisfy the requirements of Clause 22.3 of Regulation No.2 of 2023. Consequently, the proposal seeking approval for the additional capital cost towards New Conveying System and Construction of Space frame structure raw coal storage shed at BTPS was declined.
4. Aggrieved by the said Orders, TGGENCO has filed the present Review Petition under Section 94(1)(f) of the Electricity Act, 2003 read with Clause 32 of the TGERC Conduct of Business Regulations, 2015 seeking to review of the impugned order passed by this Commission in O.P. No. 74 of 2025 dated:10.03.2026.

Submissions of Review petitioner

5. The Commission has not properly considered the fact that due to heavy rain fall since 2022 onwards, which was beyond the control of the Review Petitioner, the project could not be taken up and that the Commission ought to have admitted the additional capital cost towards New Conveying System and Construction of Space frame structure raw coal storage shed at BTPS on the ground of force majeure.
6. It is submitted that total estimated cost of the proposal is of Rs. 135.87 crores of which Rs.115.06 Cr is for Construction of Space Frame Structure Raw Coal Storage Shed at BTPS that can accommodate at least 10 days coal stock and Rs. 20.81 Cr is for New Conveying System. It is further submitted that the technical justification and cost benefit analysis report was prepared by an independent agency i.e. M/s TCE Limited, Bangalore.
7. Necessity and Justification of the Proposal:
 - a) As per the data furnished by the Thahsildar/ Manuguru (M), it is clearly evident that the rainfall has considerably increased during the period from 2018 to 2022.

MONTHLY RAINFALL IN mm DETAILS FROM 2013 TO 2024 OF MANUGURU MANDAL

Month	Normal Rainfall	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
JULY	374.5	498.2	281.0	288.2	446.6	235.2	402.2	468.4	363.6	441.2	761.0	675.4
AUG	289.1	229.4	250.4	247.2	182.4	289.8	599.0	534.0	1038.2	88.4	273.8	162.4
SEPT	169.7	174.4	273.0	334.8	377.0	60.8	75.4	362.0	329.4	555.2	296.4	153.0
OCT	83.6	181.6	81.4	20.2	62.8	130.6	95.8	34.4	141.6	56.6	89.4	1.4
Total	916.9	1083.6	885.8	890.4	1086.8	716.4	1172.4	1398.5	1872.8	1141.4	1420.6	992.2

8. From the table it is clear that the total rainfall in Manuguru Mandal consistently exceeded the normal levels. Notably, the region experiences a recurring pattern of torrential rains approximately for every two to three years. Furthermore, heavy rainfall is not limited to September alone, significant precipitation also

occurs during July and August. Additionally, during the month of October also there was considerable rainfall in Manuguru mandal.

9. During the rainy season and floods, all the open cast mines of M/s SCCL filled with rainwater. Even after rain stop, due to submerging of coal the wet coal is being supplied to BTPS continuously. As the plant is very near to the Manuguru coal mines (about 20 KM), whenever the coal is loaded on the trucks, even after travelling the distance of 20km the coal is still in wet condition. There is no scope for coal getting dried enroute (unlike for the plants located fairly distant places) and having moisture.

10. On account of heavy rainfall, the surface moisture in coal significantly increases power plant heat rates (lowers efficiency) by requiring extra energy for evaporation, reducing the net calorific value, and degrading combustion performance. A 1% increase in total moisture can increase the station heat rate by approximately 15.21kcal/kWh, while reducing boiler efficiency by about 1.76%.

11. Impact on Heat Rates and Performance on account increased moisture

- a) Reduced Efficiency: Higher surface moisture reduces the calorific value of coal because energy is consumed to evaporate the water during combustion.
- b) Increased Heat Rate: As moisture rises, the boiler-turbine-generator unit requires more fuel for the same power output, leading to an increase in the station heat rate.
- c) Quantified Impact: Research indicates that for every 1% increase in total moisture, the operating unit heat rate increases by approximately 8.2 kcal/kWh and the overall station heat rate by 15.21 kcal/kWh.
- d) Combustion Challenges: Excessive moisture can hinder ignition, reduce flame temperature, and cause instability in the boiler which leads to frequent unit tripping due to flame loss.

12. Operational and Economic Consequences

- a) Higher Costs: Increased heat rates directly result in higher fuel consumption and increased costs of generation.

- b) Handling Issues: Wet coal causes flow ability problems in coal handling
- c) systems (bunkers, feeders) and increases dustiness, impacting maintenance and operations. When wet coal is fed to the bunkers through apron feeders, equipment damages, crusher jams, chute jams, belt snapping are occurring due to which there frequent interruptions in the coal feeding are resulting generation loss.
- d) Storage Deterioration: High moisture content, especially when added during transport or in the yard, reduces the coal's heating value, making proper storage crucial.

13. To avoid these losses, a raw coal storage shed is proposed at BTPS.

Mitigation Strategies:

- a) Coal Handling: Minimizing exposure to rain and managing coal pile drainage helps control surface moisture.
- b) Blending: Mixing high-moisture coal with lower-moisture, higher-rank coal can stabilize combustion. This can be possible only if there is a covered shed to store the coal.

Thus, improving efficiency and reducing the heat rate through covered coal sheds will lower fuel costs, ultimately benefiting consumers in accordance with existing regulations.

Similar type of raw coal storage sheds with storage capacity of 1.0 Lakh Tones (approx) are available at KTPP, KTPS Stage-VII ICHP and 2.0 lakh MT at KTPS-V&VI are available.

In APGENCO, there is a covered coal shed at Sri Damodaram Sanjeevaiah Thermal Power Station, Krishnapatnam, Nellore dist.

In view of the above, TGGENCO initiated a proposal for construction of Raw coal storage shed that can accommodate at least 10 days coal stock (approx 1.0 lakh MT).

14. It is submitted that during the operation of units from 2021-22 to 2024-25, considerable generation loss on account of receipt of wet coal during monsoon season was experienced. Therefore, TGGENCO initiated a proposal for construction of Raw coal storage shed that can accommodate atleast 10 days coal stock (approx 1.0 lakh MT).

Generation loss in Million units of BTPS

Month/Year	2021-22	2022-23	2023-24	2024-25	TOTAL
JUNE	1.54	0.0	13.21	15.17	29.92
JULY	10.88	83.48	44.35	8.13	146.84
AUGUST	0.0	130.17	38.93	47.08	216.18
SEPTEMBER	0.0	114.35	116.16	64.52	295.03
TOTAL (MU)	12.42	328.00	212.66	134.91	687.99

15. As per the cost analysis, the generation loss cost due to wet coal and excess oil consumption is around Rs. 300 Crores for the period of 2021-25.
16. The proposed work is the part of the Coal Handling Plant which is in the original scope of the work and within the original capital cost of the project. The proposed work is to improve the efficiency of the plant and reduce the generation loss.
17. The Commission was pleased to reject the OP on the ground that the petitioner herein has not clearly mentioned as to under what sub clause the petitioner was seeking the remedy.
18. It is submitted that the last unit of BTPS was commissioned on 09.01.2022 and the cut-off date is 31.03.2025. The review petitioner has filed an application on 01.04.2023 for approving the additional capital cost towards providing raw coal storage shed with new conveying system at BTPS in the Business plan and Capital investment plan for 5th Control period of FY 2024-25 to FY 2028-29.
19. The review petitioner has filed the review petition under sub clause (iii) and (vi) of clause 22.2 of Regulation 2 of 2023 for approval of additional capital cost towards construction of new conveying system and construction of space frame structure raw coal storage shed at BTPS.
20. The Commission ought to have seen that no other work which is permitted by this Commission will be effected in the present case where the petitioner will re-

appropriate the budget out of the expenditure approved by the Commission, without any additional burden on the consumer.

21. The Commission ought to have seen that the construction of the shed is part of the original scope.

22. It is submitted that the Hon'ble Appellate Tribunal for Electricity (APTEL), in an identical case of Central Electricity Regulatory Commission in Appeal No. 25 of 2017 and batch, by order dated 1.12.2022 has remanded the matter to relook at the delay in completing the works beyond the cutoff date based on documentary evidence provided by the petitioner in that case by holding that the Commission has the power to relax the norms and allow the additional capital cost, provided the petitioner provides robust justification as to why the work was delayed due to the factors beyond their control.

23. It is submitted that there is error apparent on the face of record in the Order dated 10.3.2026 in O P No. 74 of 2025 passed by this Commission. Therefore the petitioner herein prefers this Review Petition.

24. Limitation - It is submitted that the present Review Petition is filed within the limitation period.

25. Jurisdiction - This Commission has the jurisdiction to decide and determine the present Review Petition.

26. *Prayer of the Review Petitioner*

- a) Review the Impugned Order dated 10.03.2026 passed by this Commission in OP No. 74 of 2025 and allow O P No. 74 of 2025, as prayed for;
- b) To grant suitable opportunity to TGGENCO within reasonable time frame to file additional material information, if required;
- c) Condone any error/omission and give opportunity to rectify the same;
- d) Pass such other or further orders as this Commission may consider appropriate in the circumstances of the case.

Commission's Analysis and Ruling

27. Mr Sridhar learned counsel for the petitioner has apart from submitting the grounds seeking for review of the order dated 10.03.2026, has submitted further that taking into consideration of the necessity of investment for New Conveying System and Construction of Space frame structure raw coal storage shed at BTPS, requested to allow the petition considering this petition either under the clause 22.2 or any other relevant provisions of Regulation 2 of 2023. Mr Bande Ali Law Attache, representing the respondent has submitted that the respondent has no objection to allow the review petition.

Findings of the Commission

28. Whether petitioner has made out a case for review of the orders passed in OP No.74 of 2025 dated 10.03.2026.

- i. In O.P. No.74 of 2025, the petitioner had sought approval of additional capital expenditure towards the New Conveying System and Construction of Space Frame Structure Raw Coal Storage Shed at BTPS by invoking Clause 22.3 of Regulation No.2 of 2023, treating the proposed works as being beyond the original scope of the project. The Commission, by its Order dated 10.03.2026, rejected the petition on the ground that the petitioner failed to satisfy the requirements of Clause 22.3 of Regulation No.2 of 2023.
- ii. In the present Review Petition, the petitioner has clarified that the proposed works are, in fact, within the original scope of the project and has requested the Commission to consider the claim under sub-clauses (iii) and (vi) of Clause 22.2 of Regulation No.2 of 2023.
- iii. This petition is filed under the clause 22.2 of Regulation 2 of 2023, which deals with approval of capital expenditure incurred or projected to be incurred in respect of a new projects on certain counts mentioned therein, if they are within the original scope of the work, after cutoff date. As per definition under section 2(48) of the Regulation 2 of 2023, New Project means generating station or unit declared under commercial operation on or after 01-04-2024. However, the Commission observes that BTPS achieved Commercial Operation Date (COD) on 09.01.2022, i.e., prior to 01-04-2024. Therefore,

the proposed capital expenditure is not in respect of new project, thereby clause 22.2 will have no application in respect of relief sought for.

- iv. The learned counsel representing the petitioner submitted that the Commission may consider the application either under clause 22.2 or any other provision of Regulation 2 of 2023. This Commission has given serious consideration to these submissions of the petitioner. The petitioner is expected to mention appropriate provisions of law in respect of the relief sought for. This Commission has taken note of the fact that even in previous occasion in O.P No-74 of 2025 the petitioner has applied incorrect provision of law thereby the relief sought for was declined.
- v. In case if this petition is dismissed on sole ground of mentioning of inappropriate provision of law, the net result will be that the petitioner request seeking additional capitalisation will have to be declined. The petitioner has submitted entire relevant data and convinced this Commission that on account of heavy rains the coal storage at BTPS is being flooded with water accordingly the wet coal is being supplied to the Boilers of BTPS. The petitioner has also convinced this Commission that excess moisture content has led to increased heat rates, reduced efficiency, frequent tripping, and handling/storage difficulties, causing cumulative generation losses of 687.99 MU during 2021–25 and an associated financial burden of approximately Rs. 300 Crores.
- vi. Therefore, on account of mentioning incorrect provision of law if the petition is dismissed, it will result in huge financial burden on the TGGenco which ultimately gets passed on to the consumers. This Commission therefore is of the firm view that on account of inadvertent mistake committed by petitioner the consumers shall not be burdened. Accordingly, this Commission considers this petition not under clause 22.2 and treats this petition as per clause 22.1 of Regulation 2 of 2023.
- vii. Clause 22.1 of Regulation 2 of 2023 runs as under

22.1 The capital expenditure, actually incurred or projected to be incurred, on the following counts within the original scope of work, after the date of commercial

operation and up to the cut-off date, may be admitted by the Commission subject to prudence check:

- i. Undischarged liabilities recognized to be payable at a future date;
- ii. Works deferred for execution;
- iii. Procurement of initial capital spares within the original scope of work, in accordance with the provisions of clause 21.8;
- iv. Liabilities to meet award of arbitration or for compliance of directions or order of any statutory authority or order or decree of any court of law; and
- v. Change in law or compliance of any existing law; and
- vi. Force majeure events:

Provided that the details of works included in the original scope of work along with estimates of expenditure, liabilities recognized to be payable at a future date and the works deferred for execution shall be submitted along with the Petition for determination of final Tariff after the date of commercial operation of the generating Unit/Station or transmission system: Provided further that in case of replacement of assets, the additional capitalization shall be worked out after adjusting the gross fixed assets and cumulative depreciation of the assets replaced on account of decapitalization.

- viii. On going through the above provisions of law, it is clear that the petitioner is expected to make out a case that the proposed capital expenditure shall be the part of original scope of work and that the petitioner has approached this Commission after the date of Commercial date of Operation and up to the cutoff date. If these ingredients are fulfilled, then it is to be examined whether the petitioner has made out grounds that there exist force majeure events.
- ix. It is the submission of petitioner that the proposed investment proposal is part of original scope of work. The respondent as observed earlier reported No objection to the investment approval. That means the respondent is not disputing the contention of the petitioner that the investment proposal is within the original scope of the work.
- x. Even otherwise this Commission in MYT orders dated 28.10.2024 at para 5.1.13 observed as under,

5.1.13: As the TGGenco has proposed additions amounting to Rs.4,277.69 crore in the next 5 years, majorly amounting to Rs.3,588 crore contributes to BTPS & KTPS-VII and most of the works such as Construction of Quarters at KTPS-VII & BTPS, Construction of railway siding of BTPS, Construction of Coal storage shed at BTPS and FGD which are covered under original scope of project cost

- xi. On perusal of the above it is clear that this Commission has already noted that construction of Coal storage at BTPS is part of original scope of work. Therefore, one of the requirements of clause 22.1 of Regulation 2 of 2023 is fulfilled.
- xii. The other requirement to be established by the petitioner is that the proposal for additional capital expenditure to be incurred must have been submitted before this Commission after the COD and before the cutoff date.
- xiii. Admittedly the last unit of BTPS (4X270) was commissioned on 09.01.2022 and there by the cut-off date for seeking approval of investments is 31.03.2025. The review petitioner has filed an application on 01.04.2023, between the COD and Cut of date for approving the additional capital cost for providing raw coal storage shed with new conveying system at BTPS in the Business plan and Capital investment plan for 5th Control period of FY 2024-25 to FY 2028-29. The Commission has passed orders dated 28.10.2024 on the Multiyear Tariff Petition for the Control Period (FY 2024-25 to FY 2028-29) declining the proposal on the ground that the proposed works were not substantiated by adequate documentary evidence.
- xiv. Considering the observations of this Commission in order dated 28.10.2024 the petitioner has again approached the Commission in O.P. No. 74 of 2025 duly submitting the documentary evidence along with justification. The Commission has however dismissed the petition by way of order dated 10.03.2026 holding that the petitioner has invoked incorrect clause 22.3 of Regulation 2 of 2023.
- xv. As the petitioner has originally approached the Commission after COD and before cutoff date, and that there is no finding of this Commission that the proposal is made beyond the cutoff date, it is held that the proposal for investment is well within the cut-off date. Hence this issue is decided in favour of review petitioner.
- xvi. The other aspect which the petitioner is expected to convince this Commission is that on account of certain circumstances which are beyond the control of the petitioner, the proposed works though within the scope of

the work could not be taken up. Only then this Commission can invoke the force majeure clause.

- xvii. It is submitted by the petitioner that in view of heavy rainfall since 2022 onwards, the proposed works could not be taken up. Further the report of MRO shows that there has been heavy rainfall and thereby it can be presumed that there was no conduciveness to proceed with the works as contemplated. Since heavy rainfall is not within control of the petitioner, the inability of the petitioner to proceed with proposed work can be classified as one of the incidents of force majeure. Therefore, this issue is settled in favour of review petitioner.
- xviii. Section 94(1)(f) of the Electricity Act, 2003 provides that the appropriate Commission shall have the same powers as are vested in a Civil Court under the Code of Civil Procedure, 1908 in respect of reviewing its decisions, directions and orders. Thus, the Commission possesses a statutory power of review akin to that under Order XLVII Rule 1 CPC. However, review jurisdiction is extremely limited, and principles of Order XLVII Rule 1 CPC apply. Review can be granted, when new evidence has been discovered, which was not within the knowledge of the applicant despite due diligence. Similarly, when errors are apparent on the Face of the Record. The error apparent means, includes a patent and self-evident mistake, an error which does not require lengthy arguments to establish; and an obvious omission or oversight. Examples include Mathematical mistakes; Incorrect citation of a statutory provision; Failure to notice a binding judgment directly governing the issue; and Inadvertent recording of a fact contrary to the record. Review is also permissible for any other sufficient reason like Violation of principles of natural justice; Order passed under a mistaken assumption of a crucial fact; and Manifest injustice arising from a procedural irregularity.
- xix. The Commission is satisfied that the proposed additional capital expenditure forms part of the original scope of the project, the proposal was placed before the Commission within the prescribed cut-off period, and the delay in execution has been satisfactorily explained on account of force majeure circumstances arising from abnormal rainfall. The material placed on record

further establishes that the proposed works are intended to improve operational efficiency, prevent recurring generation losses and reduce avoidable fuel costs, thereby serving the larger consumer interest. Therefore, considering the above discussions, to protect the interest of consumers, this Commission holds that this fit case to review.

29. In view of the discussions made in the foregoing paras, this Commission allows this review petition and accordingly approves the additional capital cost of Rs. 135.87 Crores including Interest During Construction (IDC) and within approved original cost towards New Conveying System and Construction of Space frame structure raw coal storage shed at BTPS.

30. Accordingly, this Review petition is allowed.

This Order is typed to dictation, corrected and signed on this 10th day of July, 2026.

Sd/-

CHERUKURI SRINIVASA RAO
MEMBER (FINANCE)

Sd/-

RAGHU KANCHARLA
MEMBER (TECHNICAL)

Sd/-

Dr. JUSTICE DEVARAJU NAGARJUN
CHAIRMAN

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