

To  
The Secretary  
Telangana Electricity Regulatory Commission  
Sy. No.145-P, Vidyut Niyantaran Bhavan  
Kalyan Nagar, GTS Colony, Hyderabad

October 26, 2026

Respected sir,

**Sub : Submission of objections and suggestions in OP No.33 of 2026 filed by TGDISCOMs seeking consent of the Hon'ble Commission for procurement 800 MW standalone wind generation capacity for 25 years, 3,000 MW solar power capacity sanctioned under Telangana Green Energy policy to be integrated with 6,000 MWh BESS (1000 MW x 6 hrs) for 25 years, 2000 MW renewable energy round-the-clock (RE RTC) power for 25 years integrated with appropriate energy storage system, and peak FDRE 2,000 MW (500 MW x 4 hrs) for 15 years.**

**In response to the public notice dated 6.10.2026, inviting objections and suggestions on the subject petition, we are submitting the following points for the consideration of the Hon'ble Commission:**

- 1. To justify requirement of the subject capacities, TGDISCOMs have relied on the projections made in the CEA's Report on Resource Adequacy Plan (Generation) for the State of Telangana (2025-26 to 2035-36), January 2026, and Gazette notifications dated 20th October 2023 and 2th September 2025, issued by the Ministry of Power, GoI, specifying obligations of the DISCOMs, among others, for minimum purchase of renewable energy as a percentage of their total share of energy consumption. While the subject petition is pending for consideration of the Hon'ble Commission, without even waiting for the consent sought by the DISCOMs for procurement of the subject capacities of power, TGREDCO and TGGENCO, assuming the role of intermediary procurers, have reportedly issued tenders for procurement of 7,800 MW of renewable energy and held a pre-bid meeting in which around 120 bidders have participated. The DISCOMs have submitted that the proposed procurement of peak FDRE will be undertaken by TGGENCO and the remaining RE procurement i.e., Wind, Solar and BESS hybrid system TGREDCO and TGGENCO through a transparent, competitive bidding process in accordance with the guidelines prescribed by MNRE/MoP and the bidding framework adopted by Hon'ble TGERC. Moreover, the DISCOMs have underlined that, as per TGERC MYT Regulation No. 2/2023 on Long-Term Power Procurement, DISCOMs are required to obtain in principle approval from the Commission before undertaking procurement of power through competitive bidding. Obviously, this regulatory requirement is being flouted repeatedly. The DISCOMs should have waited for getting consent of the Hon'ble Commission, restraining TGREDCO and TGGENCO to float tenders for procurement of the said RE. The Hon'ble Commission also should have given its direction to the DISCOMs/TGREDCO/TGGENCO accordingly, keeping in view the earlier experience of TGGENCO floating tenders for procurement of 1500 Mwh through BESS, even before the DISCOMs got consent of the Commission to procure the said**

capacity, as was the case in OP Nos.10 and 13 of 2026. Before issuing its order in the subject petition, the Hon'ble Commission also should examine the guidelines prescribed by MNRE/MoP for the said procurement and desirability of making necessary modifications in the guidelines to protect larger consumer interest. After selecting successful bidders and entering into long-term PPAs with them and long-term PSA with the DISCOMs, both TGREDCO and TGGENCO would, along with the DISCOMs, present the Hon'ble Commission with a fait accompli. The Hon'ble Commission also may take umbrage under "the guidelines prescribed by MNRE/MoP" to give its consent to the PPAs and PSAs and the tariffs discovered. In other words, going by the subject notice taken up by the Commission for public hearing and consideration, it is obvious that the Hon'ble Commission would consider the aspect of requirement of the subject power by the DISCOMs, not other relevant issues. We request the Hon'ble Commission to examine the following points, among others:

- a) The guidelines prescribed by MNRE/MoP for procurement of RE by the DISCOMs are not sacrosanct and unalterable. The government of Telangana and the Hon'ble Commission can make required modifications to the guidelines prudently to protect larger consumer interest.
- b) Provision for payment of the so-called trading margin of 7 paise per kwh during the period of PPA by the DISCOMs to intermediary agencies, here, TGREDCO and TGGENCO, is unjustified and unwarranted, as it imposes avoidable burden on the consumers additionally. The DISCOMs, through TGPCC, are capable of floating tenders and selecting successful bidders through real competitive biddings, ensuring level-playing field to bidders.
- c) It is always preferable to get the RE units set up in the state of Telangana itself, with a decentralised approach to set up such RE units at various vantage points in the state, taking into consideration availability of land, etc., and nearness of load centres and requirement of power to meet demand, especially peak deficit. Procuring power from RE plants to be set up in other states would invariably impose avoidable and additional burdens of inter-state transmission charges and losses on the consumers of power. Setting up such units in Telangana itself would also fetch tax revenue to the state government, provide employment to local people and contribute to strengthening local economy.
- d) Experience is confirming emphatically that, due to failure of the Union Government to get required transmission capacity in time by its transmission utility PGCIL or otherwise, power from RE units set up in other states could not be supplied to the border of the receiving state. Such a failure is detrimental to the interests of the receiving state and also developers of the RE units concerned. One-sided conditions are incorporated in the guidelines of the MNRE/MoP and mechanically being included in the PPAs, enabling the intermediary agencies to extend date of commercial operation of the RE units concerned arbitrarily, thereby defeating the purpose of the DISCOMs entering into long-term PPAs to procure the contracted

RE in time and being forced to purchase power in the market at higher prices during the period of such delay, thereby imposing avoidable burdens on the consumers under true-up claims. The DISCOMs are already undergoing such a bitter experience, as in OP No.21 of 2026 in IA No.18 of 2026, filed by TGDISCOMs, seeking consent to the PPAs/PUAs/PSAs for a total capacity of 2545 MW of solar power and adoption of tariff for 1045 MW solar power from NTPC under Central Public Sector Undertaking (CPSU) scheme Phase-II Tranche-III, 500 MW from NHPC under CPSU scheme Phase-II Tranche-III and 1000 MW solar power from Solar Energy Corporation of India Limited (SECI) under Inter-State Transmission System (ISTS) Tranche-IX. Andhra Pradesh has also been undergoing the deleterious experience of not getting in time supply of contracted solar power of 7000 MW from the solar plants of Adani group in Gujarat and Rajasthan through SECI for similar reasons. The hasty decisions taken by the GoAP, and at its behest by APDISCOMs, and consents given mechanically and undemocratically by APERC for procurement of the said solar power and to PPA, without even calling for objections and suggestions from interested public, leave aside holding public hearings on the same, have landed the DISCOMs in a helpless condition of getting the said power if, and as and when, the Adani group and SECI supply the same. As per the PSA, the said solar power should be supplied from October, 2024 - 3000 MW from October, 2024, 3000 MW from October, 2025 and the balance 1000 MW from October, 2026. The government of A.P. has issued G.O.Ms.No.8 dated 25.2.2026, wherein it has “accorded approval for scheduling and off-take of 300 MW” out of 7000 MW to be supplied from the plants of Adani group as per the power supply agreement GoAP and APDISCOMs/APRAPL had with SECI. It shows the kind of predicament that GoAP and APDISCOMs landed themselves in due to agreeing to the arbitrary and unilateral conditions in the agreements. There are some more instances like this. These developments underline the imperative of incorporating conditions, imposing the onus for timely supply of power by intermediary agencies and developers of RE projects concerned under PPAs to the DISCOMs and payment of adequate penalties for delay in supply of contracted power by the intermediary agencies and developers of RE projects to the DISCOMs to protect larger consumer interest. As such, it is imperative that the terms of bidding and consequent terms to be incorporated in agreements should be examined by the Hon’ble Commission, subjecting the same to public scrutiny through public hearings, before giving its consent to procure power as proposed in the subject petition.

2. The DISCOMs have submitted that, as per the said CEA report, during the FY 2026-27, for Telangana, energy requirement would be 108125 MU and peak demand 1953 MW. By 2029-30, the same would increase to 133444 MU and 23761 MW, respectively. For the same year, energy surplus of 5,336 MU is projected. For the FY 2026-27, TGDISCOMs projected, in their submissions on ARR and tariff revision, energy availability of 1,13,006 MU, requirement of both the DISCOMs as 1,01,981 MU and surplus as 11,025 MU. The projected availability of power was without considering availability of 1000 MW from CSPDCL the dispute relating to which is pending before appellate authority. After taking into account 800 MW of

contracted capacity from KTPS Stage-V scheduled to expire in FY 2029-30, followed by another 500 MW from KTPP Unit-I in FY 2035-36, this would lead to a total capacity loss of 1,000 MW. This would result in shortfall of thermal capacity by 1,386 MW by FY 2031-32 as against the requirement projected by the CEA, **the DISCOMs have contended. What is the latest actual position for the current financial year? What are the details pertaining to availability, actual demand met, surplus, peak deficit, market purchases, backing down and fixed charges paid for the same and sales made by TGDISCOMs vis a vis projections made by the CEA, TGDISCOMs and TGERC during the last five years? Those trends need to be analysed objectively as to why substantial variations have been taking place between projections made by the CEA and DISCOMs and determined by the Commission and actual position over the years to make realistic estimates and periodical corrections of all relevant factors from time to time, instead of mechanically sticking to the projections made by the CEA, the DISCOMs and the Commission for the respective control periods. Such an exercise has been found wanting in the relevant petitions, including the subject petition, of the DISCOMs and orders of the Commission.**

3. As per the RPPO order of the Commission, for the FY 2026-27, the DISCOMs have to purchase a minimum of 13% of RE out of their total consumption of energy, whereas the target fixed by MoP, GoI, for the same is 35.95%. To what extent the TGDISCOMs have reached or exceeded the target under RPPO order issued by TGERC for FY 2026-27? As per the targets fixed by MoP, GoI, the DISCOMs have calculated that, against energy requirement of 10125 MU for 2026-27, to meet 36% of RE purchase target fixed by the MoP, GoI, requirement of RE is 38871 MU, while availability of RE from the existing sources under PPAs is 22350 MU, thereby meeting 21% and leaving a deficit of 15%. Which means, when compared to the RPPO target for the current financial year fixed by TGERC, the DISCOMs have exceeded the target by 8%. Irrespective of requirement of power and maintaining a harmonious balance between demand curve and power mix, if DISCOMs abide by the targets of RE fixed by the MoP, GoI, for purchasing RE of 35.95% during the current financial year and increasing it to 38.81%, 41.36% and 43.33% for the next three consecutive FYs, respectively, what would be the impact in terms of availability of surplus power, backing down of thermal power and paying fixed charges for the same? We made elaborate submissions repeatedly earlier on the adverse consequences that would arise as a result of entering into PPAs indiscriminately to purchase unwarranted RE and are not repeating the same here.
4. Arrangements like BESS are in the direction of reducing the imbalance between demand and power mix, on the one hand, and reducing need for purchase of power in the market, on the other, though their efficacy in financial and technical terms is yet to be seen. However, it is clear that arrangements of BESS to store power available under PPAs in force does not contribute to meet the targets of RPPO additionally.
5. **The DISCOMs have contended that,** as per the orders of MoP, GoI, any shortfall in specified RE consumption targets shall be treated as non-compliance and penalty shall be

imposed @ ten lakh rupee for such failure in addition to the additional penalty not exceeding twice the price of every metric ton of oil equivalent prescribed under the Act, which is estimated at Rs 3.72/unit by TGDISCOMs humbly submit that with planned RE additions, they will be still falling short of the MoP RCO targets. **On the part of the Modi government, imposing targets of RCO arbitrarily and uniformly on the states, on the one hand, and threatening the DISCOMs of imposing the said penalties on them for their failure to meet the targets of RE determined by it arbitrarily and irrationally, on the other, is nothing but crude abuse of authority and sheer blackmailing, without the GoI taking any responsibility and accountability for the adverse consequences that would arise as a result of implementing its irrational and unwarranted diktats by the states. While the legality of the notification of MoP, GoI, fixing RCO targets is questionable, the state government should fight against it politically and legally should the need arise for it. The state government, its DISCOMs and the Hon'ble Commission are competent to determine prudent requirement of RE for meeting demand and maintaining harmonious balance between demand curve and power mix to the extent practicable, instead of mechanically following the targets fixed by the GoI and recommendations made by the CEA. For the last two financial years, have penalties been imposed on the DISCOMs by GoI for not meeting the RCO targets imposed on them? Is GoI imposing the said penalties on the DISCOMs for the current financial year for the same reason?**

6. **The DISCOMs have further contended that, while designated consumers can meet any RCO shortfall through payment of the buyout price specified by CERC, currently notified at Rs.347/MWh for FY 2024-25 and FY 2025-26, such a mechanism would impose an additional financial burden on TGDISCOMs. This would result in imposition of penalties which will adversely impact the financial position of TGDISCOMs. If the DISCOMs purchase unwarranted RE as per the targets fixed by MoP, GoI, what would be the impact of additional financial burden on them, i.e., on their consumers? Decisions of CERC in this regard are not binding on the DISCOMs and the Hon'ble Commission. Fixing targets under RPPO is within the regulatory purview of the Hon'ble Commission.**
7. **Due to failure of the Modi government in getting inter-state transmission capacities set up timely and to the extent required, not only Telangana and Andhra Pradesh, but also several other states are being deprived of the opportunity to get RE supplied from other states where RE units are set up or to be set up under PPAs. It is reported that insufficient transmission lines have emerged as a major obstacle to India's rapid expansion of renewable energy capacity, leading to many solar power projects being curtailed during daylight hours, and that such curtailment occurs when a power generator is forced to reduce or stop producing electricity due to oversupply and grid congestion (The Hindu: 20.8.2026). Union government is not taking any responsibility for such failures, even while threatening the states and DISCOMs of imposing penalties, if the latter fail to achieve the targets under RCO arbitrarily imposed by it. It does not compensate the respective DISCOMs and developers of RE projects for incurring losses as a result of the failure of the GoI in**

getting required transmission capacities for inter-state supply of RE in time and adequately. In other words, for its failures of commission and omission in arbitrarily imposing exorbitant targets under RCO, on the one hand, and not getting adequate inter-state transmission capacities set up in time and adequately to enable the developers of RE projects to supply RE to respective DISCOMs, thereby affecting interests of both the developers and DISCOMs, the Modi government is not taking any responsibility. This Janus-faced approach is becoming the hallmark of double standards, dichotomies, manipulations and imbalances in the decisions, policies, practice and failures of the Union government not only in power sector, but also in other sectors of the economy.

8. Arrangement of BESS is to store surplus power and use it as and when required. Arrangement of BESS is to store surplus power and use it as and when required. RE is given must-run status under PPAs in force. Irrespective of requirement of the DISCOMs, RE must be purchased, even if it leads to backing down of thermal power and paying fixed charges for the power backed down. As per the principle of merit order dispatch, power with highest variable cost becomes surplus power. Such surplus power is thermal power. Therefore, the question of RE becoming surplus and storing it under BESS does not arise.
9. To the challenges of deviation due to variability and unpredictability of RE generation, BESS is no solution. If generation of RE is lesser than the projected quantum based on determined capacity utilisation factor, BESS cannot come to the rescue of the DISCOMs.
10. If generation of RE is as per determined CUFs, or exceeds the projected level, it cannot be treated as surplus, being treated as must-run. Once generated and fed into Grid, each type of power, thermal or hydel or RE or other, loses its individual identity and, for all practical purposes, it is just power with same utility to the consumers. Going by the variable costs, thermal power becomes surplus under the principle of merit order dispatch. Only surplus power needs to be stored under BESS to meet peak demand, if required. Storing costly thermal power under BESS is prohibitive in terms of costs. For FY 2026-27, TGDISCOMs have proposed to sell a surplus power of 774 MU at a total cost of Rs.438 crore, or an average cost of Rs.5.66 per unit, that, too, without adding fixed charges. If fixed charges and BESS charges are added, the cost for storing surplus thermal power becomes prohibitive. Therefore, the proposal for storing power under BESS conceals this fact and pretends that solar power will be stored under BESS and tries to justify it on the ground that cost of solar power stored under BESS is relatively lesser than the prices of power in the market and exchanges.

- 11. Recognising challenges to Grid operation in balancing the deviation due to variability and unpredictability of RE generation, on the one hand, and stressing that TGDISCOMs shall plan for additional RE power integration into the grid, on the other, is a strange admixture. RE being purchased by the DISCOMs is getting integrated into Grid automatically by virtue of must-run status bestowed on it. Purchase of unwarranted RE additionally creates additional problems. The higher the purchase of unwarranted RE, the higher will be availability of surplus power and attendant problems and burdens. BESS cannot resolve such problems. Nor can BESS contribute to meeting RPPO/RPO obligations by the DISCOMs, as its contribution is limited to storing surplus power and supplying the same at specified hours. Purchasing unwarranted RE and opting for BESS are like creating problems and challenging tasks - availability of additional surplus power and backing it down, problems of grid integration, etc., - and incurring additional expenditure for BESS in the name of solving the problems.**
- 12. Regarding storage of power, we reiterate that RE available under PPAs in force cannot be treated as surplus power for the reasons already explained. Treating such RE as surplus goes against the must-run status bestowed on RE units, principle of merit order dispatch and average cost of power purchase being determined by the Commission in RSTO. Just as average cost of power purchase, among other factors, is considered for determining tariffs, the same principle should be followed for considering the cost of surplus power stored in BESS. Even then, when surplus power is to be stored, the DISCOMs, through SLDC, have to direct the power plant concerned, whose power is treated as surplus under the principle of merit order, to generate and supply power and pay applicable tariffs. In other words, the average cost of surplus power or the tariff of the power plant concerned has to be considered for comparison with market prices and estimating benefit or otherwise of it.**
- 13. Since the purpose of BESS is to store surplus power and use it as and when required, as agreed in the agreements, average cost of surplus power needs to be taken into account for any meaningful comparison with prices in the market and exchanges. There is no basis, as well as justification, for taking arbitrarily the price of a specific plant among the plants from whom the DISCOMs are getting power under PPAs in force for making a comparison with prices in the market and exchanges and show the savings hypothetically.**
- 14. In their petitions, or replies given to submissions of objectors, or during the submissions made before the Hon'ble Commission, at no point of time TGDISCOMs have stated that RE is backed down for technical reasons and tariff paid for the RE backed down. Nor are the DISCOMs giving details pertaining to backing down of thermal power plant-wise and time-wise and fixed charges being**

paid for such backing down, despite repeated requests made by objectors. Nor is the Hon'ble Commission directing the DISCOMs to provide such information. Such information is also not found in the RSTOs and other orders being issued by the Commission. Referring to the estimates made by the CEA and projections made by the DISCOMs in their resource plans, etc., and trying to justify availability of abnormal quantum of surplus power based on general theory, without substantiating factual position with facts and figures is an exercise in evasiveness. There are technical limitations for backing down surplus thermal power not exceeding a certain percentage of PLF. If the turn of thermal plants is over, next comes the turn of RE for backing down. If RE is also being backed down on technical grounds, as contended by the DISCOMs and GENCO, it is beneficial to store the RE to be backed down under BESS and supply it as and when it is required to meet peak demand. But a situation wherein both thermal power and RE have to be backed down is highly serious and detrimental to larger consumer interest for which imprudent decisions taken by the government, and at its behest by the DISCOMs, to enter into long-term PPAs with thermal and RE projects indiscriminately, thereby intensifying imbalance between fluctuating demand curve and power mix and availability of unwarranted surplus power at abnormal levels are responsible. If, under the present position of availability of abnormal quantum of surplus power, when RE also has to be backed down, addition of RE capacities under various schemes, green energy policy of the state government, and targets of renewable power purchase obligation fixed by the MoP, GoI, under Energy Conservation Act would further precipitate the situation. Increasing availability of unwarranted surplus power and its backing down, on the one hand, and addition of RE capacities to the extent of its becoming surplus and storing it under BESS to meet peak demand are like creating the problem of availability of avoidable surplus power and in the name of resolving it to some extent, imposing additional burdens under BESS are ironical. It is like saying that surplus RE is required to store it under BESS and use it as and when required. How much RE was backed down during the last financial year and current financial year so far? How much thermal power has been, and to be, backed down in order to purchase must-run RE accordingly? General theory cannot justify availability of any abnormal quantum of surplus power. There should be a reasonable limit, say 5%, as is generally agreed, for availability of surplus power/capacity for generation for spinning reserve or reserve margin.

15. Even if it is presumed or true that RE also is becoming surplus, going by the spirit of the principle of merit order dispatch, high-cost RE only needs to be treated as surplus. In other words, RE with lesser cost needs to be supplied to the consumers first. Whether the calculations of the DISCOMs in taking into account the projected prices of RE and benefits under BESS are based on average cost or lower cost of RE

available is not clear. As far as storing surplus power is concerned, average price of surplus power needs to be taken into account for a fair estimate of benefits under BESS.

**16. We request the Hon'ble Commission to take a holistic view of the ground realities and consider the following points, among others, while taking a decision in the subject petition:**

- i) Cost-benefit analysis of the subject arrangement should be made and examined through the regulatory process.**
- ii) Do not allow so-called trading margin proposed to be paid by the DISCOMs to intermediary agencies. Direct the DISCOMs to float tenders to ensure real competitive biddings either directly or through TGPCC collectively to derive the maximum possible benefit of lowest tariffs possible. Arrangement of BESS through an “intermediary procurer” is perverse, as if the DISCOMs were not competent enough to get that arrangement themselves. With young and dynamic officers heading the power utilities of the GoTS, they can do a better job, provided they are entrusted with such tasks with required freedom to take prudent decisions and implement the same effectively.**
- iii) Direct the DISCOMs and give a piece of advice to the state government to get RE projects set up at the vantage points in Telangana itself to meet demand prudently and derive the benefits related thereto.**
- iv) Guidelines of MNRE/MoP for floating tenders should be allowed to be amended, as suggested above, to protect the interests of the DISCOMs and their consumers.**
- v) Requirement of addition of RE capacities and BESS capacities, etc., should be determined based on ground realities and sustainable trends of demand growth, requirement of power, balanced power mix, etc., not mechanically based on the reports of the CEA and RCO targets notified by MNRE/MoP. Prudent requirements of the state and larger interest of the consumers should be the basis to move forward accordingly. It should be a cautious and gradual approach.**
- vi) Direct the DISCOMs to go in for real competitive biddings, after the Hon'ble Commission examines the suggested changes and gives its consent to procure required RE and BESS capacities.**
- vii) Do not allow the DISCOMs to procure the proposed power and BESS capacities through SECI for the reasons explained above, among others. That GoI and its instrumentalities acting as “intermediary procurers” are serving the interests of private developers at the cost of consumers of power is the continued experience.**

viii) Give a piece of advice to the state government to get RE units and battery energy storage systems set up by TGGENCO by providing necessary support to it, instead of directing it to play the role of an “intermediary procurer. ”

17. Keeping in view our earlier experience, we reiterate that sufficient time is required for the petitioners, here, TGDISCOMs, to send their responses to the submissions of objectors sufficiently well before the scheduled date of public hearing and for the latter to study the same and make further submissions during public hearings.

18. We request the Hon’ble Commission to provide us an opportunity to make further submissions in person during the scheduled public hearing on the subject petition.

Thanking you,

Yours sincerely,

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**Encl: Copy of a report published in The Hindu dated 20.8.2026**

**Copy to :**

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