

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

October 21, 2026

Respected sir,

Sub : Submission of objections and suggestions in OP Nos.31 and 32 of 2026 filed by TGDISCOMs seeking consent of the Hon'ble Commission for procurement of 800 MW stage II of Singareni Thermal Power Project for a period of 25 years and for draft PPA entered between TGDISCOMs and SCCL for the said procurement, respectively

In response to the public notice dated 1.10.2026, inviting objections and suggestions on the subject petitions, we are submitting the following points for the consideration of the Hon'ble Commission:

- 1. To justify need for procurement of 800 MW of thermal power from stage II of STPP, TGDISCOMs relied on projected demand growth up to 2035-36 as per the report of the Central Electricity Authority. The DISCOMs have contended that CEA has published the Report on Resource Adequacy Plan (Generation) for the State of Telangana (2025-26 to 2035-36), Version 2.0, dated January 2026, considering the latest demand growth of Telangana, and has recommended addition of coal based capacities to meet the State's base load demand reliably, along with Wind/ Hydro/ other RE based capacities. However, the DISCOMs have to examine the same on the basis of ground realities of availability, requirement and surplus/deficit of power as the base for requirement of future addition of installed capacities to meet growing demand for power in the state, ensuring equilibrium between demand curve and power mix to the extent technically practicable. We request the Hon'ble Commission to examine the following points, among others.**
- 2. 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. 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. **Installed capacities contracted under PPAs in force cannot be wished away. The reasons for not availing or not making available generation and supply of power by TGDISCOMs and different generators, as the case may be, under the obligations of PPAs need to be analysed objectively and necessary remedial steps be taken to make optimum utilisation of available installed capacities to meet demand and reduce the imbalances between demand curve and power mix to the extent technically practicable. The move of the DISCOMs going in for battery energy storage capacities, etc., is in that direction, though its financial and technical efficacy is yet to be seen.**
4. **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 submitted, the DISCOMs have contended. Furthermore, the DISCOMs have submitted that, even after considering this Project, a residual energy and peak deficit would remain, which TGDISCOMs propose to address through the other capacity additions, under separate proceedings before the Hon'ble Commission. It implies that addition of installed capacity should take place periodically in a phased manner to meet growing demand. It needs to be reiterated that this process also should lead to reduction of imbalance between demand curve and power mix substantially.**
5. **The DISCOMs have underlined that the subject unit would enable them in meeting growing power requirements in the State in an economic and reliable manner. However, the DISCOMs have not explained how economical power from the subject unit would be, with their submissions that "SCCL will, in due course, file an appropriate petition before the Hon'ble Commission for determination and approval of the tariff." There is no competitive bidding for procurement of the subject capacity. When that 800 MW would be required by the DISCOMs and when SCCL would declare commercial operation of the unit need to be explained and justified. In the executive summary of the DPR, it is pointed out that "the proposal is to establish IX800 MW coal based SCCL Thermal Power Project for the benefit of Telangana State during 2026-27 'Period. SCCL has retained the services of NTPC Ltd. to prepare the Detailed Project Report for the proposed IX800MW Singareni Thermal Power project." What is the factual position?**
6. **The DISCOMs have maintained that due to policy enablers, major IT players have announced plans for setting up Data centers in the State and have also commenced the project activities. It may be noted that this would add substantially to round-the-clock power demand. As per the policy, if any, of the government, are the DISCOMs going to supply power to data centers or are the latter themselves going to make their own arrangements for supply of power?**

- 7. The adverse impact of avoidable additional burdens being imposed on the consumers of power of TGDISCOMs is being felt on account of abnormal delay in execution of the projects, resultant escalation in capital cost, interest during construction, increase in need for purchasing corresponding quantum of power in the market at higher prices, as experience has been confirming repeatedly in cases such as Bhadradri project, Yadadri project, projects of SCCL and some of the private power projects whose power would be supplied through entities of the Union Government such as NTPC, SECI and NHPC (as in OP No.21 of 2026 in IA No.18 of 2026 which is pending before the Hon'ble Commission, with no response from the latter to our request to hold public hearing on the same). In view of such deleterious experience over the years, we have been repeatedly submitting to successive Commissions to direct the DISCOMs to submit petition for determination of capital cost of the project concerned, tariff and PPA, shortly after the same is signed by the parties concerned for consideration and consent of the Commission, instead of filing petitions separately with an abnormal time gap for approval for entering into agreement for procurement of power, tariff and PPA, but to no avail. Petitions for consent of the Commission to the PPAs are being filed by the DISCOMs, after declaration of SCOD or a few months before original or revised SCOD and considered by the Commission. This kind of fragmented filing and taking up of the same by the Commission separately is facilitating the developers of the power plants concerned to get themselves absolved of their responsibility for abnormal delay in declaring SCOD and start generation and supply of power to the DISCOMs, much to the detriment of the latter and their consumers in various ways such as increase in capital cost, tariffs and forcing the DISCOMs to purchase power in the market at higher prices to meet their demand due to failure of the developers to supply contracted power as per original schedule agreed in the agreements. Relating to the subject unit, it is welcome that TGDISCOMs have signed the PPA on 29.9.2026 and filed OP No.32 of 2026 seeking consent of the Commission. It would be better, if petition for determination of tariff also is filed and considered simultaneously by the Hon'ble Commission.**
- 8. In the PPA between TGDISCOMs and SCCL signed on 29.9.2026, it is incorporated that “the capital expenditure of the unit shall be initially taken as Rs. 9595.99 crores projected in detailed project report as per Annexure-1 and shall be updated by revised cost estimates approved by the SCCL board from time to time limited to actual capital expenditure recorded in SCCL's books of accounts and subjected to approval of TGERC.” This cost of project projected for the 3rd quarter of 2024-25 includes interest during construction of Rs.999.20 crores. The capital cost of the project works out to Rs.11.99 crore. COD of the project is envisaged in 48 months for expansion project from zero date. On the face of it, the projected capital cost of the subject expansion unit is very high and prohibitive. By the time the project is completed in all respects, its capital cost may increase further.**
- 9. In the detailed project report, it is pointed out that “as per EC report dated 18-12-2019 the daily coal requirement for MW units shall be about 4.05 MTPA based on Gross**

Calorific Value of 3550 kcal/kg at 90% PLF. The coal is proposed to be met from Naini coal block. The daily maximum coal requirement shall be about 12340 tonnes at 100% PLF.” **It is further pointed out that** “Naini mines have been allocated to SCC1, for their original 3x600MW power project, As MOEF has advised to go for super critical technology power generation for Unit-3. Now, SCCL shall approach MOC for getting the same allocated to 2x600MW and 1x800 MW.” **Needless to repeat that for transportation of coal from Naini block in Odisha to the subject project leads to avoidable additional cost substantially compared to cost of transportation of cost of coal from the coal blocks of SCCL in Telangana. Earlier, TGERC directed to get allocation of coal to the thermal projects of SCCL from the latter’s blocks in Telangana. Requesting the Union government to allocate coal accordingly, SCCL also confirmed then that coal from its block in Telangana was available for the purpose. However, the Modi government continued to be persistent with its irrational decision of allocating coal to the thermal projects of SCCL from the Naini block. It is continuing its irrational and questionable approach of refusing to allocate coal blocks in Telangana to SCCL, insisting that the latter should participate in the auctioning for allocation of coal blocks. While the DISCOMs are being allowed to enter into long-term PPAs with power projects of the entities of the central and state governments, including SCCL, through the route of MoU, without any competitive bidding, such a consideration for allocating coal blocks in Telangana to SCCL is anathema to the Modi government. Why allocation of coal blocks through auctioning to private companies also is irresistibly attractive to the GoI, instead of directly allocating the coal mines nearer to the coal companies of the governments, is anybody’s guess. The erstwhile TRS government also did not allow SCCL to participate in the auctioning of coal blocks in Telangana.**

10. **Based on the projected capital cost, fixed cost per kWh is worked out as Rs.2.99 and based on costs related to coal from Naini block, variable cost is worked out as Rs.2.62 per kWh. In the DPR, it is shown that for first year of generation of the subject project, tariff for kWh is projected as Rs.5.61 and levelized tariff for the remaining period of the PPA term of 25 years, it is projected as Rs.5.27 per unit. In the PPA, it is incorporated that “stoppage of generation due to problems in power evacuation from generating station shall be treated as deemed generation for the purpose of computation of availability for payment of fixed charges. In case of fuel shortage, the SCCL shall plan maximum generation during peak hours communicated by SLDC by utilizing available fuel.” Primary fuel is explained as “Primary fuel for the project shall be from SCCL coal mines including Naini coal mine or any other approved source.” In other words, for these reasons, fixed and variable costs will increase, if the situation demands accordingly. When coal is allocated to the subject project from the mines of SCCL, procuring coal from “any other approved source” should not arise, especially, when SCCL has to supply coal to its own thermal power project.**
11. **It is incorporated in the PPA that “TGDISCOMs shall draw electricity against the above contracted capacity limited to the amount of LC opened and maintained by it. Provided that SCCL shall be at liberty not to schedule any power unless adequate payment security as agreed by the parties in this agreement has been provided and made**

available all the time during the validity of this agreement.” Furthermore, relatively **higher variable cost would render the subject project vulnerable to backing down its capacity to the extent permissible and required, thereby imposing the burden of payment of avoidable fixed charges for such backing down on consumers of the DISCOMs. In the PPA, it is provided for letter of credit and escrow account the burdens of which would be imposed on the DISCOMs, i.e., their consumers of power.**

12. **In the PPA, it is incorporated that** for Singareni Thermal Power Project (Ix 800 MW) Stage II, the technical minimum limit, ramp up/down and scheduling of power of Generating unit shall be in line with Grid Code (SEGC/IEGC) Regulations/CEA (Flexible operation of Coal based thermal power generating units) Regulations, 2023 as amended from time to time. In the absence of any dispatch instructions from TGS LDC, the Unit will operate according to the day ahead capacity notice furnished by SCCL. **It is further incorporated that** stoppage of generation due to problems in power evacuation from generating station shall be treated as deemed generation for the purpose of computation of availability for payment of fixed charges. **It is incorporated in the PPA that** notwithstanding the following, Station shall be deemed as available to the extent of DC declared by the station for any time period: (a) Failure on account of TG DISCOMs to transmit and wheel electricity from the Ex-Bus of the station in coordination with TGTRANSCO. (b) Any other reason not attributable to SCCL restricting scheduling and despatch of capacity at the Ex-Bus of the station. **While the DISCOMs have to pay fixed charges for backing down the scheduled capacities declared available by SCCL, and for failure to transmit and wheel electricity from the ex-bus of the station due to failures of TGTRANSCO, the DISCOMs have to pay fixed charges. However, no penalties are proposed to be paid by SCCL to the DISCOMs for delay in execution of the project, and for the failure of SCCL to generate and dispatch power at the threshold level of 90% PLF incorporated in the PPA when the DISCOMs want such a supply. The DISCOMs have been failing miserably in this regard to protect their interests, i.e., the interests of their consumers, and successive Commissions also have been failing to get such clauses incorporated in the PPAs of various projects to protect larger consumer interest. The applicable regulations also have been found wanting in this regard, with successive Commissions failing to consider suggestions for incorporating conditions for imposing liquidated damages for delay in execution of power projects and penalties for failure of the generators to generate and supply power at agreed threshold level of PLF when the DISCOMs want it. We repeatedly submitted detailed reasons for justifying our such suggestions in this regard on a number of earlier occasions, including when applicable regulations of the Commission were made or amended, but to no avail.**
13. TSPCC had written a letter dated 5.12.2017 to SCCL in response to the proposal of the latter, informing that “TG DISCOMs are willing to enter into long-term PPA with Singareni TPP for purchase of entire 800 MW capacity proposed under Stage II.” **It has taken nearly nine years to sign the said PPA. This is how proposals are being made and PPAs signed. Such a casual approach makes desirability of such proposals questionable.**

14. For the earlier thermal power projects of SCCL, TGERC disallowed substantial part of fixed cost against which SCCL went in appeal. The present state government has been expressing concern over very high tariff of nearly Rs.6.66 per unit of the mismanaged Yadadri thermal power project against Rs.4.29 per unit of the earlier projects of SCCL and Rs.4.63 per unit of thermal plants of NTPC. In such a situation, whether entering into PPA with SCCL for supply of power from the subject project at the projected very high tariff is desirable and prudent is the moot point which the Hon'ble Commission is expected to examine and decide in a prudent manner to safeguard larger consumer interest.
15. We request the Hon'ble Commission to provide us an opportunity to make further submissions before and during public hearing, after receiving and studying responses of the DISCOMs.

Thanking you,

Yours sincerely,

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