



TELANGANA ELECTRICITY REGULATORY COMMISSION
Vidyut Niyamtran Bhavan, G.T.S. Colony, Kalyan Nagar, Hyderabad 500 045

ORDER
ON
REVISED AGGREGATE REVENUE REQUIREMENT
AND
EXPECTED REVENUE FROM CHARGES FOR FY 2026-27
FOR THE CONSUMERS OF
THE CO-OPERATIVE ELECTRIC SUPPLY SOCIETY
LIMITED, SIRCILLA
(CESS)

30.03.2026

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List of Abbreviations

A&G	Administrative and General
AAE	Additional Assistant Engineer
ACoS	Average Cost of Supply
Act, 2003	The Electricity Act, 2003
ARR	Aggregate Revenue Requirement
BST	Bulk Supply Tariff
CESS	The Co-operative Electric Supply Society Limited, Sircilla
CMD	Contacted Maximum Demand
CWIP	Capital Works in Progress
ERC	Expected Revenue from Charges
FPT	Filings for Proposed Tariff
FY	Financial Year
GoTG	Government of Telangana State
HT	High Tension
HVDC	High Voltage Distribution System
kVA	Kilo Volt Ampere
LIS	Lift Irrigation Scheme
LT	Low Tension
MD	Maximum Demand
MU	Million Units
O.P.	Original Petition
OCFA	Original Cost of Fixed Assets
R&M	Repairs and Maintenance
REC	Rural Electrification Corporation Limited
CESS	Rural Electric Supply Co-operative Society
Rs.	Indian Rupees
SPM	Special Purpose Maintenance
TGERC	Telangana Electricity Regulatory Commission
TGNPDCL	Northern Power Distribution Company of Telangana Limited
TGSPDCL	Southern Power Distribution Company of Telangana Limited



TELANGANA ELECTRICITY REGULATORY COMMISSION
Vidyut Niyantran Bhavan, G.T.S. Colony, Kalyan Nagar, Hyderabad 500 045

Dated 30.03.2026

Present

Dr. Justice Devaraju Nagarjun, Chairman
Sri. Raghu Kancharla, Member (Technical)
Sri. Cherukuri Srinivasa Rao, Member (Finance)

O.P. No. 83 of 2025

The Co-operative Electric Supply Society Limited, Sircilla (CESS)

... Applicant

The Commission vide its order dated 31.03.2021 in Proceedings No. TSERC/Secy/22/2021 has accorded extension to CESS for a period of 5 years with effect from 01.04.2021 to 31.03.2026 exempting from the application of Section 12 of the Electricity Act, 2003. However, as of now this Commission has not received any recommendation from Government of Telangana recommending Commission to extend the exemption to CESS under Section 13 of the Electricity Act, 2003. In case, if the Government of Telangana fails to recommend this Commission for extending exemption of the license to the CESS beyond 31.03.2026, this Commission will pass appropriate orders in respect of distribution of electricity and other services to be extended to the consumers falling within the territorial jurisdiction of CESS. Thereby, the orders being passed by this Commission in this petition will be applicable and have to be followed either by the CESS in case if it is exempted from license or any other licensee or authority depending upon the orders being passed by this Commission.

CESS has filed its Aggregate Revenue Requirement (ARR)/Expected Revenue from Charges (ERC) for FY 2026-27 on 03.12.2025 in accordance with the Regulation No. 2 of 2023. The Commission, in exercise of the power vested in it by the Electricity Act, 2003, after considering petitioner's filings, its subsequent additional information/submissions, suggestions and objections of the other stakeholders in writing and oral during the public hearing held on 04.03.2026 at Sircilla, responses of the Petitioner, and all other relevant material, passed the following Order.

ORDER
CHAPTER-1
INTRODUCTION

1.1 BACKGROUND

The Commission

Telangana State Electricity Regulatory Commission was constituted by the Government of Telangana (GoTG) in terms of the provisions of Schedule XII(C)(3) of the A.P. Reorganisation Act of 2014, read with Section 82(1) of the Electricity Act, 2003 vide G.O.Ms.No.3, (Energy) (Budget) Department, dated 26.07.2014. The Government of Telangana issued G.O.Ms.No.12, Energy (HR. A1) Department, dated 31.05.2024 for change of nomenclature and amended the expression and abbreviation as '*Telangana Electricity Regulatory Commission (TGERC)*'.

This Commission having been established u/s 82(1) of the Act, 2003 is required to exercise the powers and functions vested in it in terms of Section 86(1)(a) and Section 62(1) of the Act, 2003 to determine the tariff for transmission of electricity within the State of Telangana.

1.2 REGULATION NO.1 OF 2014

The Commission soon after its formation has notified Regulation viz., 'Adoption' Regulation No.1 of 2014 on 10.12.2014 being adoption of previously subsisting regulations, decisions, directions or Order, licenses and practice of directions. As such, all the Regulations framed by the erstwhile Commission before formation of Telangana State will continue to apply for the State of Telangana, till further modification.

1.3 REGULATION NO. 2 OF 2023

The Commission has notified 'Multi Year Tariff' Regulation, 2023 [Regulation No.2 of 2023] on 30.12.2023, which is also applicable to the CESS as per proviso to clause 1.3 of Regulation No. 2 of 2023.

1.4 EARLIER CESS ORDER OF THE COMMISSION

On the petition filed by the CESS, Sircilla in O.P.No.18 of 2024, Annual Revenue Requirement and Expected Charges from Revenue for FY 2024-25 were determined vide order dated 28.10.2024.

And on the petition filed by the CESS, Sircilla in O.P.No.27 of 2025, Annual Revenue Requirement and Expected Charges from Revenue for FY 2025-26 were determined vide order dated 29.04.2025.

1.5 TIMELINES FOR FILING THE PETITION AFTER FIRST YEAR OF THE CONTROL PERIOD

As per clause 6 of Regulation No.2 of 2023, the exempted licensee has to make Annual Petition comprising of (i) True-up of preceding year; (ii) Aggregate Revenue Requirement (ARR) for ensuing year of the Control Period; and (iii) Proposal of Revised Tariff and Charges for ensuing year of the Control Period. The timeline for Annual Tariff petition for FY 2026-27 is 30.11.2025.

1.6 STATUTORY AND REGULATORY PROVISIONS

As per clause 6.2 of Regulation No.2 of 2023 the timelines stipulated for filing of Annual Tariff Petition after first year of the control period is by 30.11.2025.

Provision under clause 29.2 of Multi Year Tariff Regulation No.2 of 2023 stipulates that:

“Provided that in case of delay in submission of tariff/true-up filings by the generating entity or licensee or SLDC, as required under this Regulation, rate of RoE shall be reduced by 0.5% per month or part thereof.”

Clause (4) [clause 4(3)(c) of Principal Regulation No.2 of 2016] of First Amendment to ‘Fee’ Regulation, 2022 (Regulation No.2 of 2022) stipulates that”

“The penal fee that is attracted in case of licensee or generating company not complying with the provisions of other regulations on the specific topics mentioned in the table below shall be required to pay the penal fee as shown in the opposite column on each of the petition separately whenever it is filed.

1. Aggregate Revenue Requirement & Tariff/ Multi Year Tariff petition.	Rs.5,000/- per day for the first 30 days beyond the specified date.
....	After 30 days, Rs.1,50,000/- plus Rs.10,000/- per day till submission of petition

1.7 PRESENT PETITION

CESS has filed Revised ARR & Expected Revenue from Charges (ERC) for FY 2026-27 on 03.12.2025 with the following prayers.

- a. Take the accompanying Revised ARR of CESS Ltd, Sircilla on record and treat it as complete.
- b. Grant suitable opportunity to CESS Ltd, Sircilla within a reasonable time frame to file additional material information that may be subsequently available.
- c. Consider and approve CESS Ltd’s Revised ARR including all requested regulatory treatments in the filing.

- d. Pass such order as the Commission may deem fit and proper in the facts and circumstances of the case.

1.8 ADMISSION OF PETITION

The petition submitted by CESS, Sircilla was scrutinized and is found to be generally in Order as required under 'Conduct of Business' Regulation, 2015 (Regulation No.2 of 2015). The Commission admitted the filings and the same were taken on record by assigning O.P.No.83 of 2025.

1.9 DATA GAPS

Upon scrutiny of the filing, the Commission has identified certain data gaps and directed the petitioner to furnish additional information. Subsequently, the petitioner has submitted the additional information. The Commission has considered the original filings and additional information submitted by the petitioner.

1.10 PUBLIC NOTICE

The petitioner, as directed by the Commission, published a Public Notice in two (2) Telugu, two (2) English and One (1) Urdu daily newspapers on 08.01.2026 (**Annexure-1**). The Public Notice was to inform the stakeholders and general public at large that the petitioner has filed revised ARR & ERC for FY 2026-27. It was also notified in the Public Notice that, objections/ suggestions on the filings may be filed with the petitioner by 31.01.2026 with a copy marked to the Commission Secretary. In the Public Notice it was also indicated that Public Hearing will be held on 04.03.2026 from 10:30 hours onwards at the District Collectorate , Rajanna Sircilla. The filings of the petitioner along with the additional information submitted by the CESS, Sircilla was also posted on the official website of the CESS, Sircilla as well as on the website of the Commission.

1.11 RESPONSE TO PUBLIC NOTICE

In response to the Public Notice, objections/suggestions were received from 20 stakeholders. The details of stakeholders who submitted objections/ suggestions is enclosed as **Annexure-2**.

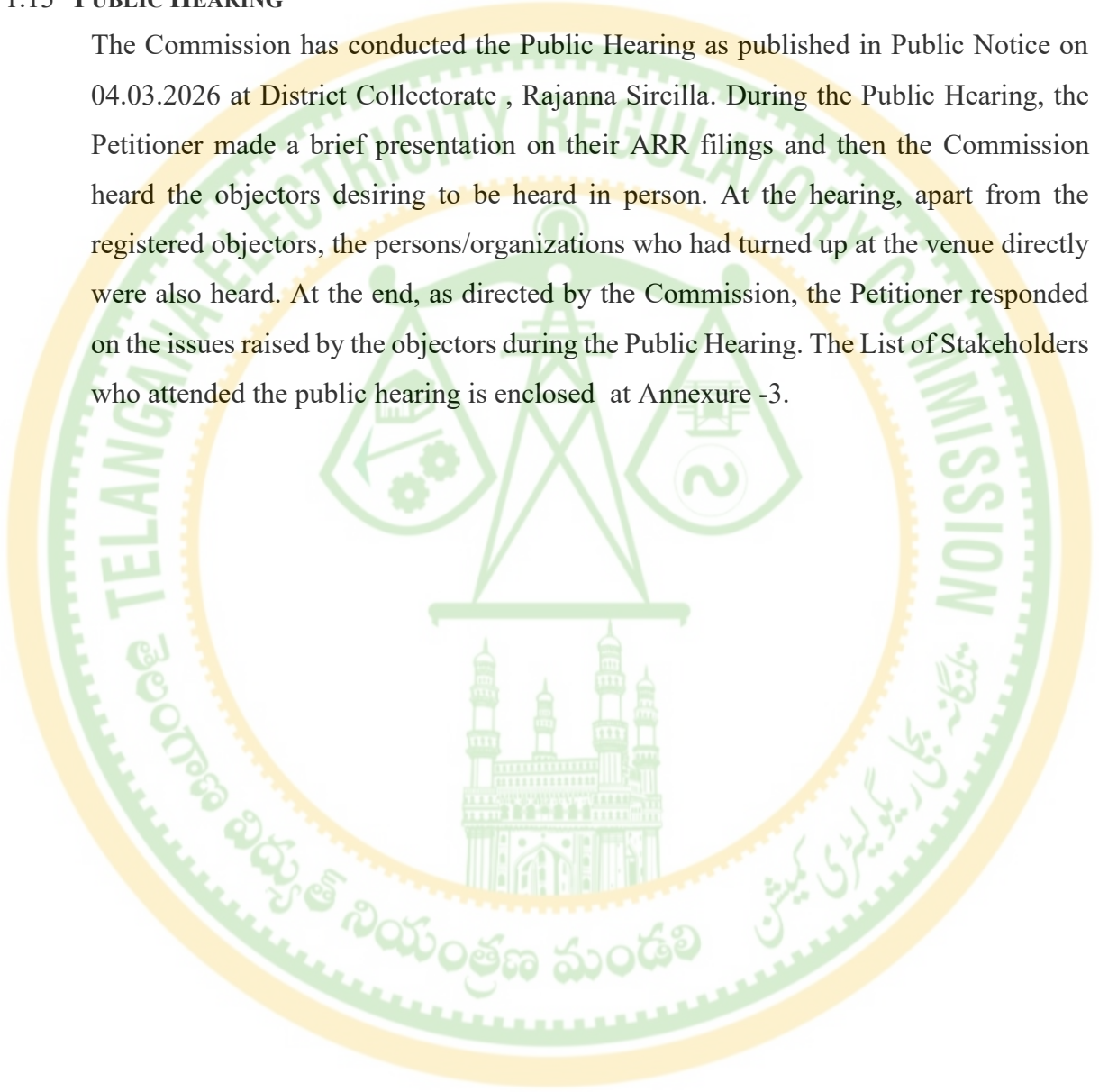
The petitioner was directed to arrange response to the stakeholder's written objections/suggestions with a copy to the Commission Secretary before the scheduled date of Public Hearing. It was also directed to post the replies on the website of CESS, Sircilla.

1.12 STATE ADVISORY COMMITTEE MEETING

The State Advisory Committee (SAC) meeting was conducted on 03.02.2026 in the Meeting Hall of Commission's Office at 'Vidyut Nyantran Bhavan', G.T.S. Colony, Kalyan Nagar, Hyderabad 500 045. The views of the members were duly considered while determining the Revised ARR & ERC for FY 2026-27.

1.13 PUBLIC HEARING

The Commission has conducted the Public Hearing as published in Public Notice on 04.03.2026 at District Collectorate , Rajanna Sircilla. During the Public Hearing, the Petitioner made a brief presentation on their ARR filings and then the Commission heard the objectors desiring to be heard in person. At the hearing, apart from the registered objectors, the persons/organizations who had turned up at the venue directly were also heard. At the end, as directed by the Commission, the Petitioner responded on the issues raised by the objectors during the Public Hearing. The List of Stakeholders who attended the public hearing is enclosed at Annexure -3.



CHAPTER-2 SUMMARY OF FILINGS

2.1 PETITIONER'S CLAIM

The Petitioner filed the petition for determination of revised ARR and Expected Revenue from Charges for FY 2026-27 which includes: -

- Revised Aggregate Revenue Requirement for FY 2026-27
- Expected Revenue from Charges for FY 2026-27

The Summary of each submission is detailed below:

2.2 REVISED ARR FOR FY 2026-27

The summary of revised ARR for FY 2026-27 as claimed by CESS shown in the table below:

Table 2.1: Revised ARR claimed for FY 2026-27

Particulars	Claimed (Rs. Crores)
Power Purchase Expenses	597.12
Operation & Maintenance expenses	64.17
Depreciation	10.68
Interest and Finance charges on loan	2.00
Interest on Working Capital	4.54
Interest on Consumer Security Deposits	1.15
Return on Equity	21.68
Less: Non-Tariff Income	7.35
Less: Income from Other Business	0.00
Add: Impact of True-Up for Prior period	0.00
Net Aggregate Revenue Requirement	693.99

2.3 NUMBER OF RETAIL SUPPLY CONSUMERS

The Petitioner has made the following submission on the number of retail supply consumers

Table 2.2: Retail Supply Consumers for FY 2026-27

Category	Number of Consumers
LT Category	
Domestic	1,73,808
Commercial	22,563
Industrial	1,543
Cottage Industries	4,754
Agriculture	84,715
Street Lights	1,397

Category	Number of Consumers
Water Works	1,975
General & Wholly Religious	1,106
Temporary Supply	
EV Charging Stations	1
LT Total	2,91,862
HT Category	
Industry General	94
General	24
CPWS Scheme	1
Temporary Supply	2
Sub-Total (HT)	121
Total (LT+HT)	2,91,983

2.4 SALES

The sales as claimed for FY 2026-27 is shown in table below:

Table 2.3: Sales claimed for FY 2026-27

(in MUs)

Category	FY 2024-25	FY 2025-26	FY 2026-27
LT Category			
Domestic	181.01	187.04	193.07
Commercial	37.17	38.47	39.76
Industrial	11.93	10.56	12.15
Cottage Industries	16.85	18.64	26.87
Agriculture	717.95	792.68	824.20
Street Lights	5.61	5.44	5.27
Water Works	14.90	16.63	18.36
General & Wholly Religious	2.73	3.02	3.31
Temporary Supply	0.41	0.31	
EV Charging Stations	0.01	0.01	0.01
LT Total	988.56	1,072.80	1,123.00
HT Category			
Industry General	31.67	34.20	34.26
Others	4.39	4.16	4.18
CPWS Scheme	0.30	0.61	0.61
Temporary Supply	0.74	0.34	0.34
Sub-Total (HT)	37.11	39.31	39.39
Total (LT+HT)	1,025.67	1,112.11	1,162.39

2.5 SUMMARY OF CAPITAL EXPENDITURE AND CAPITALISATION

The Summary of capital expenditure and capitalization for FY 2026-27 claimed is as shown below:

Table 2.4: Capital Expenditure and Capitalisation claimed for FY 2026-27

Particulars	(Rs. Crores)
Opening Capital Work in Progress	70.63
Capital Expenditure during the year	28.49
Capitalisation during the year	15.00
Closing Capital Work in Progress	84.12

2.6 EXPECTED REVENUE FROM CHARGES FOR FY 2026-27

The Expected Revenue from Charges claimed for FY 2026-27 in its revised submission is as shown below:

Table 2.5: Revenue Gap/(Surplus) as claimed for FY 2026-27

Category	Units (In MU)	As per Current Tariffs	As per Proposed Tariffs
Domestic	193.07	87.13	87.13
Commercial	39.76	45.79	45.79
Industrial	12.15	11.98	11.98
Cottage Industries	26.87	11.46	11.46
Agriculture	824.20	3.06	3.06
Street Lights	5.27	4.05	4.05
Water Works	18.36	12.14	12.14
General & Wholly Religious Places	3.31	1.89	1.89
Temporary Supply	0.00	0.00	0.00
EV Charging Stations	0.01	0.01	0.01
LT Total	1,123.00	177.51	177.51
Industry General	34.26	38.48	38.48
General	4.18	5.35	5.35
CPWS Scheme	0.61	0.37	0.37
Temporary Supply	0.34	0.65	0.65
HT Total	39.39	44.85	44.85
Total (LT+HT)	1,162.39	222.36	222.36

2.7 REVENUE GAP

The Revenue gap claimed by the Petitioner at proposed Tariffs for FY 2026-27 is as shown in the Table below:

Table 2.6: Revenue Gap claimed for FY 2026-27

Particulars	(Rs. Crores) Claimed
Aggregate Revenue Requirement	693.99
Revenue for Sale of Power at Current Tariffs	222.36
Revenue for Sale of Power at Proposed Tariffs	222.36
Revenue Gap at Proposed Tariffs	(471.63)
GoTG Subsidy Required	(471.63)



CHAPTER-3
ISSUES RAISED BY STAKEHOLDERS, RESPONSES OF THE
PETITIONERS AND COMMISSION'S ANALYSIS AND FINDINGS

3.1 OBJECTIONS/SUGGESTIONS MADE ON FILINGS

3.1.1 Twenty (20) stakeholders have filed written objections/suggestions on the Petition for Revised ARR & ERC for FY 2026-27. The Commission has considered all the objections/suggestions of the stakeholders made in writing as well as oral submissions made during the Public Hearing and the responses of the petitioners. For the sake of brevity, the objections/suggestions raised by the stakeholders and responses of the petitioners have been consolidated and summarized issue-wise. In case any suggestion is not specifically elaborated, it does not mean that the same has not been considered.

Financial viability of CESS

Stakeholder's Submissions

3.1.2 The stakeholder submitted that CESS is financially not viable without Government subsidy and cannot operate independently as a standalone distribution licensee under the framework of the Electricity Act, 2003 and Regulations and furnished the following financial details:

Financial Year	ARR (Rs. Cr)	Revenue (Rs. Cr)	Gap (Rs. Cr)	Subsidy %
2024-25 (Actual)	539.94	217.83	322.11	59.60%
2025-26 (Est)	670.57	227.13	443.44	66.20%
2026-27 (Proj)	701.34	229.71	464.28	66.90%

3.1.3 Further submitted that the revenue gap has increased by about 44% in the last two years, and the annual subsidy requirement has been increased to about Rs. 471.63 Crores which is not financially viable for a 56 year old co-operative utility serving about 2,91,862 consumers.

3.1.4 It was also submitted that as Regulation No. 2 of 2023, distribution licensees are required to maintain financial sustainability but stakeholder opined that CESS does not meet the financial sustainability requirements and mentioned that CESS is unable to mobilize fresh debt as financial institutions are reportedly unwilling to extend term loans or project finance to the Society due to its weak financial position and continued dependence on subsidies and as a result, CESS may face constraints in mobilizing funds

required for capital investment, network strengthening, system improvements, and technology upgradation.

Petitioner's Replies

- 3.1.5 Petitioner submitted that its area of operation covers the entire Rajanna Sircilla district, which is predominantly rural in nature, where agriculture is largely dependent on borewells and stated that the increase in subsidy requirement is mainly due to the Government policy of providing free power supply to the agriculture sector.
- 3.1.6 Further submitted that agricultural consumption has increased significantly over the years i.e., 352.85 MU in 2014, which increased to 717.95 MU by the end of FY 2024-25, reflecting an increase of 103.47% and the increase in subsidy requirement is primarily due to the growth in agriculture consumption and the continuation of free power policy, along with cross-subsidy support to domestic consumers and hence the subsidy requirement should not be interpreted as financial unsustainability of the utility
- 3.1.7 Petitioner also submitted that it is not correct to state that financial institutions are unwilling to extend loans to the Society and clarified that CESS has not approached financial institutions for sanction of loans in recent times. However, REC Limited, New Delhi, has sanctioned a loan to CESS for the implementation of High Voltage Distribution System (HVDS) works in the agriculture sector and also submitted that it has been supplying reliable electricity to its member consumers and has been implementing the directives issued by the Commission from time to time.

Commission's Analysis and Findings

- 3.1.8 The Commission directs the management to take appropriate measures to improve operational efficiency, strengthen revenue realization, and ensure prudent financial management in order to reduce the revenue gap to the extent possible and also expects management to continue efforts towards modernization and strengthening of its distribution network so as to ensure reliable power supply to consumers. The Commission directs the management to submit a report on measures proposed to improve operational efficiency, strengthen revenue realization.

Merger of CESS with TGNPDCL

Stakeholder's Submissions

- 3.1.9 The stakeholders submitted that the Commission, vide Letter No. Lr.No. TSERC/Secy/Tariff/F.No.E-500730/D.No.139/24 dated 21.02.2024, had addressed a communication to the Principal Secretary, Energy Department, Government of Telangana, regarding the merger of the Cooperative Electric Supply Society (CESS)

with TGNPDCL ,that no further action has been taken on the matter till date and requested to provide present status and details regarding the proposed merger.

- 3.1.10 Earlier, based on audit information , CESS stated that records relating to the stores section and expenditure section prior to April 2020 were not available with the Society. However, during the 49th CESS Mahasabha held on 08.06.2023, the accounts for the period from 01.04.2018 to 31.03.2022, including income and expenditure, assets and liabilities, and other financial statements, were audited by the District Audit Officer of the Cooperative Department. The audit certificate was obtained and the accounts were placed before the Mahasabha and approved. In this regard, stakeholders expressed concern regarding the earlier statement that records prior to April 2020 were not available.
- 3.1.11 Some stakeholders also alleged that multiple irregularities exist in the functioning of CESS and requested to conduct a comprehensive investigation into its operations and financial management.
- 3.1.12 It was further submitted that, during Public Hearings, examination of the books of accounts of CESS indicated possible large-scale irregularities. Despite raising concerns during previous Public Hearings , no action had been taken .
- 3.1.13 One stakeholder submitted that he had served as a representative of CESS for five years and had earlier brought similar concerns regarding alleged irregularities to the notice of the Commission but mentioned no action was taken.
- 3.1.14 It was also submitted that, as per available reports, CESS has outstanding arrears of approximately Rs. 1,221.16 Crores payable to TGNPDCL. Further, the Government of Telangana has provided subsidy support of Rs. 7.00 Crores to CESS as on 01.01.2026. Despite such support, stakeholders stated that CESS continues to remain financially stressed, and liquidation of its assets may not be sufficient to clear its liabilities. Accordingly, in order to safeguard consumer interests and ensure improved service quality stakeholders requested the Commission to recommend immediate merger of CESS with TGNPDCL to prevent further financial losses and ensure better management of the electricity distribution system.

Petitioner's replies :

- 3.1.15 Petitioner submitted that the decision regarding continuation or merger of the Society with TGNPDCL is a policy decision of the Government of Telangana, and the same falls within the domain of the State Government.
- 3.1.16 Further, clarified that the records relating to the stores section were submerged in floods

during the year 2019 and are presently not in a readable form and stated that there is no reason for any suspicion regarding financial transactions of the Stores Section, as all financial transactions are carried out strictly through account payee cheques.

- 3.1.17 Petitioner submitted that the allegation that it is not providing proper services to consumers is incorrect and submitted that petitioner is providing electricity supply and related services to its consumers in a timely and efficient manner irrespective of its financial position.
- 3.1.18 Further submitted that it has been rendering services to consumers for more than 55 years and reiterated that the decision regarding its continuation or reorganization is a matter to be decided by the State Government.
- 3.1.19 With regard to financial transparency, petitioner stated that all financial transactions of the Society are subject to audit by the auditors of the Cooperation Department, Government of Telangana and after completion of the audit, the concerned officials issue the audit certificates in accordance with the applicable procedures. Further denied the allegations of corruption or financial irregularities and stated that such allegations have been made without any supporting evidence. The outstanding dues payable by CESS, Sircilla to TGNPDCL comprises Rs. 687.23 Crores towards principal and Rs. 546.44 Crores towards surcharge. The surcharge component has increased mainly due to the non-release of Government subsidies payable to TGNPDCL and at the same time, the Society has receivables amounting to Rs. 709.25 Crores towards principal and Rs. 206.02 Crores towards surcharge from consumers and Government.

Commission's Analysis and Findings

- 3.1.20 The Commission observes that the matter relating to the merger of CESS with TGNPDCL falls within the policy domain of the Government of Telangana. However, the Commission notes that consumer interest, quality of supply, and financial discipline in the electricity distribution system must be ensured at all times.

Operational, Revenue and Governance Concerns

Stakeholder's Submissions

Operational Inefficiencies:

- 3.1.21 The stakeholders submitted that the O&M expenses of CESS have increased significantly in recent years without corresponding improvements in operational efficiency or productivity and mentioned that employee costs have increased by about 25%, while Repair and Maintenance (R&M) expenses have increased by about 230%,

which indicates an accumulation of deferred maintenance works.

Component	Earlier (Rs. Cr)	Current (Rs. Cr)	Increase	Observation
Employee Cost	40.14	50.18	25%	No demonstrated productivity improvement
R&M Cost	3.03	10.01	230%	Indicates deferred maintenance backlog
Total O&M Growth	—	—	+32.9% (over 2 years)	Significant rise without efficiency gains

3.1.22 Further, the stakeholder submitted that the per-MU O&M cost of CESS is higher compared to other DISCOMs in Telangana, as shown below.

Utility	O&M Cost (Rs./MU)
CESS	5.52
TGNPDCL / TGSPDCL	3.5 – 4.0

3.1.23 The stakeholder also raised concerns regarding capital investment and project execution, stating that a significant portion of capital expenditure has not been capitalized and that technology adoption remains limited.

Parameter	Status	Concern
Capitalization Rate	52.6% only	Nearly half of capex not capitalized
Work-in-Progress (WIP)	Rs. 84.12 Cr	122% increase in 2 years
Technology Allocation	Zero	No SCADA, Smart Metering, GIS, Digital Billing
REC Loan	Declined from Rs. 21.24 Cr to Rs. 16.48 Cr	No new borrowings; weak lender confidence

Revenue and Loss Concerns :

3.1.24 The stakeholders submitted that there is lack of clarity between billing and collection data, which may affect transparency in revenue realization.

Parameter	Value
Agriculture Share of Sales	70.90%
Energy Sold	824.20 MU
Unmetered Agriculture	70%
Subsidy per Farmer	Rs. 55.46 per month

3.1.25 The stakeholder further submitted as follows :

- The AT&C loss of 7.14% reported by CESS may be understated.
- Feeder-level and Distribution Transformer level energy audits are not adequately carried out.
- An independent third-party audit of losses may be required.

Governance and Management Gaps:

3.1.26 The stakeholder also raised concerns regarding institutional capacity and governance practices in CESS as :

Metric	CESS (2026-27)	Standard	Gap
Board remuneration	Rs. 0.02 Cr	Rs. 0.5–1.0 Cr	Inadequate for full-time oversight
Training budget	Rs. 0.00 Cr	Rs. 0.5–1.0 Cr (10% of salary)	No capacity building
Audit charges	Rs. 0.25 Cr	Rs. 0.5–1.0 Cr	Limited scope
KPI reporting	None	Mandatory quarterly	Non-transparent
Consumer grievance redressal	Not disclosed	<15 days (TGERC standard)	Likely 60–90 days

3.1.27 Further submitted that CESS presently lacks adequate institutional capacity to implement modern distribution reforms such as Demand Side Management (DSM), smart metering, SCADA systems, GIS-based asset management and digital network monitoring and opined that implementation of such reforms may be difficult under the present standalone operational framework.

3.1.28 The stakeholder submitted that merger of CESS with TGNPDCL may result in operational, technological and financial benefits, including improved outage management, smart metering deployment, improved grievance redressal and reduction in subsidy burden and also submitted that integration with TGNPDCL may facilitate adoption of advanced technologies, improved operational systems and structured implementation of Demand Side Management (DSM) measures.

3.1.29 Further suggested that the Commission may consider to direct CESS regarding implementation of DSM programmes, smart metering, energy audits and operational reforms in the CESS area.

Petitioner's replies :

3.1.30 Petitioner submitted that its operational performance is satisfactory and is providing reliable electricity supply to its consumers and mentioned that the observations made

by the stakeholder regarding operational inefficiencies are not correct.

3.1.31 Further submitted that advanced systems such as smart metering, SCADA and GIS are not fully implemented even in many rural areas served by DISCOMs, and conveyed that absence of such systems cannot be treated as an indicator of poor performance.

3.1.32 Petitioner also stated that it has been utilizing available digital systems and operational practices to serve its member consumers efficiently and submitted that it is implementing sectoral reforms in a phased manner in accordance with the directions issued by the Commission from time to time, and will continue to improve its operational systems and service delivery.

Commission's Analysis and Findings

3.1.33 The Commission has examined the submissions of the stakeholders and the replies of management regarding operational performance, revenue realization and governance practices

3.1.34 Management shall also ensure timely completion and capitalization of capital works and strengthen energy accounting and auditing at feeder and distribution transformer levels to improve transparency in billing, collection and loss assessment. The Commission further advises management to strengthen institutional capacity and gradually adopt modern technologies such as smart metering, SCADA, GIS and Demand Side Management measures.

Escrow Account

Stakeholder's Submissions

3.1.35 One of the stakeholders submitted that the Commission, in its Order dated 29.04.2025 on Revised ARR / Expected Revenue from Charges for FY 2025-26 of CESS, had directed the establishment of an Escrow Account through TGNPDCL. However, the said Escrow Account has not been opened by CESS so far and submitted that CESS has arrears payable to TGNPDCL amounting to approximately Rs. 900 Crores and requested the Commission to direct CESS to establish the Escrow Account immediately in accordance with the Commission's earlier directions.

Petitioner's replies :

3.1.36 Petitioner submitted that, as per its ARR, the power purchase bill is issued by TGNPDCL after adjusting the tariff subsidy receivable from the Government. The Government deposits tariff subsidy of Rs. 31.45 Crores per month to TGNPDCL. In addition, subsidy towards Gruha Jyothi consumers, averaging about Rs. 4.50 Crores per

month, is also deposited with TGNPDCL. Thus, the total subsidy payable by the Government to TGNPDCL amounts to about Rs. 35.95 Crores per month.

3.1.37 Further submitted that the average monthly power purchase cost is about Rs. 41.94 Crores. After adjusting the Government subsidy of Rs. 35.95 Crores, the net amount payable by petitioner towards power purchase comes to approximately Rs. 5.99 Crores per month.

3.1.38 Petitioner also submitted that it collects an average of Rs. 15.88 Crores per month from consumers towards electricity charges, out of which approximately Rs. 9 to Rs. 10 Crores per month is paid to TGNPDCL and therefore, petitioner stated that the allegation that the Society is arbitrarily utilizing funds is not correct.

Commission's Analysis and Findings

3.1.39 The Commission, in its earlier Order, had directed TGNPDCL and CESS management to establish a suitable payment mechanism, such as an Escrow arrangement or any other appropriate alternative, to ensure timely payment of power purchase dues. The Commission reiterates the said direction and advises both TGNPDCL and management to take necessary steps to implement an appropriate payment mechanism to ensure timely settlement of dues.

Additional issues raised by stakeholders:

Stakeholder's Submissions

3.1.40 The stakeholder submitted that the Commission, vide letter dated 29.09.2025, raised concerns regarding non-collection of billing for consumption exceeding 25 HP in SSI (powerloom) units, and requested the Commission to obtain details from CESS and ensure compliance.

3.1.41 It was further submitted that several complaints have been filed before the Commission against CESS.

3.1.42 One of the stakeholder requested that quality meters be arranged for CESS consumers similar to those provided by TGNPDCL.

3.1.43 Further submitted that the revenue gap of Rs. 471 Crores shown as Government subsidy has not been properly substantiated, and requested details of total billing, Government subsidy released, monthly subsidy payments and the cash flow position of CESS.

3.1.44 Stakeholder opined that the power purchase cost appears higher than the ARR of CESS and requested to furnish detailed power purchase cost from TGNPDCL vis-à-vis market rates.

- 3.1.45 One of the stakeholder has requested for information on a) compliance status of the Commission's directives b) Demand Side Management (DSM) measures and safety measures c) case-wise accident details along with causes d) substantiation of measures proposed by CESS to bridge the revenue gap through operational efficiency.
- 3.1.46 One of the stakeholder requested that all departmental communications and information relating to the electricity department be issued in Telugu language for better understanding by consumers.
- 3.1.47 One of the stakeholders welcomed the introduction of Uniform Service Line Charges for LT category and requested that Uniform Service Line Charges may also be introduced for the HT category and that requested to address the procedural difficulties faced by construction sector builders while obtaining service connections.
- 3.1.48 The stakeholder requested that Deputy Executive Engineers and Superintending Engineers be held accountable for electrical accidents caused due to administrative lapses and also requested for enhancement of ex-gratia compensation from Rs. 5 lakhs to Rs. 8 lakhs.
- 3.1.49 It was submitted that the company has not proposed any tariff hike despite incurring heavy losses, and requested to revise that tariffs rationally by considering increasing costs.
- 3.1.50 One of the stakeholder sought clarification regarding recovery of arrears under Government Lift Irrigation (HT-4 category).
- 3.1.51 It was submitted that adequate awareness about Consumer Grievance Redressal Forum (CGRF) is not being created, and requested installation of awareness boards in offices and Gram Panchayats along with financial support for consumer awareness programmes.
- 3.1.52 The stakeholder also raised concerns regarding salary disparities among field level employees and requested revision of salaries of artisan employees.
- 3.1.53 Stakeholders raised several issues relating to agriculture transformers, overloading of DTRs, installation of additional transformers, charges payable by farmers and delays in payment of ex-gratia compensation in cases of electrical accidents involving farmers. It was requested that compensation be processed quickly based on death certificates and without procedural delays and also raised concern that electric lines are being erected through private agricultural fields without consent and mentioned that amounts are being demanded for shifting such lines.
- 3.1.54 Several stakeholders raised concerns regarding overloaded transformers, loose lines,

damaged poles, lines passing over houses and delays in shifting electric lines, which were causing safety hazards and damage to agricultural equipment, voltage fluctuations, delay in release of agricultural connections due to shortage of materials, electricity theft, infrastructure development including substations, CGRF functioning, toll-free number accessibility, Prajavani meetings, meter reading irregularities, and pending consumer grievances.

- 3.1.55 Some stakeholders also requested for the construction of new substations, strengthening of transmission lines, establishment of vigilance units to prevent electricity theft, improvement of consumer awareness programmes and transparent disclosure of subsidies, loans, legal disputes and financial status of CESS.
- 3.1.56 Some stakeholders also suggested development of renewable energy sources such as solar, wind and hydro generation within the CESS jurisdiction to reduce losses.
- 3.1.57 Few stakeholders expressed that CESS should not be merged with TGNLDCL as the operational challenges can be addressed through proper planning and administrative reforms and opined that merger may not be an appropriate solution, Further stated that CESS has been functioning for several decades and the present management is making efforts to improve the system, and therefore requested to allow the organization to continue independently.

Petitioner's replies :

- 3.1.58 Petitioner submitted that a detailed report regarding the SSI billing issue has already been submitted to the Commission vide letter dated 14.10.2025 and stated that quality meters are being provided to consumers on par with those supplied by TGNPDCL.
- 3.1.59 Further submitted that the revenue gap has been duly assessed and requested from the Government of Telangana, and that it will abide by the directions of the Commission regarding the revenue gap. Petitioner also stated that it is continuously striving to reduce the gap through power purchase optimization and improvement in operational efficiency and stated that subsidy details for various consumer categories have been furnished in annexures.
- 3.1.60 It is submitted that power is being purchased from TGNPDCL at Rs. 4.77 per unit as approved by the Commission in the Tariff Order for FY 2025-26, and requested to reduce power purchase cost by at least Rs. 1.00 per unit.
- 3.1.61 Further mentioned that the status of implementation of Commission directives has already been furnished as part of the ARR filings.
- 3.1.62 With regard to DSM and safety measures, petitioner submitted that 600 kVAR capacitor

banks are installed on several 11 kV feeders to support reactive power requirements and improve voltage profile and also submitted that new agricultural services are being released by following DSM measures with mandatory ISI pump sets.

- 3.1.63 Petitioner further submitted that several safety works were undertaken during FY 2025-26, including erection of 1,768 middle poles for loose line rectification, installation of 2,206 new poles in place of damaged poles, rectification of 18 DTR structures, raising of 13 DTR plinth heights and renovation of 396 DTR earthing systems.
- 3.1.64 Petitioner stated that accident details along with cause-wise analysis have been furnished in the replies to the objections.
- 3.1.65 Further submitted that it is continuously improving operational efficiency through loss reduction measures and power purchase optimization, as detailed in the Operational Performance chapter of the ARR filings.
- 3.1.66 With regard to consumer complaints, petitioner submitted that 3,920 complaints were received and resolved during FY 2024-25, and during FY 2025-26 (up to January 2026) 2,965 complaints were received, 2,956 resolved and 9 are under rectification also submitted that details of consumer accidents along with ex-gratia sanction statements have been furnished.
- 3.1.67 Petitioner submitted that necessary steps have been taken to issue official correspondence in Telugu language, and the same will be implemented as directed by the Commission.
- 3.1.68 Petitioner submitted that necessary action will be taken in accordance with the Uniform Service Line Regulations, 2026, subject to approval of the General Body and the Commission wherever applicable regarding Uniform Service Line Charges for LT category and also mentioned that introduction of Uniform Service Line Charges for HT category falls within the jurisdiction of the Commission and stated that it will be dealt in accordance with the directions issued by the Commission.
- 3.1.69 Further submitted that ex-gratia payments are being made in compliance with the directions of the Commission upon submission of required documents in case of electrical accidents, and mentioned that enhancement of compensation falls under the jurisdiction of the Commission. It was also submitted that inquiries are conducted after every accident and action is taken against responsible officials.
- 3.1.70 With regard to tariff matters, petitioner submitted that category-wise tariff rates are being implemented strictly as approved by the Commission, and tariff determination falls within the jurisdiction of the Commission.

- 3.1.71 Petitioner further submitted that a loan of Rs. 19.26 Crores has been sanctioned by REC Limited at an interest rate of 11.61% per annum.
- 3.1.72 Petitioner submitted that flex banners will be arranged at field level to create awareness among consumers regarding the CGRF mechanism and toll-free grievance systems and mentioned that steps are being taken to strengthen grievance redressal mechanisms.
- 3.1.73 Further submitted that salary and allowances of CESS employees are being implemented on par with those of TGNPDCL in accordance with CESS Employees Service Regulations and submitted that overloading of agriculture transformers generally occurs due to usage of motors exceeding sanctioned load or use of substandard motors, and requested stakeholders to provide specific details and ensured to take corrective action.
- 3.1.74 Petitioner stated that charges payable by farmers are determined as per Regulation 1 of 2026, and necessary action will be taken accordingly, further clarified that petitioner functions under the provisions of the Telangana State Cooperative Societies Act, 1964 and the Electricity Act, 2003.
- 3.1.75 Regarding allegations of corruption and irregularities, petitioner submitted that appropriate inquiries will be conducted if evidence is provided, and APTS authorities have been requested to conduct investigations where necessary.
- 3.1.76 Further submitted that employee deployment and administrative decisions are internal matters of the organization, and stated that there is shortage of staff in the organization, and proposals for recruitment have already been submitted but approval has not yet been received. Since the jurisdiction of CESS is limited and the available staff strength is small, transfers to distant locations are not feasible and only a limited number of employees are available to manage the concerned works.
- 3.1.77 With regard to infrastructure and safety issues such as loose lines, overloaded transformers and damaged poles, petitioner stated that field inspections will be conducted and corrective works will be undertaken wherever required.
- 3.1.78 Petitioner also submitted that materials for new connections are supplied by the organization itself and clarified that farmers are not required to make additional payments to contractors, and any unauthorized collections will be refunded upon inquiry.
- 3.1.79 With regard to infrastructure development such as substations, transmission lines and office buildings, petitioner submitted that necessary proposals have been submitted to TRANSCO and concerned authorities for further action.

3.1.80 Petitioner also clarified that financial assistance schemes, subsidies and operational details have been submitted as part of ARR filings, and that loans have been obtained from REC Limited for system improvements.

3.1.81 Regarding voltage fluctuation issues, meter reading concerns and pending agricultural connections, petitioner stated that necessary technical measures and surveys will be undertaken to resolve the issues.

3.1.82 Petitioner also submitted that they are exploring renewable energy initiatives under schemes such as PM-KUSUM Component-A and PM Surya Ghar, and denied allegations of corruption.

Commission's Analysis and Findings

3.1.83 The Commission has taken note of the objections raised by the stakeholders and also responses submitted by the management and directs the management to ensure proper billing for SSI units, maintain transparency in subsidy claims and power purchase details, and continue compliance with the directives issued by the Commission from time to time. The Commission directs the management to strengthen Demand Side Management initiatives, safety measures and operational efficiency, and to ensure timely redressal of consumer complaints and proper maintenance of accident records.

3.1.84 Commission directs the management to issue important communications in Telugu language for better consumer awareness and also advises to strengthen consumer awareness programmes.

3.2 SALES

Petitioner's Submissions

3.2.1 The petitioner has projected the category-wise sales for FY 2026-27 using the trend method. Under this approach, the petitioner has considered the historical growth trend observed in the sales of various consumer categories. However, for certain categories where the historical Compound Annual Growth Rate (CAGR) was found to be erratic, a reasonable manual growth rate has been applied for the purpose of projections. Further, the projections of agricultural sales for FY 2026-27 have been made based on the connected load. The actual sales for FY 2024-25, estimates for FY 2025-26, and projections for FY 2026-27 are presented in the table below:

Table 3.1 Sale of Energy and Loss claimed by petitioner for FY 2026-27

Particulars	2024-25		2025-26		2026-27	
	(Actuals)		(Estimated)		(Projections)	
	MU	%	MU	%	MU	%
Metered Sales	307.93	28%	318.46	26%	338.18	27%
LT Agricultural Sales	717.95	64%	792.65	66%	824.20	66%
Total Sales	1,025.88	92%	1,111.11	92%	1,162.38	93%
ADD: Distribution Losses	91.86	8.00%	91.63	7.62%	89.43	7.14%
Society Input	1,117.74	100%	1,202.74	100%	1,251.81	100%

Commission’s Analysis and Findings

- 3.2.2 The Commission has examined the methodology adopted by the management for projection of total sales for FY 2026-27. For all the categories except LT-V category (Agriculture), the Commission has considered the actual sales for FY 2024-25 and the estimated sales for FY 2025-26 based on available actual data for the first half of the year and computed the Compound Annual Growth Rate (CAGR) over an appropriate historical period for projecting category-wise sales. In cases where the calculated growth trend was negative or inconsistent, a reasonable minimum growth assumption has been considered. Further, wherever the projected sales exceeded the sales claimed by the management, the projections have been limited to the level claimed by the management.
- 3.2.3 For LT-V (Agriculture), category, the Commission has analysed details of number of service connections as provided by the management and approved the sales by considering the operational period of 180 days at 11 hours per day.

Table 3.2 Category wise sales claimed and approved for FY 2026-27

(in MU)

Sl.No.	Category	Claimed	Approved
1	Domestic-I	193.07	193.27
2	Comml-II	39.76	39.80

Sl.No.	Category	Claimed	Approved
3	Industrial-III	12.15	10.77
4	Cott.Inds-IV	26.87	20.63
5	Agl.	824.20	688.17
6A	St.Lights	5.27	5.50
6B	Water Works	18.36	18.36
7	General	3.31	3.21
8	Temporary Supply	-	-
9	EV Charging Stations	0.01	-
	LT Total	1,123.00	979.71
1	HT-I(A): Industry (General)	34.26	34.22
2	HT-II(A): Others	4.18	4.18
3	HT-II(B): Wholly Religious places	-	-
4	HT-III: Airports, Bus Stns& Rly Stns.	-	-
5	HT-IV(A): Lift Irrigation & Agriculture	-	-
6	HT-IV(B): CPWS	0.61	0.68
7	HT-VI: Townships & Res. Colonies	-	-
8	HT-VII: Temporary Supply	0.34	0.34
	HT Total	39.39	39.41
	Total Sales (LT+HT)	1,162.39	1,019.12
	Losses upto 11kV	89.43	87.98
	Energy Requirement	1,251.81	1,107.10

3.3 POWER PURCHASE REQUIREMENT AND COST

Petitioner's Submissions

3.3.1 The petitioner has claimed the power purchase cost of Rs. 597.12 Crores for FY 2026-27.

Commission's Analysis and Findings

3.3.2 The Commission has considered loss level of 8.633% grossed up from LT and 11kV levels for FY 2026-27 to arrive at quantum of power required to be purchased.

3.3.3 The Commission in its Order on approval of retail supply tariffs for FY 2026-27 has approved the tariff of Rs.4.77/kWh for sale of energy by TGNPDCL to HT-VIII CESS category under which the management avails supply. Accordingly, the power purchase quantum and Cost approved by the Commission is given in table below:

Table 3.3: Power Purchase Requirement and Power Purchase Cost claimed and approved for FY 2026-27

(Rs. Crores)

Particulars	Claimed	Approved
Power Purchase Quantum (in MUs)	1,251.82	1,107.10
Power Purchase Rate (Rs. /kWh)	4.77	4.77
Power Purchase Cost (Rs. Crores)	597.12	528.09

3.4 CAPITAL EXPENDITURE AND CAPITALISATION

Petitioner's Submissions

3.4.1 Petitioner submitted that based on the capex as proposed, the capitalization proposed for FY 2026-27 is as follows:

Table 3.4: Capitalization claimed for FY 2026-27

(Rs. Crores)

Particulars	Amount
Opening Capital Work in Progress	70.63
Capital Expenditure during the year	28.49
Capitalisation during the year	15.00
Closing Capital Work in Progress	84.12

Commission's Analysis and Findings

3.4.2 The Commission has considered the Opening balance of Capital Work in Progress (CWIP) for FY2024-25 as approved in the MYT Order for FY2024-25 dated 28.10.2024 and after prudent check of the audited accounts submitted by the management, the Commission has considered the capitalisation proposed by the management as per actuals for FY 2024-25 and based on FY 2025-26 projections, arrived the capitalisation for FY 2026-27. The capital expenditure and capitalisation proposed by management and approved by the Commission for FY 2026-27 is as follows:

Table 3.5: Capitalisation claimed and approved for FY 2026-27

(Rs. Crores)

Particulars	Claimed	Approved
Opening Capital Work in Progress	70.63	48.71
Capital Expenditure during the year	28.49	28.49

Particulars	Claimed	Approved
Capitalisation during the year	15.00	15.00
Closing Capital Work in Progress	84.12	62.20

3.5 OPERATION AND MAINTENANCE (O&M) EXPENSES

Petitioner's Submissions

3.5.1 The O&M expenses claimed by CESS for FY 2026-27 is as follows:

Table 3.6: O&M Expenses claimed for FY 2026-27

(Rs. Crores)

Particulars	Amount
Employee Cost	50.18
A&G Cost	3.98
R&M Cost	10.01
O&M Expenses	64.17

Commission's Analysis and Findings

3.5.2 Clause 81 of Regulation No. 2 of 2023 details the provisions related to O&M Expenses. The relevant extract of the regulation is as follows :

“81. OPERATION AND MAINTENANCE COSTS

81.1 The Operation and Maintenance Expense for Distribution Business shall comprise

of the following:

Employee Cost including unfunded past liabilities of pension and gratuity;

Repairs and Maintenance (R&M) expenses; and

Administrative and General (A&G) expenses.

81.2 The O&M expenses for distribution licensee for each year of the Control Period

shall be approved based on the formula shown below:

$$O\&M_n = EMP_n + R\&M_n + A\&G_n$$

Where,

O&M_n – Operation and Maintenance expense for the nth year;

EMP_n – Employee Cost for the nth year;

R&M_n – Repair and Maintenance Costs for the nth year;

A&G_n – Administrative and General Costs for nth year;

81.3 The above components shall be computed in the manner specified below:

$EMP_n = (EMP_{n-1}) \times (CPI \text{ Inflation});$

$R\&M_n = k (GFA_n) \times (WPI \text{ Inflation});$

$A\&G_n = (A\&G_{n-1}) \times (WPI \text{ Inflation});$

Where,

EMP_{n-1} – Employee Costs for (n-1)th year;

'k' is constant specified by the Commission in %. Value of k each year of control period shall be determined by the Commission in MYT Order based on the distribution licensee's filing, benchmarking of repair and maintenance expenses, approved repair and maintenance expenses vis-à-vis GFA approved by the Commission in past and any other factor considered appropriate by the Commission;

GFA_n – Opening Gross Fixed Asset of the distribution system for nth year;

$A\&G_{n-1}$ – Administrative and General Cost for (n-1)th year;

CPI – is point to point change in Consumer Price Index for Industrial Workers (all India) as per Labour Bureau, Government of India; in case CPI Inflation is negative, the escalation /change shall be 0%;

WPI -is the point change in the Wholesale Price Index (WI) as per the Office of Economic Advisor of Government of India;

Provided that the employee cost and A&G expenses for the first year of the Control Period shall be worked out considering the average of the trued-up expenses after adding/deducting the share of efficiency gains/losses, for the immediately preceding Control Period, excluding abnormal expenses, if any, subject to prudence check by the Commission, and duly escalating the same for 3 years with CPI Inflation for employee costs and WPI Inflation for A&G expenses. ”

- 3.5.3 The Commission has taken note of the submissions of the stakeholders and has scrutinized the O&M expenses claimed by the management. The Commission observed that O&M Expenses claimed by the management are not in accordance with Clause 81 of Regulation No. 2 of 2023.

Employee Cost

- 3.5.4 In accordance to proviso of Clause 89.3 of Regulation 2 of 2023, the Commission after prudence check has considered the employee expenses approved for FY 2025-26 vide Order dated : 29.04.2025. Further the employee cost of FY 2025-26 has been escalated with CPI inflation factor of 5.79% as approved in MYT order dated 28.10.2024 to arrive at Employee cost of FY 2026-27. The normative employee cost computed for FY 2026-

27 is shown below:

Table 3.7 Normative Employee Cost computed for FY 2026-27
(Rs. Crores)

Employee Cost for FY 2025-26	CPI Inflation	Employee Cost for FY 2026-27
(a)	(b)	$a*(1+b)$
40.10	5.79%	42.42

A&G Expenses

3.5.5 In accordance to proviso of clause 89.3 of Regulation No.2 of 2023, the Commission after prudence check has considered the A&G expenses approved for FY 2025-26 vide Order dated : 29.04.2025. Further the A&G expenses of FY 2025-26 has been escalated with WPI inflation factor of 4.93% as approved in MYT order dated 28.10.2024 to arrive at A&G Expenses of FY 2026-27. The details of computed A&G Expenses for FY 2026-27 is as shown in table below:

Table 3.8: Normative A&G Expenses computed for FY 2026-27
(Rs. Crores)

A&G Expenses for FY 2025-26	WPI Inflation	A&G Expenses for FY 2026-27
(a)	(b)	$a*(1+b)$
3.28	4.93%	3.45

R&M Expenses

3.5.6 The Commission has considered the K factor of 3.52% and WPI inflation factor of 4.93% as approved in MYT Order dated 28.10.2024. The normative R&M Expenses of FY 2026-27 is computed by multiplying the opening GFA for FY 2026-27 with K factor and WPI inflation factor. The details of computed R&M Expenses for FY 2026-27 are shown in table below:

Table 3.9: Normative R&M Expenses computed for FY 2026-27
(Rs. Crores)

K	Opening GFA	WPI Inflation	R & M Expenses
(a)	(b)	(c)	$a*b*(1+c)$
3.52%	267.06	4.93%	9.86

3.5.7 Based on the above the O&M Expenses approved for FY 2026-27 is as shown below:

Table 3.10 O&M expenses claimed and approved for FY 2026-27
(Rs. Crores)

Particular	Claimed	Approved
Employee costs	50.18	42.42
A&G Expenses	3.5*	3.45
R&M Expenses	10.31*	9.86
O&M Expenses	63.99	55.73

* Revised claim as per additional information as submitted by the management.

3.6 Depreciation

Petitioner's Submissions

3.6.1 Petitioner submitted that the depreciation for FY 2026-27 considering the depreciation rate in accordance with the MYT Regulation No. 2 of 2023. The depreciation claimed by CESS for FY2026-27 is as follows:

Table 3.11 Depreciation claimed for FY 2026-27 by CESS
(Rs. Crores)

Particular	Claimed
Depreciation	10.68

Commission's Analysis and Findings

3.6.2 Clause 28 of Regulation 2 of 2023 specifies the provisions related to Depreciation. The relevant extract of the Regulation is as follows:

“28 Depreciation

28.1 The generating entity, licensee, and SLDC shall be permitted to recover depreciation on the value of fixed assets used in their respective regulated businesses, computed in the following manner:

(a) The approved original cost of the fixed assets shall be the value base for calculation of depreciation:

Provided that the depreciation shall be allowed on the entire capitalized amount of the new assets after reducing the approved original cost of the retired or replaced or decapitalized assets.

(b) Depreciation shall be computed annually based on the straight-line method on the basis of the expected useful life specified in the Annexure I to this Regulation.

(c) The salvage value of the asset shall be considered at ten per cent of the allowable capital cost and depreciation shall be allowed up to a maximum of ninety per cent of the allowable capital cost of the asset:

Provided that the generating entity or Licensee or SLDC shall submit certification from the Statutory Auditor for the capping of depreciation at ninety per cent of the allowable capital cost of the asset:

Provided further that the salvage value of Information Technology equipment and computer software shall be considered at zero per cent of the allowable capital cost.

28.2 Land other than the land held under lease and the land for reservoir in case of hydel Generating Station shall not be a depreciable asset and its cost shall be excluded from the capital cost while computing depreciable value of the assets.

28.3 In case of existing assets, the balance depreciable value as on 01.04.2024 shall be worked out by deducting the cumulative depreciation as admitted by the Commission up to 31.03.2024 from the gross depreciable value of the assets:

Provided that depreciation shall be chargeable from the first year of commercial operation. In case of commercial operation of the asset for part of the year, depreciation shall be charged on pro rata basis.

28.4 The generating entity or Licensee or SLDC shall submit the depreciation computations separately for assets added up to 31.03.2024 and assets added on or after 01.04.2024.

28.5 Depreciation allowed for each year of the Control Period shall be deemed to be equal to the loan repayment, up to the ceiling of seventy five percent (75%) of asset cost or actual debt component used for funding such asset in case the debt funding is higher than seventy five percent (75%) of the asset cost:

Provided that depreciation allowed for each year of the Control Period beyond seventy five percent (75%) of asset cost or actual debt component used for funding such asset in case the debt funding is higher than seventy five percent (75%) of the asset cost, shall be utilized for reduction of equity during that year.....”

- 3.6.3 As per clause 28.3 and 28.4 of MYT Regulation No. 2 of 2023, the management has not shown the depreciation separately for assets added up to 31.03.2026 and assets added on or after 01.04.2026 and also as per clause 28.5 of MYT Regulation No 02 of 2023, the management has not shown the depreciation separately within 75% and

beyond 75%. In line with the provisions of the regulation, the Commission has recomputed the depreciation on approved GFA based on straight line method and expected useful life specified in the Annexure I of Regulation No. 2 of 2023.

The depreciation as approved by the Commission for FY2026-27 is as follows:

Table 3.12: Depreciation claimed and approved for FY 2026-27
(Rs. Crores)

Particulars	Claimed	Approved
Opening GFA	282.06	267.06
Closing GFA	297.06	282.06
Depreciation	10.68	15.08

3.7 INTEREST AND FINANCE CHARGES ON LOANS

Petitioner's Submissions

3.7.1 CESS have computed the Interest and Finance Charges on Loan considering the normative opening loan, normative loan addition during the year and average interest rate of 11.15%. The Interest and finance charges on Loan claimed for FY2026-27 is summarized below:

Table 3.13: Interest and finance charges on Loans claimed for FY 2026-27
(Rs. Crores)

Particulars	Amount
Opening Balance of Gross Normative Loan	18.86
Cumulative Repayment till the year	-
Opening Balance of Net Normative Loan	18.86
Addition of Normative Loan due to capitalisation during the year	0.00
Repayment of Normative loan during the year	2.38
Closing Balance of Net Normative Loan	16.48
Closing Balance of Gross Normative Loan	-
Average Balance of Net Normative Loan	-
Weighted average Rate of Interest on actual Loans (%)	11.15%
Interest	2.00
Finance charges	0.00
Total Interest & Finance charges	2.00

Commission's Analysis and Findings

3.7.2 Clause 31 of Regulation No. 2 of 2023 specifies the provisions related to Interest and Finance Charges on Loan. The relevant extract of the Regulation is as follows:

“31.1 The loans arrived at in the manner indicated in clause 27 on the assets put to use shall be considered as gross normative loan for calculation of interest on loan:

Provided that in case of retirement or replacement or de-capitalisation of assets, the loan capital approved as mentioned above, shall be reduced to the extent of outstanding loan component of the original cost of such assets based on documentary evidence.

31.2 The normative loan outstanding as on 01.04.2024, shall be worked out by deducting the cumulative repayment as admitted by the Commission up to 31.03.2024, from the gross normative loan.

31.3 The loan repayment during each year of the Control Period shall be deemed to be equal to the depreciation allowed for that year, up to the ceiling of seventy five percent (75%) of asset cost or actual debt component used for funding such asset in case the debt funding is higher than seventy five percent (75%) of the asset cost.

31.4 Notwithstanding any moratorium period availed, the repayment of loan shall be considered from the first year of commercial operation of the project and shall be equal to the annual depreciation allowed.

31.5 The rate of interest shall be the weighted average rate of interest computed on the basis of the actual long-term loan portfolio at the beginning of each year: Provided that at the time of Truing-up, the weighted average rate of interest computed on the basis of the actual long-term loan portfolio during the concerned year shall be considered as the rate of interest:

Provided further that if there is no actual long-term loan for a particular year but normative long-term loan is still outstanding, the last available weighted average rate of interest for actual long-term loan shall be considered:

Provided also that if the generating entity or the licensee or the SLDC, as the case may be, does not have actual long-term loan even in the past, the weighted average rate of interest of its other businesses regulated by the Commission shall be considered:

Provided also that if the generating entity or the licensee or the SLDC, as the case may be, does not have actual long-term loan, and its other businesses regulated by the Commission also do not have actual long-term loan even in the past, then the weighted average rate of interest of the entity as a whole shall be considered:

Provided also that if the entity as a whole does not have actual long-term loan, then the Base Rate at the beginning of the respective year shall be considered as

the rate of interest for the purpose of allowing the interest on the normative loan.

31.6 The interest on loan shall be computed on the normative average loan of the year by applying the weighted average rate of interest:

Provided that at the time of Truing-up, the normative average loan of the concerned year shall be considered on the basis of the actual asset capitalization approved by the Commission for the year.

31.7 The above interest computation shall exclude interest on loan amount, normative or otherwise, to the extent of capital cost funded by Consumer Contribution, Deposit Works, Grants or Capital Subsidy.

31.8 The finance charges incurred for obtaining loans from financial institutions for any Year shall be allowed by the Commission at the time of Truing-up, subject to prudence check:

Provided that the finance charges such as credit rating charges, collection facilities charges, financing cost of delayed payment surcharge, bank charges and other finance charges of similar nature shall be part of A&G expenses.

31.9 The excess interest during construction on account of time and/or cost overrun as compared to the approved completion schedule and capital cost or on account of excess drawls of the debt funds disproportionate to the actual requirement based on Scheme completion status, shall be allowed or disallowed partly or fully on a case to case basis, after prudence check by the Commission based on the justification to be submitted by the Generating Company or Transmission Licensee or Distribution Licensee along with documentary evidence, as applicable:

Provided that where the excess interest during construction is on account of delay attributable to an agency or contractor or supplier engaged by the generating entity or the transmission licensee, any liquidated damages recovered from such agency or contractor or supplier shall be taken into account for computation of capital cost:

Provided further that the extent of liquidated damages to be considered shall depend on the amount of excess interest during construction that has been allowed by the Commission:

Provided also that the Commission may also take into consideration the impact of time overrun on the supply of electricity to the concerned Beneficiary.

31.10 The generating entity or the licensee or the SLDC, as the case may be, shall

make every effort to re-finance the loan as long as it results in net savings on interest and in that event, the costs associated with such re-financing shall be borne by the Beneficiaries and the net savings shall be shared between the Beneficiaries and them in the ratio of 2:1, subject to prudence check by the Commission:

Provided that refinancing shall not be done if such refinancing including other costs associated with such refinancing results in net increase in interest:

Provided further that if refinancing is done and it results in net increase on interest, then the rate of interest shall be considered equal to the Base Rate as on the date on which the Petition for determination of Tariff is filed:

Provided also that the re-financing shall not be subject to any conditions that are not in line with standard loan documents:

Provided also that the generating entity or the licensee or the SLDC, as the case may be, shall submit documentary evidence of the costs associated with such re-financing:

Provided also that the net savings in interest shall be computed after factoring all the terms and conditions, and based on the weighted average rate of interest of actual portfolio of loans taken from Banks and Financial Institutions recognized by the

Reserve Bank of India, before and after re-financing of loans:

Provided also that the net savings in interest shall be calculated as an annuity for the term of the loan, and the annual net savings shall be shared between the entity and Beneficiaries in the specified ratio.

- 3.7.3 The Commission has considered closing loan of FY 2025-26 approved vide order dated 29.04.2025 of CESS to arrive opening loan base for FY 2026-27. Further, to derive addition of loans during FY 2026-27, in line with clause 27.1 of Regulation No. 2 of 2023, the Commission has considered the normative Debt: Equity ratio of 75%:25% on approved capitalization during the years. The interest rate is considered as 7.09% as approved in MYT order dated 28.10.2024. As management has not submitted the depreciation within 75% as per clause 28.5 of Regulation 2 of 2023, the Commission has computed the loan repayment as depreciation approved in preceding section. The Interest & Finance Charges on Loan approved for FY 2026-27 is as shown in table below:

Table 3.14: Interest and finance charges on Loans claimed and approved for FY 2026-27

(Rs. Crores)

Particulars	Claimed	Approved
Opening Balance of Net Normative Loan	18.86	28.22
Addition of Normative Loan due to capitalisation during the year	0.00	11.25
Repayment of Normative loan during the year	2.38	15.08
Closing Balance of Net Normative Loan	16.48	24.40
Average Balance of Net Normative Loan		26.31
Weighted average Rate of Interest on actual Loans (%)	11.15%	7.09%
Interest	2.00	1.87
Finance charges	0.00	0.00
Total Interest & Finance charges	2.00	1.87

3.8 INTEREST ON WORKING CAPITAL
Petitioner's Submissions

3.8.1 Petitioner have claimed the Interest on Working Capital (IOWC) as per Clause 33.4 of Regulation No. 2 of 2023 b. Petitioner have by considering One-month normative O&M Expenses, One-month maintenance spares, receivables for 60 days, minus amount held as security deposits other than those in the form of Bank Guarantees, if any, from Distribution System Users to arrive at the total working capital requirement. Further, petitioner have considered rate of Interest on Working Capital as 10.15%. The Interest on Working Capital claimed by CESS for FY 2026-27 is as follows:

Table 3.15: Interest on Working Capital claimed for FY 2026-27

(Rs. Crores)

Particulars	Claimed
O&M Expenses	5.41
Maintenance Spares	3.02
Receivables	113.33
Less: Security Deposits	1.15
Less: Power purchase cost including transmission charges and SLDC charges	73.62
Total Working Capital requirement	46.99

Particulars	Claimed
Interest Rate	10.15%
Interest on working capital	4.54

Commission’s Analysis and Findings

3.8.2 Clause 33.4 of Regulation No. 2 of 2023, specifies the provisions related to Interest on Working Capital. The relevant extract of the Regulation is as follows:

“33.4 Retail Supply of Electricity

(a) The working capital requirement of the Retail Supply Business shall cover:

(i) Normative Operation and maintenance expenses for one (1) month;

(ii) Maintenance spares at one percent (1%) of the opening Gross Fixed Assets for the Year;

and

(iii) Receivables equivalent to sixty (60) days of the Aggregate Revenue Requirement;

minus

(iv) Amount held as security deposits other than those in the form of Bank Guarantees, if any, from retail supply consumers:

(v) Forty-five (45) days equivalent of cost of power purchased, including the Transmission charges and SLDC Charges, based on the annual power procurement plan:

.....

33.6 Rate of interest on working capital shall be on normative basis and shall be equal to the Base Rate as on the date on which the Petition for determination of Tariff is filed, plus 150 basis points:

Provided that for the purpose of Truing-up for any year, interest on working capital shall be allowed at a rate equal to the weighted average Base Rate prevailing during the concerned Year plus 150 basis points.

.....”

3.8.3 The Commission has computed the working capital requirement in accordance of Clause 33.4 of Regulation No. 2 of 2023 and considered the rate of interest as 10.25% on working capital requirement on normative basis in accordance with the Clause 33.6 equal to Base Rate as on the date of filing of petition plus 150 basis points (ie., 8.75%

+ 1.5% = 10.25%) and approved the Interest on Working Capital as shown below:

Marginal Cost Lending Rates					
Effective Date	Interest Rate (%)				
	ON	1M	3M	6M	1Y
15.12.2025	7.85	7.85	8.25	8.60	8.70
15.11.2025	7.90	7.90	8.30	8.65	8.75
15.10.2025	7.90	7.90	8.30	8.65	8.75

3.8.4 The Interest on Working Capital approved for FY2026-27 is as shown below:

**Table 3.16: Interest on Working Capital claimed and approved for FY 2026-27
(Rs. Crores)**

Particulars	Claimed	Approved
O&M Expenses	5.41	4.64
Maintenance Spares	3.02	2.67
Receivables	113.33	100.04
Less: Security Deposits	1.15	0.84
Less: Power purchase cost including transmission charges and SLDC charges	73.62	65.11
Total Working Capital requirement	46.99	41.41
Interest Rate	10.15%	10.25%
Interest on working capital	4.54	4.24

3.9 INTEREST ON CONSUMER SECURITY DEPOSITS

Petitioner's Submissions

3.9.1 Petitioner has claimed Interest on Security deposits of Rs 1.15 Crores for FY2026-27.

Commission's Analysis and Findings

3.9.2 The Commission has examined the claims submitted by the management and has approved the interest on security deposit by escalating the interest of security deposit approved in FY 2025-26 Order dated 29.04.2025 with average escalation rate of 7.5% as approved in MYT Order dated : 28.10.2024. Accordingly, the interest on security deposit works out to Rs 0.84 Crores for FY 2026-27 .

3.10 RETURN ON EQUITY (ROE)

Petitioner's Submissions

3.10.1 Petitioner submitted that Return on Equity (RoE) is computed as per Regulation No. 2 of 2023.

3.10.2 Petitioner have considered the base rate for Return on Equity as 14.00% as per Regulation No.2 of 2023 and have not claimed any Tax on Return on Equity while computing the Return on Equity for FY2026-27.

The Return on Equity claimed for FY 2026-27 is as follows:

Table 3.17: Return on Equity (RoE) Claimed for FY 2026-27
(Rs. Crores)

Particulars	Amount
Regulatory Equity at the beginning of the year	150.36
Capitalisation during the year	15.00
Equity portion of capitalisation during the year	4.50
Reduction in Equity Capital on account of retirement / replacement of assets	0.00
Regulatory Equity at the end of the year	71.71
Rate of Return on Equity	
Base rate of Return on Equity	14%
Effective Income Tax rate	
Return on Equity Computation	
Return on Regulatory Equity at the beginning of the year	21.05
Return on Regulatory Equity addition during the year	0.63
Total Return on Equity	21.68

Commission's Analysis and Findings

3.10.3 Clause 29 of Regulation No. 2 of 2023 specifies provisions related to Return on Equity.

The relevant extract of the Regulation is as follows:

“29 Return on Equity

29.1 Return on Equity shall be computed in rupee terms, on the equity base determined in accordance with clause 27.

29.2 Return on Equity shall be computed at the following base rates:

.....

(e) Distribution licensee: Base Return on Equity of 14% and additional Return on Equity up to 2% linked to Licensee's performance towards meeting standards of performance:

Provided that the Commission at the time of true-up shall allow the additional Return on Equity up to 2% based on Licensee meeting the summary of overall performance

standards as specified in Clause 1.11 of Schedule III of TSERC (Licensees' Standards of Performance) Regulations, 2016.

.....”

3.10.4 The Commission has considered closing equity base of FY 2025-26 approved vide order 29.04.2025 of CESS to arrive opening equity base for FY 2026-27. Further, to derive addition of equity during FY 2026-27, in line with clause 27.1 of Regulation 2 of 2023, the Commission has considered the normative Debt: Equity ratio of 75%:25% on approved capitalization during the years. The Commission examined the claims submitted by the management and noted that the depreciation beyond 75% as per clause 28.5 of Regulation 2 of 2023, is not submitted by management.

3.10.5 The Commission has considered rate of RoE as 14% in line with Regulation No.2 of 2023.

3.10.6 The Return on Equity claimed and approved for FY 2026-27 is as follows:

**Table 3.18: ROE claimed and approved for FY 2026-27
(Rs. Crores)**

Particulars	Claimed	Approved
Regulatory Equity at the beginning of the year	150.36	64.26
Capitalisation during the year	15.00	15.00
Equity portion of capitalisation during the year	4.50	3.75
Reduction in Equity Capital on account of retirement / replacement of assets	0.00	0.00
Regulatory Equity at the end of the year	71.71	68.01
Rate of Return on Equity		
Base rate of Return on Equity	14%	14%
Effective Income Tax rate		-
Return on Equity Computation		
Return on Regulatory Equity at the beginning of the year	21.05	9.00

Particulars	Claimed	Approved
Return on Regulatory Equity addition during the year	0.63	0.26
Total Return on Equity	21.68	9.26

3.11 NON-TARIFF INCOME

Petitioner's Submissions

3.11.1 Petitioner have considered the Non-Tariff Income for FY2026-27 as follows:

Table 3.19 Non-Tariff Income claimed for FY 2026-27

(Rs. Crores)

Particulars	Amount
Income from sale of scrap	0.85
Income from statutory investments	4.50
Income from consumer charges levied in accordance with Schedule of Charges approved	2.00
Total	7.35

Commission's Analysis and Findings

3.11.2 Clause 82 of Regulation No. 2 of 2023 specifies provisions related to Non-Tariff Income. The relevant extract of the Regulation is as follows:

"82 Non-Tariff Income:

.....

82.2 The Non-Tariff Income shall include:

- a) Income from rent of land or buildings;*
- b) Net income from sale of de-capitalised assets;*
- c) Income from sale of scrap;*
- d) Income from statutory investments;*
- e) Interest income on advances to suppliers/contractors;*
- f) Income from rental from staff quarters;*
- g) Income from rental from contractors;*
- h) Income from hire charges from contactors and others;*
- i) Income from consumer charges levied in accordance with Schedule of Charges approved by the Commission;*
- j) Supervision charges for capital works;*

- k) Income from advertisements;
 l) Income from sale of tender documents;
 m) Any other Non-Tariff Income.”

3.11.3 The Commission after prudence check approved the Non-Tariff Income for FY 2026-27 as approved in MYT Order dated : 28.10.2024. The Non-Tariff Income claimed and approved is as follows:

Table 3.20: Non -Tariff Income claimed and approved for FY 2026-27
 (Rs. Crores)

Particulars	Claimed	Approved
Income from sale of scrap	0.85	0.70
Income from statutory investments	4.50	1.50
Income from consumer charges levied in accordance with Schedule of Charges approved	2.00	4.30
Total	7.35	6.50

3.12 ARR FOR FY 2026-27

Petitioner's Submissions

3.12.1 The Aggregate Revenue Requirement (ARR) claimed by petitioner for FY 2026-27 is as follows:

Table 3.21: ARR claimed for FY 2026-27
 (Rs. Crores)

Particulars	Amount
Power Purchase Expenses	597.12
Operation & Maintenance expenses	64.17
Depreciation	10.68
Interest and Finance charges on loan	2.00
Interest on Working Capital	4.54
Interest on Consumer Security Deposits	1.15
Return on Equity	21.68
Less: Non-Tariff Income	7.35
Less: Income from Other Business	0.00
Add: Impact of True-Up for Prior period	0.00
Net Aggregate Revenue Requirement	693.99

Commission's Analysis and Findings

3.12.2 Based on analysis above, and after prudence check, the Aggregate Revenue Requirement (ARR) claimed and approved for FY 2026-27 is as follows:

Table 3.22: ARR claimed and approved for FY 2026-27

(Rs. Crores)

Particulars	Claimed	Approved
Power Purchase Expenses	597.12	528.09
Operation & Maintenance expenses	64.17	55.73
Depreciation	10.68	15.08
Interest and Finance charges on loan	2.00	1.87
Interest on Working Capital	4.54	4.24
Interest on Consumer Security Deposits	1.15	0.81
Return on Equity	21.68	9.26
Less: Non-Tariff Income	7.35	6.50
Less: Income from Other Business	0.00	0.00
Add: Impact of True-Up for Prior period	0.00	0.00
Net Aggregate Revenue Requirement	693.99	608.57

3.13 REVENUE

Petitioner's Submissions

3.13.1 The Petitioner has claimed the revenue from charges as Rs.222.36 Crores for FY 2026-27 in their petition.

Commission's Analysis and Findings

3.13.2 The management shall levy retail supply tariffs to the consumer categories as per the Commission's order in O.P No. 79 of 2025 on Retail Supply Tariffs for FY 2026-27 issued separately, as applicable in the case of TGNPDCL. The Commission has approved the expected revenue from charges as Rs.215.78 Crores for FY 2026-27. The category wise revenue claimed and approved for FY 2026-27 is as shown in the Table below:

Table 3.23: Category wise revenue claimed and approved for FY 2026-27

(Rs. Crores)

Category	Claimed	Approved
Domestic	87.13	86.87
Commercial	45.79	45.57

Category	Claimed	Approved
Industrial	11.98	11.40
Cottage Industries	11.46	8.57
Agriculture	3.06	0.25
Street Lights	4.05	4.22
Water Works	12.14	11.88
General & Wholly Religious Places	1.89	1.85
Temporary Supply	0	0.00
EV Charging Stations	0.01	0.00
LT Total	177.51	170.61
Industry General	38.48	38.81
Others	5.35	5.28
CPWS Scheme	0.37	0.41
Temporary Supply	0.65	0.66
HT Total	44.85	45.16
Total (LT+HT)	222.36	215.78

3.14 REVENUE DEFICIT/(SURPLUS)

Stakeholder's Submissions

- 3.14.1 Stakeholders submitted that, as per available reports, petitioner owes arrears of Rs. 1,221.16 Crores to TGNPDCL and mentioned that the Government of Telangana has provided a subsidy of Rs. 7.00 Crores to petitioner as on 01.01.2026. Despite the subsidies, CESS continues to remain heavily indebted and stakeholders expressed concern that liquidation of assets may not be sufficient to clear the outstanding dues. Further, the revenue gap of Rs. 471 Crores shown as Government subsidy has not been adequately substantiated, and sought justification for the subsidy requirement.
- 3.14.2 Stakeholders further submitted that the Government provides free electricity up to 200 units for LT domestic consumers under the Gruha Jyothi Scheme and also provides subsidies for other categories and requested the petitioner to furnish details of total billed amount to consumers, amount of subsidy payable and actually paid by the Government, monthly subsidy release details, cash flow position of CESS., details of subsidies being provided by the Government under the Gruha Jyothi Scheme, as well as to handloom workers/weavers, washermen and Nayi Brahmins, and details of cross-

subsidies within the tariff structure.

3.14.3 Stakeholders also observed that the revenue gap of CESS has increased by about 44% over the last two years, and the annual subsidy requirement has reached Rs. 471.63 Crores, which was considered financially unsustainable for a 56-year-old cooperative utility serving about 2,91,862 consumers.

Petitioner’s Replies

3.14.4 The petitioner submitted the subsidy details for LT Domestic consumers, Washermen, Nayi Brahmins and Power Loom categories as annexures along with its response to the objections raised by stakeholders.

3.14.5 Further submitted that the outstanding dues payable by CESS Sircilla to TGNPDCL amount to Rs. 687.23 Crores towards principal and Rs. 546.44 Crores towards surcharge and also stated that the surcharge has increased primarily due to delay in release of Government subsidies payable to TGNPDCL. At the same time, the amounts receivable by the Society from consumers and Government amount to Rs. 709.25 Crores towards principal and Rs. 206.02 Crores towards surcharge.

3.14.6 The Petitioner submitted that the CESS Sircilla area of operation covers the entire Rajanna Sircilla district, which is predominantly rural, where agriculture largely depends on borewell irrigation and stated that it is in-correct to mention that CESS is financially unsustainable due to dependence on Government subsidy. It was submitted that agricultural consumption has increased from 352.85 MU in 2014 to 717.95 MU by the end of FY 2024-25, representing an increase of about 103.47%. The petitioner submitted that, in view of the Government policy of providing free power to the agriculture sector and subsidized tariffs for certain consumer categories, the increase in tariff subsidy borne by the Government is a policy decision and does not indicate financial inefficiency of CESS.

3.14.7 The petitioner furnished the following details regarding subsidy amounts for FY 2025-26 (up to January 2026):

Details 2025–26 (up to Jan-2026)	Total subsidy amount	Subsidy Already Released from Govt	Balance Subsidy to be released
	(Rs. Crores)		
Gruha Jyothi Subsidy	41.08	16.78	24.3
Nayi Brahmins Subsidy	2.32	0.8	1.52
Washermen Subsidy	10.49	1.8	8.69

Details 2025–26 (up to Jan-2026)	Total subsidy amount	Subsidy Already Released from Govt	Balance Subsidy to be released
	(Rs. Crores)		
Paper Loom Subsidy	111.11	52.33	58.78
Tariff Subsidy	377.77	190.34	187.43
Total	542.77	262.05	280.72

3.14.8 Further submitted that, as per the ARR filing, the power purchase bill of CESS is issued by TGNPDCL after adjusting the tariff subsidy receivable from the Government. The Government deposits Rs. 31.45 Crores per month as tariff subsidy to TGNPDCL. In addition, the tariff subsidy for Gruha Jyothi consumers amounting to about Rs. 4.50 Crores per month is also deposited to TGNPDCL. Accordingly, the total subsidy payable by the Government to TGNPDCL amounts to Rs. 35.95 Crores per month. The Petitioner stated that the average monthly power purchase cost of CESS is about Rs. 41.94 Crores. After adjusting the Government subsidy of Rs. 35.95 Crores, the net power purchase bill payable by CESS is approximately Rs. 5.99 Crores per month. Further, the average monthly revenue collection from consumers is about Rs. 15.88 Crores, out of which approximately Rs. 9-10 Crores per month is paid to TGNPDCL. Therefore, the allegation that the Society is incurring or spending funds arbitrarily is not correct.

Commission's Analysis and Findings

3.14.9 The category wise revenue including non-tariff income (apportioned to each category) is compared with the average CoS. Based on the cost and revenue from each consumer category, some consumer categories are classified as subsidizing if the revenue is more than the cost (surplus) and others are subsidized if the revenue is less than cost (deficit).

3.14.10 The sum of surplus of revenue over cost available from subsidizing categories is first utilized to meet the deficit of subsidized consumer categories other than LT-I Domestic and LT-V Agriculture. The remaining surplus, if any, is allocated to LT - I Domestic and LT-V Agriculture categories. After allocation of the surplus available, the net deficit (cost for that category less revenue from the category and surplus allocated to that category) is computed for LT-I Domestic and LT-V Agriculture consumer categories. The net deficit computed for LT-I and LT-V categories is Rs. 392.79 Crores as shown below:

Table 3.24: Total Revenue claimed and approved for FY 2026-27

(Rs. Crores)

Particulars	Claimed	Approved
Aggregate Revenue Requirement	693.99	608.57
Revenue of Sale of Power at Current Tariff	222.36	215.78
Revenue of Sale of Power at Proposed Tariff	222.36	215.78
GoTG Subsidy	471.63	
Residual Revenue Gap/(Surplus)	471.63	392.79

3.14.11 Based on the revenue gap determined by the Commission, the State Government was asked to convey the quantum of Subsidy to be provided and the categories to which the subsidy is to be provided, in accordance with the established regulatory practice. Accordingly, the Joint Secretary to the GoTG (FAC) has submitted in the public hearing and also submitted a letter to the Commission stating the following:

3.14.12 *“The Government of Telangana continues to remain committed to provide the necessary financial support to Telangana Power Utilities in accordance with the provisions of Section 65 of Electricity Act, 2003 for the Financial Year 2026-27 as per the Tariff Order to be approved by the Honourable Commission. This would enable the Government of Telangana to meet its objective of ensuring quality power supply to all consumers while also extending essential financial assistance to all the eligible domestic and agriculture consumers.”*

3.14.13 After taking into consideration of the revenue gap as sought for by the management and on hearing the suggestions and objections raised by various stakeholders, this Commission has concluded that the revenue gap for the FY 2026-27 is Rs. 392.79 Crores.

3.14.14 In response to the Commission’s letter dated 25.03.2026, the Special Chief Secretary to Government, Energy Department, GoTG, vide letter No. 375/Budget.A2/2026 dated 29.03.2026 has submitted to this Commission stating the following:

“... 2. With regard to the revenue gap of Rs.15,105.91 crores for FY 2026-27, I am pleased to inform you that the Government of Telangana has provided a budgetary allocation of Rs.14,000 crores (Rupees Fourteen Thousand Crore only) under the head of Power Subsidy in the State Budget for FY 2026-27. The Government hereby commits to extending this subsidy support to TGDISCOMs under Section 65 of the Electricity Act, 2003, towards meeting the revenue gap for FY 2026-27. The Commission may factor this subsidy commitment while determining the retail supply tariffs, and may address any residual gap in accordance with its regulatory mandate.

...

4. *With regard to the query under Section 108 of the Electricity Act, 2003, the Government's policy is to maintain uniform retail supply tariffs across the State, as has been the established practice. The Government reaffirms its commitment to this policy of uniform tariffs for all consumer categories across the jurisdiction of both TGDISCOMs.*

3.14.15 The methodology of transferring subsidy to management every month is as under:

- i. After completion of the billing month, TGNPDCL shall compute the total amount due from management at the approved procurement tariff of Rs.4.77/kWh and the energy sold to management.
- ii. From the total bill amount computed above, TGNPDCL should subtract the subsidy amount actually received from GoTG.
- iii. After such adjustment, if any balance amount is still due to be paid by management, such amount shall be billed to management and management should make the payment of the due amount within One (1) month of receipt of the energy bill for the month.
- iv. However, after such adjustment in point (ii) above, if any balance amount is to the credit of management in the books of accounts of TGNPDCL, such amount should be transferred to the management within fifteen (15) days of completion of the month.
- v. TGNPDCL raises the energy bills to management on monthly basis clearly giving the detailed computations of amount to be recovered from or amount to be transferred to the management in accordance with the procedure stipulated above.
- vi. Any delay on part of management to pay the due amount to TGNPDCL, or TGNPDCL to transfer the credit amount to the management within the above stipulated time shall attract interest at the rate of 18% for the period of delay on the due amount or the credit amount as the case may be. Further, if such delay exceeds fifteen (15) days, the interest for a period of thirty (30) days should be levied by either party as applicable.
- vii. The Commission directs TGNPDCL and management to establish a suitable payment mechanism like Escrow cover or any other suitable alternative to make sure timely payments.

3.14.16 If the exemption from license to the CESS is not extended beyond 31.03.2026, the

Commission will issue separate orders / proceedings in respect of distribution of electricity and extending of other services to the consumers of CESS either to TGNPDCL or to any other licensee / authority to protect the interest of the consumers and if necessary, the Commission will also pass appropriate directions in respect of the methodology of transferring the subsidy to the licensee / authority.

This Order is corrected and signed on this the 30th day of March, 2026.

Sd/-

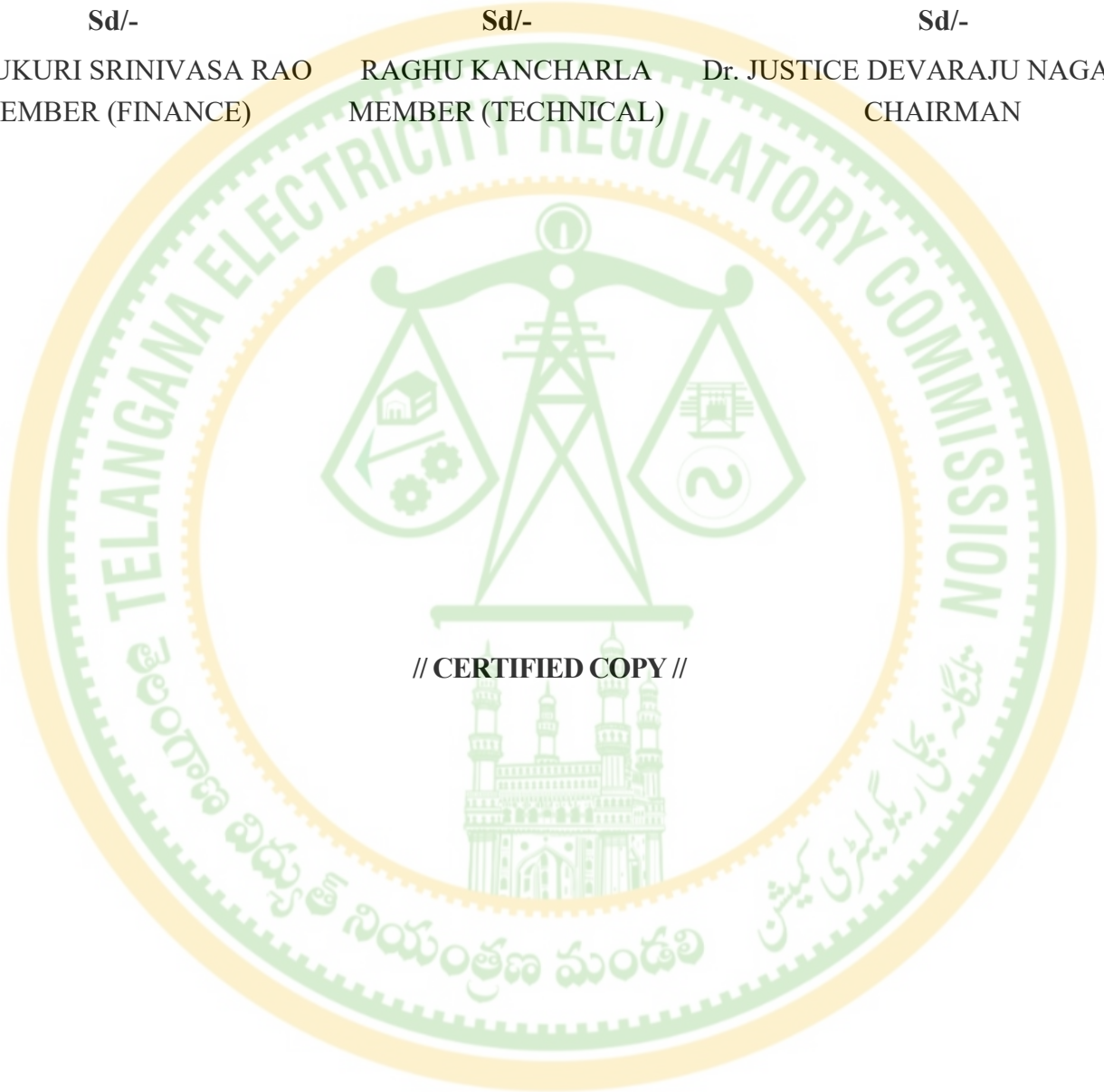
CHERUKURI SRINIVASA RAO
MEMBER (FINANCE)

Sd/-

RAGHU KANCHARLA
MEMBER (TECHNICAL)

Sd/-

Dr. JUSTICE DEVARAJU NAGARJUN
CHAIRMAN



ANNEXURE-1 Public Notice

Appeared in SAKSHI (Telugu) on 08.01.2026

గౌరవనీయమైన తెలంగాణ విద్యుత్ నియంత్రణ మండలి వారి సమక్షంలో విద్యుత్ నియంత్రణ భవన్, G.T.S. కాంపి, కల్వకుంట్లవరం, హైదరాబాద్-500 045.

కె-ఆవరేటివ్ ఎలక్ట్రిక్ సప్లై సొసైటీ (ఎస్) లిమిటెడ్, సిరిసిల్ల

బహిరంగ ప్రకటన

1. అందుమూలంగా, కో-ఆపరేటివ్ ఎలక్ట్రిక్ సప్లై సొసైటీ (ఎస్) లిమిటెడ్, సిరిసిల్ల పరిధిలోని యావన్యంబడి తెలియజేయవలసిన విషయంగా డిప్యూటీ మేనేజింగ్ మరియు రిటైల్ సప్లయ్ క్రినిస్ మినహాయింపు కమిషన్ ఆఫ్ ఇన్ఫ్రా-ఆపరేటివ్ ఎలక్ట్రిక్ సప్లై సొసైటీ (ఎస్) లిమిటెడ్, సిరిసిల్ల, తెలంగాణ విద్యుత్ నియంత్రణ మండలి (TGERC) మరియు సవరించబడిన సమగ్ర ఆదాయ అవశ్యత (ARR) FY 2026-27 దరఖాస్తును దాఖలు చేసింది. ఈ దాఖలను ఓ.సి.ఎం.83/2025లో గౌరవనీయమైన కమిషన్ వారిచే సమోచిత రేయబడ్డాయి.
2. పైన పేరులో పేర్కొందిన దాఖలను కాపీలు మేనేజింగ్ డైరెక్టర్, ఎస్ కార్పొరేషన్ ఆఫ్ ఇండియా లో ఉన్నాయి. ఈ ప్రతిపాదనలు www.tgcessltd.com నుంచి డౌన్లోడ్ చేసుకోవచ్చు మరియు అనే ప్రతిపాదనలు www.tgerc.telangana.gov.inలో కూడా అందుబాటులో ఉన్నాయి. అనర్గళ వ్యక్తులు పైన పేర్కొన్న దాఖలను ఎస్ ప్రధాన కార్యాలయం వద్ద కార్యాలయ పనివేళల్లో ఉందికంగా పరిశీలించవచ్చును. ఈ దాఖలను ప్రతులను **08-01-2026** నుండి పై కార్యాలయాల నుండి ఓబోకాపి ఛార్జి చేయబడ్డాయి.
3. అభ్యంతరాలు/సలహాలు/వాద్యాలు, ఏదైనా ఉంటే, దాఖలపై, సహాయక మెట్రోపాలిటన్, మేనేజింగ్ డైరెక్టర్, ఎస్ కార్పొరేషన్లో వ్యక్తిగతంగా లేదా రిటైల్ పోస్ట్ ద్వారా 31-01-2026 వరకు, ఓ. గెంబల రోడ్డు మండలం, డ్రావి కాపీస్, పైన పేర్కొన్న దిరువాహాలో, కమిషన్ కార్యాలయం TGERC వారికి పైన పేర్కొన్నవివర దిరువాహా లేదా ఇమెయిల్ ఐడి secy-tgerc@telangana.gov.in ద్వారా సమర్పించవచ్చు. అభ్యంతరాలు/సలహాలు/వాద్యాలు సవరించబడాలి వారి సంకేతము(లు) మరియు పూర్తి పేరు, పోస్ట్ దిరువాహా, ఇమెయిల్ ఐడి మరియు సంబంధించిన సంబంధించిన వారు పొందుపర్చాలి. ఏదైనా సరైన లేదా వినియోగదారుల వర్గాల తరఫున అభ్యంతరాలు/సలహాలు/వాద్యాలు దాఖలు చేయబడితే, అది స్పష్టంగా పేర్కొనవలసింది. అభ్యంతరాలు(లు) వ్యక్తిగతంగా వినియోగదారులతో ప్రత్యేకంగా పేర్కొనవలసింది.
4. అభ్యంతరాలు/సలహాలు/వాద్యాలు వివరాలను ఈ క్రింద తెలుపబడిన పద్ధతుల్లో పరి పొందుపర్చాలి.

క్రమ సంఖ్య	ఇన్ఫర్మేషన్/సలహా/వాద్యాలు	ఎస్ సిరిసిల్ల వారి ప్రతిపాదన	అభ్యంతరాలు/సలహాలు/వాద్యాలు
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5. అభ్యంతరాలు/సలహాలు/వాద్యాలు వివరాలను ఈ క్రింద తెలుపబడిన విధంగా అభివర్ణించాలి.

దరఖాస్తుదారుని పేరు	
దరఖాస్తుదారుని చిరునామా	
ఇమెయిల్ ఐడి	
మొబైల్ నెం.	
దరఖాస్తుదారుడు అభ్యంతరాలు/సలహాలు/వాద్యాలు కాపీ అందజేస్తున్నారా?	అవును / కాదు
ఎస్ నుండి పై అభ్యంతరాలు/సలహాలు/వాద్యాలు కాపీ ముద్దినట్లుగా ఆధారం ఉందా?	అవును / కాదు
వ్యక్తిగతంగా దరఖాస్తుదారుడు తన అభ్యంతరాలు/సలహాలు/వాద్యాలు వినియోగదారులకు పంపించాడా?	అవును / కాదు
6. ఎస్ రిటైల్ సరఫరా వ్యాపారం (RSB) ఆమోదం కోసం సమగ్ర ఆదాయ అవశ్యత (ARR) దరఖాస్తును అర్జి సంవత్సరం FY 2026-27 కి దాఖలను యొక్క సారాంశం దీనిని అనుబంధం-I, II, III & IV లో పేర్కొనబడింది.
7. తెలంగాణ విద్యుత్ నియంత్రణ మండలి వారు తేదీ, 04-03-2026 ఉ. 10.30 గంటల నుండి రాజస్థాన్ సిరిసిల్ల తిట్టా కలెక్టర్ కార్యాలయం ఆదిలోయంలో బహిరంగ విచారణను నిర్వహించాలని భావిస్తుంది.

సం/- మేనేజింగ్ డైరెక్టర్, ఎస్ లి., సిరిసిల్ల.

క్రమం : సిరిసిల్ల
తేదీ : 07.01.2026

అనుబంధం-I
విద్యుత్ అమ్మకం మరియు వడ్డీలు

వివరాలు	2024-25 (ప్రస్తుత)		2025-26 (అంచనాలు)		2026-27 (అంచనాలు)	
	₹	%	₹	%	₹	%
దివ్యుత్ విద్యుత్ ద్వారా అమ్మకాలు	307.93	27.52%	319.46	26.59%	339.19	27.02%
LT వ్యవస్థలకు అమ్మకాలు	717.95	64.18%	792.65	65.99%	824.20	65.94%
మొత్తం అమ్మకాలు	1025.88	91.70%	1112.11	92.58%	1163.39	92.96%
వంచిన వడ్డీలు	92.85	8.30%	89.12	7.42%	89.43	7.14%
ఎస్ లి. సిరిసిల్ల మొత్తం	1118.73	100%	1201.23	100%	1251.82	100%
దివ్యుత్ అవసరాలు						

అనుబంధం-II
సమగ్ర ఆదాయ అవశ్యత (ARR) FY. 2026-27

భార్య అంశం	2025-26		2026-27	
	అంచనా	అంచనా	అంచనా	అంచనా
దివ్యుత్ కోసం గల భార్యలు	503.23	597.12		
ఉపాధి భార్యలు	53.43	67.17		
భవన భార్యలు	15.25	10.68		
తీసుకోవల్సిన వడ్డీ	2.14	2.00		
మూలభూమి వడ్డీ - రిటైల్ సప్లై లిమిటెడ్	4.19	4.54		
ఉత్పాదక వై లాండ్	8.73	21.68		
సినిమాల్లో దేపాల్సిన వడ్డీ	0.89	1.15		
తగ్గించిన లాండ్లలో ఆదాయం	6.50	7.35		
సమగ్ర ఆదాయ అవశ్యత	581.36	693.99		

అనుబంధం-III
వేటగిరి వారణా ఆదాయం

వేటగిరి	2024-25 (ప్రస్తుత భరణ ప్రధానం)			2025-26 (అంచనాలు)		2026-27 (అంచనాలు)	
	₹	%	₹	₹	%	₹	%
LT-I: కేటగిరి మొత్తం	169.04		170.68	177.50			
LT-I: గృహ వినియోగం	82.64		84.85	87.13			
LT-II: గృహావసర/ వాణిజ్యం	42.91		44.29	45.80			
LT-III: పరిశ్రమలు	15.42		10.73	11.99			
LT-IV: ఖరీద పరిశ్రమలు	7.14		7.99	11.46			
LT-V: వ్యవసాయం	3.67		2.81	3.04			
LT-VIA: వీధి దీపాలు	4.39		4.18	4.06			
LT-VIB: రిటైల్ మంబిటి పథకాలు	10.02		11.01	12.13			
LT-VII: సాధారణ	2.32		1.74	1.89			
LT-VIII: తాత్కాలిక సరఫరా	0.55		3.28	-			
LT-IX: ఎలక్ట్రిక్ వారణాంకం ఛార్జింగ్ ప్రీమియం	-		-	-			
HT కేటగిరి మొత్తం	42.26		44.79	44.86			
HT-E: పరిశ్రమల సాధారణ	35.53		38.41	38.48			
HT-III: ఇతరాలు	5.46		5.36	5.34			
HT-IVB CPW వధకం	0.20		0.37	0.38			
HT-VII తాత్కాలిక సరఫరా	1.07		0.65	0.66			
మొత్తం(LT+ HT)	211.32		215.67	222.36			

అనుబంధం-IV
ఎస్ సిరిసిల్ల యొక్క ప్రతిపాదన లాండ్ అర్జి సంవత్సరం 2026-27

ప్రతిపాదన రిటైల్ లాండ్	ప్రస్తుత విద్యుత్ సరఫరా భరణ వేటగిరి వారణా ఆదాయం 2026-27 అర్జి సం. కారకు ఎస్ ప్రతిపాదన
	సం/- మేనేజింగ్ డైరెక్టర్ CESS లిమిటెడ్, సిరిసిల్ల

DIPR RO No.13235-PP/CL/ADVT/1/2025-26, Dt.: 07.01.2026

The Times of India Dated:08.01.2026

**BEFORE THE HONOURABLE
TELANGANA ELECTRICITY REGULATORY COMMISSION**
Vidyut Niyantaran Bhavan, G.T.S. Colony, Kalyan Nagar, Hyderabad 500 045

**CO-OPERATIVE ELECTRIC SUPPLY SOCIETY LIMITED
(CESS Ltd.), SIRCILLA**
Reg.No.748/ID Dated: 30.10.1969

PUBLIC NOTICE

1. Notice is hereby given to all that the CO-OPERATIVE ELECTRIC SUPPLY SOCIETY LIMITED (CESS Ltd.), SIRCILLA which is exempted from license for distribution and retail supply of power under section No.13 of Electricity Act, 2003, has filed Petition before the Telangana Electricity Regulatory Commission (TGERC), for revised ARR for FY 2026-27 for their Retail Supply Business. These filings have been taken on record by the Hon'ble Commission in O.P.No.83 of 2025.

2. Copies of the filings referred are available in the office of the Managing Director, CESS Ltd., Sircilla. Interested persons may inspect/peruse the said filings and take note thereof during office hours at any of the said offices at free of cost. These proposals are also available on www.tgescs.com in downloadable form and the same may be accessed at www.tgerc.telangana.gov.in. A copy of these filings can be obtained from the above offices from 08.01.2026 onwards on payment of charges for photocopying.

3. Objections/suggestions/Comments, if any, on the filings, together with supporting material may be sent to the Managing Director, CESS Ltd., Sircilla, Administration Building, H.NO.7-5-5,Subash Nagar, Sircilla in person or through Registered Post so as to reach on or before 31.01.2026 by 5 PM. A copy of the same must also be filed with the Commission Secretary, TGERC at the address mentioned above or email id secy-tgerc@telangana.gov.in. The objections/suggestions/comments should be duly signed and should carry full name, postal address, email id and contact number of the person(s)/stake holders sending the objections/suggestions/Comments. If the objections/suggestions are filed on behalf of any organization or any category of consumers, it should be clearly mentioned. If the objector also wants to be heard in person it may also be specifically mentioned.

4. The objection/suggestion/comments shall be made in the following format:

Sl. No.	Para No.in the petition, if available	Proposal of the CESS, Sircilla as made in the petition.	Objections/ Suggestions/Comments

5. The objection/suggestion/comments should accompany the following details.

Name of the Objector.	
Correspondence Address	
Email id	
Contact Number	
Whether copy of objection/ suggestion/ comment enclosed?	Yes/No
Whether proof of delivery of copy of objection/ suggestion/comment at CESS office enclosed?	Yes/No
Whether objector wants to be heard in person?	Yes/No

6. The gist of the filings of the CESS Ltd, Sircilla for the Retail Supply business for approval of ARR and ERC are indicated in Schedule-I, II, III & IV as given below.

7. Further, in this matter the Telangana Electricity Regulatory Commission intends to conduct the Public Hearing at the District Collectorate, Rajanna Sircilla on 04.03.2026 from 10:30 hrs onwards.

Sd/-
MANAGING DIRECTOR
CESS Ltd.,Sircilla.

Place: Sircilla.
Date:07.01.2026

SCHEDULE-I

Sale of Energy and Loss:

Particulars	2024-25 (Actuals)		2025-26 (Projections)		2026-27 (Projections)	
	MU	%	MU	%	MU	%
Metered Sales	307.93	27.52%	319.46	26.59%	338.19	27.02%
LT Agricultural Sales	717.95	64.18%	792.65	65.99%	824.20	65.84%
Total Sales	1025.88	91.70%	1112.11	92.58%	1162.39	92.86%
Distribution Losses	92.85	8.30%	89.12	7.42%	89.43	7.14%
Energy required at CESS.Ltd level	1118.73	100%	1201.23	100%	1251.82	100%

SCHEDULE-II

**Aggregate Revenue Requirement (ARR) for FY 2026-27
(Figures in Rs. Crores)**

Expenditure Item	2025-26	2026-27
	Approved	Projections
Power Purchase cost	503.23	597.12
Operation & Maintenance Expenses – Retail Supply Business	53.43	64.17
Depreciation - Retail Supply Business	15.25	10.68
Interest and finance charges on Loan - Retail Supply Business	2.14	2.00
Interest on working capital - Retail Supply Business	4.19	4.54
Return on Equity - Retail Supply Business	8.73	21.68
Interest on Consumer Security Deposit	0.89	1.15
Less: Non-Tariff Income	6.50	7.35
Aggregate Revenue Requirement	581.36	693.99

SCHEDULE-III

**Category wise Revenue from Charges
(figures in Rs. Crores)**

Revenue from Current Tariffs (Rs.Crs.)	2024-25	2025-26	2026-27
	(Actual)	(Projections)	(Projections)
LT Category	169.06	170.88	177.50
LT-I: Domestic	82.64	84.85	87.13
LT-II: Non-Domestic/Commercial	42.91	44.29	45.80
LT-III: Industry	15.42	10.73	11.99
LT-IV: Cottage Industries	7.14	7.99	11.46
LT-V: Agricultural	3.67	2.81	3.04
LT-VIA: Street Lightning	4.39	4.18	4.06
LT-VIB: PWS Schemes	10.02	11.01	12.13
LT-VII: General Purpose	2.32	1.74	1.89
LT-VIII: Temporary Supply	0.55	3.28	---
LT-IX: Electric Vehicle Charging Stations	---	---	---
HT Category	42.26	44.79	44.86
HT-I Industry General	35.53	38.41	38.48
HT-II – Others	5.46	5.36	5.34
HT-IVB CPW Scheme	0.20	0.37	0.38
HT-VII Temporary Supply	1.07	0.65	0.66
Total	211.32	215.67	222.36

SCHEDULE-IV

(Filing of Proposed Tariff (FPT) for FY2026-27 of CESS.Ltd.)

Proposed Tariff	No Change in Existing Retail Supply Tariff for FY 2026-27
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DIPR R.O.No.1026-PP/CL-AGENCY/ADVT/1/2025-26, Dt:07-01-2026

**BEFORE THE HONOURABLE
TELANGANA ELECTRICITY REGULATORY COMMISSION
Vidyal Nigamrao Bhawan, G.T.S. Colony, Kalyan Nagar, Hyderabad 500 065**

**CO-OPERATIVE ELECTRIC SUPPLY SOCIETY LIMITED
(CESS Ltd., Sircilla)
Registration No. 2010/1569**

PUBLIC NOTICE

1. Notice is hereby given to all that the CO-OPERATIVE ELECTRIC SUPPLY SOCIETY LIMITED (CESS Ltd.), SIRCIILLA which is exempted from license for distribution and retail supply of power under section No.13 of Electricity Act, 2003, has filed Petition before the Telangana Electricity Regulatory Commission (TERC), for revised ARR for FY 2026-27 for their Retail Supply Business. These filings have been taken on record by the Hon'ble Commission in O.P.No.83 of 2025.

2. Copies of the filings referred are available in the office of the Managing Director, CESS Ltd., Sircilla, interested persons may inspect/ peruse the said filings and take note thereof during office hours at any of the said offices at free of cost. These proposals are also available on www.terc.telangana.gov.in in downloadable form and the same may be accessed at www.terc.telangana.gov.in. A copy of these filings can be obtained from the above offices from 08.01.2026 onwards on payment of charges for photocopying.

3. Objections/suggestions/Comments, if any, on the filings, together with supporting material may be sent to the Managing Director, CESS Ltd., Sircilla, Administration Building, H.P.O.U.S-5, Subash Nagar, Sircilla in person or through Registered Post so as to reach on or before 31.01.2026 by 5 PM. A copy of the same must also be filed with the Commission Secretary, TERC at the address mentioned above or email id secy@terc.telangana.gov.in. The objections/suggestions/comments should be duly signed and should carry full name, postal address, email id and contact number of the person(s)/stake holders sending the objections/suggestions/Comments. If the objections/suggestions are filed on behalf of any organization or any category of consumers, it should be clearly mentioned. If the objector also wants to be heard in person it may also be specifically mentioned.

4. The objection/suggestion/comments shall be made in the following format.

Sl. No.	Name in the petition, if available	Proposal of the CESS, Sircilla as made in the petition.	Objections/ Suggestions/Comments

5. The objection/suggestion/comments should accompany the following details.

Name of the Objector	
Correspondence Address	
Email Id	
Contact Number	
Whether copy of objection/ suggestion/ comment enclosed?	Yes/No
Whether proof of delivery of copy of objection/ suggestion/comment at CESS office enclosed?	Yes/No
Whether objector wants to be heard in person?	Yes/No

6. The gist of the filings of the CESS Ltd., Sircilla for the Retail Supply Business for approval of ARR and ERC are indicated in Schedule-I, II & III as given below.

7. Further, in this matter the Telangana Electricity Regulatory Commission intends to conduct the Public Hearing at the District Collectorate, Rajanna, Sircilla on 04.02.2026 from 10:00 hrs onwards.

Sd/-
MANAGING DIRECTOR
CESS Ltd., Sircilla.

Place: Sircilla,
Date: 07.01.2026

SCHEDULE-I
Sale of Energy and Loss

Particulars	2024-25 (Actuals)		2025-26 (Projections)		2026-27 (Projections)	
	MTU	%	MTU	%	MTU	%
Metered Sales	307.93	27.52%	319.46	26.53%	338.19	27.02%
LT Agricultural Sales	717.93	64.18%	732.63	65.93%	824.20	65.84%
Total Sales	1025.86	91.70%	1052.09	92.46%	1162.39	92.86%
Distribution Losses	92.85	8.30%	89.12	7.42%	89.43	7.14%
Energy required at CESS Ltd level	1118.71	100%	1141.21	100%	1251.82	100%

SCHEDULE-II
Aggregate Revenue Requirement (ARR) for FY 2026-27
(Figures in Rs. Crores)

Expenditure Item	2025-26		2026-27	
	Approved	Projections	Approved	Projections
Power Purchase cost	508.28	507.32	508.28	507.32
Operation & Maintenance Expenses – Retail Supply Business	53.43	65.37	53.43	65.37
Depreciation – Retail Supply Business	13.25	10.68	13.25	10.68
Interest and finance charges on Loan – Retail Supply Business	2.34	2.00	2.34	2.00
Interest on working capital – Retail Supply Business	4.19	4.54	4.19	4.54
Return on Equity – Retail Supply Business	8.73	21.68	8.73	21.68
Interest on Consumer Security Deposit	0.89	3.15	0.89	3.15
Less: Non-Tariff Income	6.50	7.85	6.50	7.85
Aggregate Revenue Requirement	581.36	633.99	581.36	633.99

SCHEDULE-III
Category wise Revenue from Charges
(Figures in Rs. Crores)

Revenue from Current Tariffs (Rs. Crs.)	2024-25 (Actuals)		2025-26 (Projections)		2026-27 (Projections)	
	2024-25	2025-26	2024-25	2025-26	2024-25	2025-26
LT Category	169.06	170.88	169.06	170.88	169.06	170.88
LT-I: Domestic	52.64	54.85	52.64	54.85	52.64	54.85
LT-II: Non-Domestic/Commercial	42.93	44.29	42.93	44.29	42.93	44.29
LT-III: Industry	15.42	10.73	15.42	10.73	15.42	10.73
LT-IV: Cottage Industries	7.14	7.99	7.14	7.99	7.14	7.99
LT-V: Agricultural	3.67	2.81	3.67	2.81	3.67	2.81
LT-VIA: Street Lighting	4.39	4.18	4.39	4.18	4.39	4.18
LT-VIB: PWS Schemes	10.02	11.01	10.02	11.01	10.02	11.01
LT-VII: General Purpose	2.30	3.74	2.30	3.74	2.30	3.74
LT-VIII: Temporary Supply	0.55	3.28	0.55	3.28	0.55	3.28
LT-IX: Electric Vehicle Charging Stations	—	—	—	—	—	—
HT Category	43.26	44.79	43.26	44.79	43.26	44.79
HT-I: Industry-General	35.53	38.41	35.53	38.41	35.53	38.41
HT-II – Others	5.40	5.38	5.40	5.38	5.40	5.38
HT-III: CPW Scheme	0.30	0.97	0.30	0.97	0.30	0.97
HT-IV: Temporary Supply	1.07	0.55	1.07	0.55	1.07	0.55
Total	212.32	215.67	212.32	215.67	212.32	215.67

SCHEDULE-IV
(Filing of Proposed Tariff (FPT) for FY 2026-27 of CESS Ltd.)

Proposed Tariff	No Change in Existing Retail Supply Tariff for FY 2026-27
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CESS Ltd., Sircilla

یہ اجلاس معزز
تنگانہ الیکٹریسیٹی ریگولیشن کمیشن
 ویویو نمینٹن بیون میں - آئی اے ایس ٹیکنالوجی کلڈن ٹنگر، حیدرآباد، 500045
کوا پریٹیو الیکٹرک سیریلٹی سوسائٹی لمیٹڈ
(CESS Ltd.) - سرسہ
 رجسٹریشن نمبر: 748/TD مورخہ: 30-10-1969

اعلان عام

1. تمام کوڈ ریلے نو اطلاق دی جاتی ہے کہ کوآ پریٹیو الیکٹرک سیریلٹی سوسائٹی لمیٹڈ (CESS Ltd.) برسرلس میں کوآپریٹو نمبر 13 یا باہر الیکٹرکٹیٹی ایکٹ، 2003 کے تحت برقی کی ڈسٹری بیوٹن اور سیریلٹی سیریلٹی کیلئے ڈائریکٹس سے ایشی دی گیا ہے۔ اس سے متعلقہ الیکٹرکٹیٹی ریگولیشن (TGERC) کے اجلاس پر اس کے سیریلٹی سیریلٹی کی ڈسٹری بیوٹن کے مابقی سال 2026-27 کیلئے نظر ثانی شدہ ARR کیلئے پیشکشیں داخل کی ہے۔ ان پیشکشوں کو منظوریشن کی مابقی سے 2025 O.P.No. 83 کی مابقی سے آن ریکارڈ لیا گیا ہے۔

2. مجموعی پیشکشوں کی تقویم پورٹلنگ ڈائریکٹر CESS Ltd. برسرلس میں دستیاب ہے۔ خواہشمند پیشکش کنندگان کو نوٹس فراہم کیا گیا ہے۔ اس وقت تک مقررہ نوٹس کی پورٹلنگ ڈائریکٹر کے واران کر سکتے ہیں اور اس کا نوٹس لے سکتے ہیں۔ یہ پورٹلنگ ڈائریکٹر کے واران کر سکتے ہیں۔ www.tgcessltd.com پر بھی دستیاب ہیں اور ان کے www.tgerc.telangana.gov.in پر بھی رسائی کی جا سکتی ہے۔ ان پیشکشوں کی نقل کو نوٹس کیلئے پورٹلنگ ڈائریکٹر کے دفتر سے نوٹس کیلئے مقررہ تاریخ 08-01-2026 کے بعد سے مقررہ تاریخ سے حاصل کیا جا سکتا ہے۔

3. ان پیشکشوں پر اعتراضات / تجویز / تہمتیں ہونی چاہئیں تو تادیبی مواد کے ساتھ شیڈنگ ڈائریکٹر CESS Ltd. برسرلس، ایڈمنسٹریٹو بلاک، مکان نمبر 5-5-7، سہیل نگر، سرسہ کے پاس کسی طور پر یا دستخط پوسٹ کے ذریعے اس طرح روانہ کیا جائے کہ یہ 31-01-2026 کو 5 بجے شام تک داخل ہو جائے۔ اس کی ایک کاپی سرورڈی سے کوآپریٹو نمبر TGERC کے پاس بھی شکرہ والا پتہ یا 5 سیریل آئی ڈی : socy.tgerc@telangana.gov.in پر داخل کی جائے۔ اعتراضات / تجویز / تہمتیں چاہئے کہ داخل شدہ ہوں اور چاہئے کہ اس میں پیشکشوں کے لئے لائسنس ہولڈرز کا مکمل نام، ڈاک پتہ، سیریل آئی ڈی اور رابطہ نمبر فراہم کیا جائے۔ اعتراضات / تہمتیں ہونے کے دوران درج کیا جائے۔ اگر اعتراضات / تجویز / تہمتیں یا ملاحظوں کی مابقی سے داخل کئے جائے ہوں تو وہ اس طرح کے ہوں گے کہ اس بات کا ذکر کیا جائے۔ اگر اعتراضات / تہمتیں کسی طور پر سامت کرنا چاہتا ہوں یا اس بات کا حواس طور پر ذکر کیا جائے۔

4. اعتراضات / تجویز / تہمتیں درج ذیل فارمیٹ میں کرنا ہوں گے۔

Sl. No.	Para No. in the petition, if available	Proposal of the CESS, Sircilla as made in the petition.	Objections/ Suggestions/Comments
5. اعتراضات / تجویز / تہمتیں چاہئے کہ درج ذیل شکایات کے ساتھ ہوں۔			
Name of the Objector.			
Correspondence Address			
Email-id			
Contact Number			
Whether copy of objection/ suggestion/ comment enclosed?			Yes/No
Whether proof of delivery of copy of objection/ suggestion/ comment at CESS office enclosed?			Yes/No
Whether objector wants to be heard in person?			Yes/No
6. ARR and ERC کی منظوری کیلئے پیشکشیں مابقی سے پیشکشیں CESS Ltd. برسرلس کی پیشکش کی جسٹ (خلاصہ) شیڈول III-III اور IV میں درج ذیل دی گئی ہے۔			
7. مزید برآں اس مابقی سے متعلقہ الیکٹرکٹیٹی ریگولیشن کمیشن - ڈسٹرکٹ کارپوریشن، راجنہاں سرسہ میں 04-03-2026 10.30 بجے دن سے سامت عام کے لئے دعا خواہاں ہے۔			
شروع دستخط / صدر، تنگانہ الیکٹریسیٹی ریگولیشن کمیشن، سرسہ۔			
مقام: سرسہ تاریخ: 07-01-2026			

SCHEDULE-I

Sale of Energy and Loss:

Particulars	2024-25 (Actuals)		2025-26 (Projections)		2026-27 (Projections)	
	MU	%	MU	%	MU	%
Metered Sales	307.93	27.52%	319.46	26.59%	338.19	27.02%
LT Agricultural Sales	717.95	64.18%	792.65	65.99%	824.20	65.84%
Total Sales	1025.88	91.70%	1112.11	92.58%	1162.39	92.86%
Distribution Losses	92.85	8.30%	89.12	7.42%	89.43	7.14%
Energy required at CESS Ltd level	1118.73	100%	1201.23	100%	1251.82	100%

SCHEDULE-II

Aggregate Revenue Requirement (ARR) for FY 2026-27

(Figures in Rs. Crores)

Expenditure Item	2025-26	2026-27
	Approved	Projections
Power Purchase cost	503.23	597.12
Operation & Maintenance Expenses - Retail Supply Business	53.43	64.17
Depreciation - Retail Supply Business	15.25	10.68
Interest and finance charges on Loan - Retail Supply Business	2.14	2.00
Interest on working capital - Retail Supply Business	4.19	4.54
Return on Equity - Retail Supply Business	8.73	21.68
Interest on Consumer Security Deposit	0.89	1.15
Less: Non-Tariff Income	6.50	7.35
Aggregate Revenue Requirement	581.36	693.99

SCHEDULE-III

Category wise Revenue from Charges

(figures in Rs. Crores)

Revenue from Current Tariffs (Rs.Crs.)	2024-25 (Actual)	2025-26 (Projections)	2026-27 (Projections)
	LT Category	169.06	170.88
LT-I: Domestic	82.64	84.85	87.13
LT-II: Non-Domestic/Commercial	42.91	44.29	45.80
LT-III: Industry	15.42	10.73	11.99
LT-IV: Cottage Industries	7.14	7.99	11.46
LT-V: Agricultural	3.67	2.81	3.04
LT-VIA: Street Lightning	4.39	4.18	4.06
LT-VIB: PWS Schemes	10.02	11.01	12.13
LT-VII: General Purpose	2.32	1.74	1.89
LT-VIII: Temporary Supply	0.55	3.28	---
LT-IX: Electric Vehicle Charging Stations	---	---	---
HT Category	42.26	44.79	44.86
HT-I Industry General	35.53	38.41	38.48
HT-II - Others	5.46	5.36	5.34
HT-IVB CPW Scheme	0.20	0.37	0.38
HT-VII Temporary Supply	1.07	0.65	0.66
Total	211.32	215.67	222.36

SCHEDULE-IV

(Filing of Proposed Tariff (FPT) for FY2026-27 of CESS Ltd.)

Proposed Tariff	No Change in Existing Retail Supply Tariff for FY 2026-27
<input type="checkbox"/>	<input checked="" type="checkbox"/>

DIPR R.O.No.1026-PP/CL-AGENCY/ADVT/1/2025-26, Dt:07-01-2026

Annexure-2
List of Stakeholders who submitted written Objections/ Suggestions

S.No	Objector Name and Address	Date of receiving Objection
1	Sri. Biyyamkar Srinivas, H.No. 5-6-33, siddulawada, Sircilla - 505 301, Rajanna Sircilla Dist.	08-01-2026 and 22-01-2026
2	Sri.R V Subba Rao, H.No.12-13-657, 2nd Floor, Lane No.1, Street No.14, Nagarjuna Nagar, Tarnaka, Secunderabad Telangana State, India	30-01-2026
3	Sri.PV Subbareddy, Convenor, Bharatiya Agro Economic & Research, Center, 2-2-24/P, DD Colony, Baghamberpet, Hyderabad- 500013	31-01-2026
4	Sri. Vijayabhasker, Bharatiya Kisan Sangh, F.No. G2, H No 2-1-174 & 175, Old Ramalayam Veedi, Rajupt Residency, Nallakunta, Hyderabad- 500044	31-01-2026
5	Sri. Srirangarao Bharatiya Kisan Sangh F.No. G2, H No 2-1-174 & 175, Old Ramalayam Veedi, Rajput Residency, Nallakunta, Hyderabad- 500044	31-01-2026
6	Sri. L.Manikreddy, Reddy H.No 1-3, Naareguda Village, Nawabpet Mandal, Vikarabad post- 501101	30-01-2026
7	Sri. M.Sridhar Reddy Bharatiya Kisan Sangh, F No G2, H No 2-1-174 & 175, Old Ramalayam Veedi, Rajput Residency	30-01-2026
8	Sri. Guda Mahendar Reddy, Velikatta Village, Kondapaka Mandal, Siddipet Dist.	31-01-2026
9	Sri. A. Parsharamulu Bharatiya Kisan Sangh, Chandrampet Village, Siricilla Mandal, Rajanna Siricilla Dist.	22-01-2026
10	Sri. Dyapa Devaiah Bharatiya Kisan Sangh, Yellareddypeta Mandal, Siricilla Dist	22-01-2026
11	Sri. P Baamagaari Peddaiah Bharatiya Kisan Sangh, Gandilachhapeta Village, Thangallapalli Mandal, Rajanna Siricilla Dist	22-01-2026
12	Sri. Joginpally Sampath Rao Narsingapoor Village, Boinpalli Mandal, Rajanna Sircilla Dist.	30-01-2026
13	Sri. B Parsharamulu	02-02-2026

S.No	Objector Name and Address	Date of receiving Objection
	Peddabonala Village, Siricilla Mandal, Rajanna Sircilla Dist.	
14	Sri. B V Reddy Laxmipur Village, Tangallapalli Mandal Rajanna Sircilla Dist.	21-02-2026
15	Sri. S Raji reddy Ramannapet Village, Boinpalli Mandal	22-01-2026
16	Sri. M Sridhar Reddy Bharatiya Kisan Sangh	22-01-2026
17	Sri. B Thirupathi Reddy Pothhur Narsakkapet Village, Illanthakunta Mandal, Rajanna Sircilla Dist.	17-02-2026
18	Sri. SIRCILLA MANAIR NON-GOVERNMENTAL ORGANISATION H.No, 12-8-117/1, Shivanagar, SIRCILLA - 505 301,Dist Rajanna Sircilla (TS)	24-02-2026
19	Sri. Shashi Bhushan Kache State Co-ordinator, Kisan Congress HNo. 8-55, Nadiveedhi, Manthani, Peddapalli Distrit - 505184	19-02-2026
20	Sri. Chepuri Nagaraju, President Boiled Ricemillers Association Rajanna Sircilla district	01-03-2026

Annexure-3

List of Stakeholders who attended the Public Hearing held on 04.03.2026

Sl. No.	Name and Address of the Stakeholders
1	Sri. Biyyamkar Srinivas, H.No. 5-6-33, siddulawada, Sircilla - 505 301, Rajanna Sircilla Dist.
2	Sri. Dyapa Devaiah Bharatiya Kisan Sangh, Yellareddypeta Mandal, Siricilla Dist
3	Sri. P Baamagaari Peddaiah Bharatiya Kisan Sangh, Gandilachhapeta Village, Thangallapalli Mandal, Rajanna Siricilla Dist
4	Sri. Joginpally Sampath Rao Narsingapoor Village, Boinpalli Mandal, Rajanna Sircilla Dist.
5	Sri. B Parsharamulu Peddabonala Village, Siricilla Mandal, Rajanna Sircilla Dist.
6	Sri. S Raji reddy Ramannapet Village, Boinpalli Mandal
7	Sri. Shashi Bhushan Kache State Co-ordinator, Kisan Congress HNo. 8-55, Nadiveedhi, Manthani, Peddapalli Distrit - 505184
8	Sri. Chepuri Nagaraju, President Boiled Ricemillers Association Rajanna Siricilla district
9	Sri.Ganesh
10	Sri.B.Dinesh Goud
11	Sri.Sarvayya
12	Sri. Devadas
13	Sri.D.Sridhar
14	Sri.M.Srinivas
15	Sri.Habeeb Pasha

16	Sri. Narayana
17	Smt.K.Nirmala
18	Sri.Lakshmipathi
19	Sri.Srinivas
20	Sri.Yella Reddy
21	Sri. Balraju
22	Sri.V.Komaraiah
23	Sri. Sattar
24	Sri.Anjaneyulu
25	Sri. D.Sridhar Rao
26	Sri. Surendhar Reddy
27	Sri.M.Musthafa
28	Sri. Prasad Goud
29	Sri. Pruthvidhar
30	Sri. Gajabhinakar Narayana
31	Sri. Mallareddy
32	Sri. J.Rajesham
33	Sri.G.Mallaiah
34	Sri. Anil Kumar
35	Sri. Komraiah Yadav