



**TELANGANA ELECTRICITY REGULATORY COMMISSION**  
**VIDYUT NIYANTRAN BHAVAN, G.T.S. COLONY, KALYAN NAGAR, HYDERABAD 500 045**

**ORDER**  
**ON**  
**TRUE-UP FOR FY 2024-25**  
**AND**  
**REVISED ARR AND TARIFF PROPOSAL FOR FY 2026-27**  
**FOR**  
**SINGARENI THERMAL POWER PLANT**  
**2\*600 MW**  
**OF**  
**SINGARENI COLLIERIES COMPANY LIMITED (SCCL)**

**28.03.2026**

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**TELANGANA ELECTRICITY REGULATORY COMMISSION**  
**'Vidyut Niyantaran Bhavan', G.T.S. Colony, Kalyan Nagar, Hyderabad 500 045**

**O.P. No. 64 of 2025**

**Dated 28.03.2026**

**Present**

Dr. Justice Devaraju Nagarjun, Chairman

Sri. Raghu Kancharla, Member (Technical)

Sri. Cherukuri Srinivasa Rao, Member (Finance)

**Between:**

The Singareni Collieries Company Limited,

Kothagudem Collieries, Bhadradri Kothagudem District 507 101.

... Petitioner

**AND**

1. Southern Power Distribution Company of Telangana Limited,  
Corporate Office, # 6-1-50, Mint Compound, Hyderabad 500 063;

2. Northern Power Distribution Company of Telangana Limited,  
H.No.2-5-31/2, Corporate Office, Vidyut Bhavan,  
Nakkalagutta, Hanamkonda, Warangal 506 001.

... Respondents

Singareni Collieries Company Limited (SCCL or petitioner) has filed the present petition on 28.11.2025 in accordance with Sections 62, 86(1)(a) & 86(1)(b) of the Electricity Act, 2003 read with clause 3.13.1, and other applicable clauses provided in Regulation No.2 of 2023 for truing-up of generation tariff from 1st April 2024 to 31st March 2025 and revised ARR and tariff for FY 2026-27 for 2x600 MW Singareni Thermal Power Plant (STPP).

The Commission, in exercise of its powers under the Electricity Act, 2003, Regulation No. 2 of 2023 and after considering Petitioner's submissions, suggestions and objections of the other stakeholders, responses of Petitioner, issues that are raised during the Public Hearing and all other relevant material, passed the following:

**ORDER****CHAPTER-1 : INTRODUCTION****1.1 Background**

- 1.1.1 Telangana Electricity Regulatory Commission (herein referred to as TGERC or the Commission) was constituted by the Government of Telangana in terms of the provisions of Schedule XII(C)(3) of the A.P. Reorganisation Act of 2014, read with Section 82 of the Electricity Act, 2003 (Act) vide G.O.Ms.No.3, Energy (Budget) Department, dated 26.07.2014.
- 1.1.2 The Singareni Collieries Company Limited (SCCL) is a coal mining company incorporated under the Companies Act, 1956. The Company is owned by Government of Telangana (GoT) with 51.096% shareholding. The other shareholders of the company are Government of India (GoI) and private shareholders in the ratio of 48.902% and 0.002% respectively.
- 1.1.3 SCCL has entered in the business of power generation by setting up a 2x600 MW coal based thermal power plant viz., Singareni Thermal Power Plant (STPP) in Jaipur of Mancherial District, Units I & II of STPP achieved COD on 25.09.2016 and 02.12.2016 respectively.
- 1.1.4 SCCL had entered into a Power Purchase Agreement (PPA) on 18.01.2016 with two distribution companies of Telangana (TGDiscoms) for the power generated from STPP which will be sold to them at a tariff decided by the Commission. The PPA shall remain valid for a period of 25 years from the COD of the last Unit (i.e., Unit-II).
- 1.1.5 The Commission in its Order dated 28.08.2020 trued-up the capital cost and fixed charges the STPP plant upto 31.03.2019 and determined tariff during the MYT period 2019-2024.
- 1.1.6 The Commission in its Order dated 23.03.2023 has carried out mid-term review of the control period 2019-2024.
- 1.1.7 The Commission, in its Order dated 28.06.2024 has carried out true up for FY 2022-23 and Multiyear tariff for FY 2024-25 to FY 2028-29.
- 1.1.8 The Commission in its Order dated 29.04.2025 has carried out true up for FY 2023-24 and revised tariff for FY 2025-26.

## 1.2 Statutory Provisions

- 1.2.1 As per Section 62 of the Electricity Act, 2003 the Commission can determine the tariff for supply of electricity by a generating company to a distribution licensee. Further the Commission is empowered to determine tariff for generation and sale of electricity within the State under Section 86(1)(a) & 86(1)(b) of the Act.
- 1.2.2 The Commission had notified Multi Year Tariff Regulation, 2023 [Regulation No.2 of 2023]. As per clause 6.2 and other applicable clauses provided in Regulation No.2 of 2023 the SCCL is required to file a petition for true-up of generation tariff for STPP for FY 2024-25, ARR and revised tariff for FY 2026-27 by 30.11.2025. The applicable clauses of Regulation 2 of 2023 are reproduced below:

### **Regulation No.2 of 2023**

*6.2 The petitions to be filed for each Control Period under this Regulation are as under:*

*d) After first year of the Control Period and onwards, the annual petitions by generating entity shall comprise of:*

- i. True-up of preceding year for Generation Business;*
- ii. True-up of preceding year for Integrated Mine;*
- iii. Proposal of revised tariff for ensuing of control period for Generation Business;*
- iv. Proposal of Revised input price of coal supplied from Integrated mine for the ensuing year of the Control Period.*

## 1.3 Present Petition

- 1.3.1 SCCL has filed the present petition on 28.11.2025 in accordance with Sections 62, 86(1)(a) & 86(1)(b) of the Electricity Act, 2003 read with clause 6.2 and other applicable clauses provided in Regulation No.2 of 2023 for true-up of generation tariff from 1st April 2024 to 31st March 2025. SCCL has also filed the revised ARR and tariff for FY 2026-27 for 2x600 MW Singareni Thermal Power Plant (STPP) in accordance with Regulation No.2 of 2023.
- 1.3.2 SCCL has submitted that while filing present Aggregate Revenue Requirement (ARR)/Tariff proposals, the SCCL has endeavoured to comply with the various applicable legal and regulatory directions of the Commission including the directions contained in the 'Conduct of Business' Regulations, 2015 (Regulation No.2 of 2015), Regulation No.2 of 2023 notified by the Commission.

1.3.3 SCCL further submitted that based on the information available it has made Bonafide efforts to comply with the directions of the Commission and discharge its obligations to the best of its abilities.

#### **1.4 Admission of Petition and Regulatory Process**

1.4.1 The petition was scrutinized and found to be generally in order as required under Conduct of Business Regulation, 2015 (Regulation No.2 of 2015). Thereby, the original petition was taken on record by assigning the O.P.No.64 of 2025.

#### **1.5 Data Gaps and petitioner's Responses**

1.5.1 After taking the petition on record, the Commission has sought for some additional information which the petitioner has submitted. The Commission has considered the original filings and additional information submitted by the petitioner.

#### **1.6 Public Notice**

1.6.1 The petitioner, in conformity of the Commission's directions, issued Public Notice for inviting objections/suggestions of the stakeholders on the filing of the True-up for FY 2024-25 and Revised Tariff Proposal for FY 2026-27 in two (2) English, two (2) Telugu daily and One (1) Urdu daily newspapers on 20.12.2025 [**Annexure-I**]. In the Public Notice it was also stated that the Commission shall conduct Public Hearing in the Court Hall of TGERC, Vidyut Nyantran Bhavan, GTS Colony, Kalyan Nagar, Hyderabad, on 22.01.2026 from 11.00 hrs onwards. The filings (along with supporting material) were hosted by the petitioner as well as the Commission on their respective websites.

#### **1.7 Response to the Public Notice**

1.7.1 In response to the Public Notice, two (2) stakeholders have submitted Objections/Suggestions/Comments on the filings of True-up for FY 2024-25 and Revised ARR and Tariff Proposal for FY 2026-27. The details of stakeholders who have submitted written objections/suggestions/Comments on filings is enclosed at **Annexure-II**.

1.7.2 The Petitioner was directed to furnish reply on the objections/suggestions/comments of stakeholders in writing, marking copy of the same to the Commission, by 17.01.2026. The objections/suggestions/comments of stakeholders and the responses of the Petitioner on the same have been posted on the websites of the Petitioner and the Commission.

## 1.8 Public Hearing

- 1.8.1 The Commission has conducted the public hearing on 22.01.2026 in attendance of the Petitioner, the Respondents, and the other interested stakeholders. During the Public Hearing, the Petitioner has made a brief submission on its filings and then the Commission heard the Respondents and other stakeholders desired to be heard. The Petitioner responded on the issues raised by the objectors and on directions of the Commission filed a written submission regarding the same.
- 1.8.2 Considering the request of the petitioner, the Commission permitted the petitioner to submit the written submissions and granted respondents/TGDISCOMS to submit their comments on written submissions. The petitioner submitted the written submissions on 30.01.2026 and TGDISCOMS submitted their comments on 17.02.2026.
- 1.8.3 The list of persons who have presented their objections/suggestions/comments in Public Hearing held on 22.01.2026 is enclosed at **Annexure-III**.

## CHAPTER-2: SUMMARY OF FILINGS

### 2.1 Petitioner's Submissions

2.1.1 The petition is filed for approval of True-up for FY 2024-25 and Revised Tariff Proposal for FY 2026-27 for 2x600 MW Singareni Thermal Power Plant.

2.1.2 The Petitioner has made the following submissions in their original filings and the additional submissions:

- a) Annual Accounts of SCCL for FY 2024-25;
- b) Audited details of the break-up of Actual capital cost of STPP up to 31.03.2025.
- c) The details of Additional Capitalisation claimed for FY 2024-25 and FY 2026-27.

2.1.3 The petitioner submitted that Appeal No. 256 of 2024 was filed by SCCL against the order dated 01.04.2024 passed by the Commission in OP No. 13 of 2023, whereby the Commission had estopped the Petitioner from levying premium on the price of bridge linkage coal being supplied by SCCL (being coal company) to STPP (being the generating station), in terms of the various Standing Linkage Committee Meetings. Further, an appeal (being Appeal No. 19 of 2025) was filed by the TGDISCOMs assailing the tariff order dated 28.06.2024 passed by the Commission in respect of Multi-Year Tariff of FY 2024-29 and True up of FY 2022-23 allowing pass through of premium on coal price charged by SCCL to its STPP for the coal supplied under Bridge Linkage.

2.1.4 Both the appeals have been disposed-off by the Hon'ble APTEL through common judgment dated 28.08.2025, wherein, it has been held that SCCL/ STPP has to be allowed pass through of premium levied on bridge linkage coal, by this Commission.

2.1.5 The petitioner requested to consider the present petition viz, true up of FY 2024-25 and the revised ARR and tariff for the period FY 2026-27 by, inter-alia, taking into consideration of the above Hon'ble APTEL order.

#### True-up for FY 2024-25

2.1.6 The summary of the true-up of Aggregate Revenue Requirement for FY 2024-25 as claimed by the petitioner is shown in table below:

**Table 2:1: Summary of ARR as claimed for FY 2024-25 (Rs. Crore)**

Particulars	MYT/Tariff Order	True-Up
	Approved	Claimed
Annual Fixed Charges		
Operation & Maintenance Expenses	249.48	275.60
Depreciation	400.36	436.64

Particulars	MYT/Tariff Order	True-Up
	Approved	Claimed
Interest and finance charges on loan	191.85	214.20
Interest on Working Capital	84.41	91.43
Return on Equity	436.40	482.20
<b>Annual Fixed Charges</b>	<b>1362.50</b>	<b>1500.07</b>
<b>Energy Charges</b>		
Energy Charge Rate (Rs. /kWh)	3.977	3.963
Scheduled Energy-Ex-bus (MUs)	7051.99	7,501.197
<b>Energy Charges</b>	<b>3,187.51</b>	<b>2,972.72</b>
<b>Other Charges</b>		
Incentive	0.00	0.00
water charges, Audit fee & Tariff filling fee	0.00	0.39
<b>Other Charges</b>	<b>0.00</b>	<b>0.39</b>
Total Gross ARR	<b>4550.01</b>	<b>4473.18</b>
Less: Non-Tariff Income	3.90	9.08
ARR to be recovered from Tariff	<b>4546.11</b>	<b>4464.09</b>

## 2.2 Revised Tariff Proposal for FY 2026-27

2.2.1 The AFC claimed by the SCCL for FY 2026-27 is shown in table below:

**Table 2:2: AFC and Energy Charge claimed by the Petitioner for FY 2026-27 (Rs. Crore)**

Particulars	FY 2026-27	
	MYT Order	Claimed
<b>Annual Fixed Charges</b>		
Operation & Maintenance Expenses	276.96	318.72
Depreciation	400.36	439.64
Interest and finance charges on loan	125.90	134.93
Interest on Working Capital	84.08	80.78
Return on Equity	436.40	484.96
<b>Annual Fixed Charges</b>	<b>1323.70</b>	<b>1459.03</b>
<b>Energy Charges</b>		
Energy Charge Rate (Rs./kWh)	3.785	3.377
Scheduled Energy-Ex-bus (MUs)	8,421.426	8,781.697
Variable Charges	0.00	0.00
<b>Energy Charges</b>	<b>3,183.30</b>	<b>2,965.58</b>
<b>Other Charges</b>		
Incentive	0.00	18.01
water charges, Audit fee & Tariff filling fee	0.00	0.47
<b>Sub Total (Other Charges)</b>	<b>0.00</b>	<b>18.48</b>
Total Gross ARR	<b>4507.00</b>	<b>4443.09</b>
Less: Non-Tariff Income	4.29	9.44

Particulars	FY 2026-27	
	MYT Order	Claimed
ARR to be recovered from Tariff	<b>4506.92</b>	<b>4433.66</b>

### 2.3 Energy Charges for FY 2026-27

2.3.1 The Energy Charge Rates (ECR) projected by SCCL for FY 2026-27 as shown in table below:

**Table 2:3: Summary of ECR as claimed by the Petitioner for FY 2026-27**

Particulars	Units	MYT/Tariff Order	April-March
		Approved	Revised Proposal
Auxiliary Consumption	%	5.75	5.75
Gross Station Heat Rate	kcal/kWh	2300.00	2300.00
Secondary Fuel oil consumption	ml/kWh	0.50	0.50
Calorific Value of Secondary Fuel	kcal/ml	10.00	10.00
Landed Price of Secondary Fuel	Rs./ml	0.07	0.07
Gross Calorific Value of Coal	kcal/kg	3808.80	3838.00
Landed Price of Coal	Rs./kg	5.86	5.27
Specific Coal Consumption	kg/kWh	0.603	0.598
Rate of Energy Charge from Primary Fuel	Rs./kWh	3.749	3.342
Rate of Energy charges from Secondary Fuel	Rs./kWh	0.036	0.036
<b>ECR</b>	<b>Rs./kWh</b>	<b>3.785</b>	<b>3.377</b>

2.3.2 The following are the prayers of the SCCL in the petition:

- a) Consider the submissions made by SCCL in this annual tariff petition for determining tariff for FY 2026-27, and for undertaking the Truing Up of tariff/expenditure for the period FY 2024-25;
- b) Approve revised tariff for FY 2026-27 and allow recovery of additional Trued Up expenditure for FY 2024-25 in respect of 2X600 MW Singareni Thermal Power Plant (STPP), in terms as stated in the present petition; and
- c) Pass such further Orders, as the Commission may deem fit and appropriate in circumstances of the case.

## **CHAPTER-3: ISSUES RAISED BY STAKEHOLDERS, RESPONSES OF PETITIONER AND COMMISSION'S VIEW ON TRUE UP OF FY 2024-25**

### **3.1 Objections/suggestions made on filings**

3.1.1 Two (2) stakeholders have filed objections/ suggestions on petition submitted by STPP for True-Up for FY 2024-25 and Revised ARR and tariff for FY 2026-27. The Petitioner has filed replies on the objections/suggestions/comments received from the stakeholder in writing and during public hearing. 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 petitioner. For the sake of brevity, the objections/suggestions/Comments raised by the stakeholders and responses of the petitioner have been consolidated and summarized issue-wise. In case any suggestions are not specifically elaborated it does not mean that the same has not been considered.

### **3.2 Additional Capitalisation for FY 2024-25**

#### ***Petitioner's Claim***

3.2.1 The petitioner has claimed Rs. 23.38 Crore as additional capitalisation for FY 2024-25 which includes payment of Rs. 1.85 Crore towards enhanced compensation for land acquisition as per Court orders and as per clause 22.3 (i) of Regulation No. 2 of 2023. Further balance claim of Rs. 21.53 Crore is incurred 'beyond Original Scope' towards miscellaneous BOP works, O&M store shed & sub store shed, CC pavement near store & road along 1 TMC pipe line, providing overhead electrification (OHE) to STPP lead line and connected sidings on deposit terms through South Central Railways, construction of MA,MB,MC quarters, 29 no's rain water Harvesting pits, RO plants in surrounding villages and Medical Equipment for PHC as per clause 22.3 of TGERC (Multi Year Tariff) Regulation, 2023.

#### ***Stakeholders' Submissions***

3.2.2 Stakeholders have submitted that additional capitalization claim of Rs. 23.38 Crore for FY 2024-25 consists of Rs. 1.85 Cr towards enhanced compensation paid for land as per court directives. Further submitted that the Commission vide order dt.29.04.2025 in OP No. 30 of 2024 already approved Rs. 2.91 Cr towards enhanced land compensation and the petitioner has again claimed Rs. 1.85 Crore towards additional land compensation even for FY 2024-25 by referring the court order and not mentioned the reasons for not claiming the same in the earlier tariff filings and requested the Commission to prudently check of the said claim.

- 3.2.3 Further, the stakeholders submitted that balance claim of Rs. 21.53 Crore for FY 2024-25 includes claim for Rs.16.64 Crore toward Railway siding overhead electrification and balance amount towards BOP miscellaneous work, site development and temporary sheds, Township, guest house and other amenities etc., which were already disallowed by the Commission vide orders dated 23.03.2023 in mid-term review petition OP No. 77 of 2022 and in the MYT order dt.28.06.2024 & order dt. 29.04.2025 in Op No. 30 of 2024, since the claim was beyond the original scope of Works and after the cut-off date (31.03.2019). Hence, the claim is not tenable again in the present petition.
- 3.2.4 Another stakeholder has requested for providing certified copy of the Government Order (G.O.) or permission from the Revenue Department/District Collector for the diversion of Land at Jaipur (Mancherial) from “Mining/post mining status” to “Industrial Usage” for STPP plant, requested to provide clarification in case the cost of the land used for STPP was already included in the Mining Project Cost of the respective mines and reasons for including the same cost again in STPP Power Project Capital Cost.
- 3.2.5 The stakeholder requested to provide the basis for claiming Rs. 57.88 Crore (as of 31.01.2025) under “Land” in the capital cost break-up and also sought detailed breakup of the amounts spent on social overheads and specify the quantum of these expenses that have been loaded onto the ARR and passed through to consumers.

#### ***Petitioner's Replies***

- 3.2.6 The petitioner replied that the claim of Rs.1.85 Crore towards enhanced compensation paid for land was made in accordance with clause 22.3.(ii) of Regulation No. 2 of 2023. As per the aforesaid regulation the capital expenditure in respect of existing generating station shall be admitted by the Commission under change in law and submitted the relevant court order and the payment documents, payment was made on 23.05.2024 which comes in the FY 2024-25. Accordingly, the amount was capitalised and claimed in tariff petition during truing up exercise of FY 2024-25. This Commission earlier allowed similar enhanced land compensation vide order dated.29.04.2025.
- 3.2.7 Further, on the stakeholders submission that this Commission is not bound by the certificates of auditors the petitioner submitted that it cannot be denied that the Commission is not bound by the figures as given in the audited statements, since the audit only reflects the amount that has been incurred, but the issue of prudence check, i.e., whether such expenditure was required or not at the first place lies with the

Commission. But insofar as correctness of amount incurred towards permissible component is concerned, the Commission needs to rely on the figures found in Auditors certificate.

- 3.2.8 Further, the petitioner stated that not bound simply does not mean that the Commission has to totally disregard the certified amounts. However, the Commission can scrutinize the reasonableness of the expenditure. A recent judgment dated 18.10.2022 by the Hon'ble apex court in the matter between BSES Rajadani Power Ltd vs DERC clearly specifies the process of truing up and application of the prudence on certified audited expenditures by the State Commission. The relevant portion is reproduced below:

*“52. ‘Truing up’ has been held by APTEL in SLDC v. GERC4 to mean the adjustment of actual amounts incurred by the Licensee against the estimated/projected amounts determined under the ARR. Concept of ‘truing up’ has been dealt with in much detail by the APTEL in its judgment in NDPL vy. DERCS wherein it was held as under:*

*“60. Before parting with the judgment, we are constrained to remark that the Commission has not properly understood the concept of truing up. While considering the Tariff Petition of the utility the Commission has to reasonably anticipate the Revenue required by a particular utility and such assessment should be based on practical considerations. ... The truing up exercise is meant (sic) to fill the gap between the actual expenses at the end of the year and anticipated expense in the beginning of the year. When the utility gives its own statement of anticipated expenditure, the Commission has to accept the same except where the Commission has reasons to differ with the statement of the utility and records reasons there of or where the Commission is able to suggest some method of reducing the anticipated expenditure. This process of restricting the claim of the utility by not allowing the reasonably anticipated expenditure and offering to do the needful in the truing up exercise is not prudence.”*

*53. This view has been consistently followed by the APTEL in its subsequent judgments and we are in complete agreement with the above view of the APTEL....”.*

- 3.2.9 The apex court thus held that “this process of restricting the claim of utility by not allowing the reasonable anticipated expenditure is **not prudence**”. The above ratio decided by apex court for determination truing up is binding on this Commission.

Accordingly, the objections made by the respondents have no merit for consideration.

- 3.2.10 Regarding permission from the Revenue Department/District Collector for the diversion of Land at Jaipur (Mancherial) from “Mining/post mining status” to “Industrial Usage” for STPP plant, Double capitalization check, Market Value Assessment of Land, the petitioner submitted that regarding Land status and requirement of G.O. /Diversion Permission, the land utilized for Singareni Thermal Power Plant (STPP) at Jaipur (Mancherial) was acquired exclusively for setting up of the power project and was not part of any operating or post-mining land of SCCL mines. Accordingly, the question of diversion from “Mining / Post-Mining” to “Industrial Use” does not arise. Hence, no separate Government Order (G.O.) or diversion permission from the Revenue Department / District Collector is applicable in this case. The land was identified, acquired, and transferred directly for industrial (power generation) use.
- 3.2.11 It is to state that the land used for STPP was never capitalized under the mining project cost of any SCCL mine and was not part of mine lease area or post-mining reclamation land. Therefore, there is no duplication or double capitalization of land cost. The mining projects and STPP are distinct cost centers with separate capitalization records. The request for clarification is answered accordingly. The land was acquired exclusively for setting up STPP and was legitimately capitalized as part of STPP project cost and duly approved by the Commission in its earlier tariff orders.
- 3.2.12 Further, the amount of Rs.57.88 Crore as on 31.03.2025 contains actual acquisition cost of land incurred for STPP and consequential impact of enhanced compensation paid for land as per Court directives claimed under change in law clause of TGERC tariff regulation. This value is based on acquisition value and not based on current market value or any reassessment. No mark-up, revaluation, or market value adjustment has been applied.
- 3.2.13 In view of the above, the objections relating to land diversion, duplication of land cost, and valuation methodology are misconceived. The land utilized for STPP was acquired exclusively for the power project, was never part of any mining project, and the capitalized amount of Rs.57.88 Crore represents the actual acquisition cost incurred and consequential impact of enhanced compensation paid for land as per Court directives. The inclusion of the said amount in the capital cost of STPP is justified, prudent, and fully in accordance with applicable regulations. Hence, the objections are liable to be rejected.

- 3.2.14 The petitioner replied that for FY 2024-25, social overheads under the balance mandatory capital expenditure under MoEF clearance amounting to Rs. 0.67 Crore have been capitalized as per the relevant clause of environmental clearance and put for approval of the Commission. These include installation of RO plants in surrounding villages and procurement of medical equipment for the Primary Health Centre. The expenditure has been prudently incurred, directly related to the project's mandatory capital expenditure, and only the servicing of capitalised amount has been reflected in the ARR in line with the Commission tariff regulations.
- 3.2.15 Further, STPP owns Railway siding from SRP CHP to STPP which is used as last mile connectivity for transportation of coal to STPP in rail mode which was Commissioned on 01.08.2018 with diesel engine. As per Railway Board policy all the sidings run by diesel loco in the electrified section are to be Commissioned with electrification.
- 3.2.16 On taking up of Over head electrification work there is a saving of around Rs. 10 crore approximately per annum in operations by way of shunting charges and trip charges, which would otherwise be included in transportation cost of coal.
- 3.2.17 With regard to the above, it may be mentioned that Regulation 22 of TGERC MYT Regulations, 2023 does not have provision for allowance of additional capital expenditure within the original scope of work, after the cut-off date. In this regard, the Petitioner craves leave to place reliance on the Judgment dated 26.05.2006 passed by the Hon'ble APTEL in Appeal No. 4 of 2005 and batch titled as "*M/s SIEL Limited vs. Punjab State Electricity Regulatory Commission & Ors.* ", wherein, it has been held that framing or existence of the Regulations is not a condition precedent or a sine qua non for determination of tariff by the Regulatory Commission. Accordingly, it is requested to allow the above expenditures incurred for functioning of the power plant, may be allowed as part of additional capitalization, particularly in terms of Section 61(d) of Electricity At, 2003.

#### ***Commission's analysis & findings***

- 3.2.18 The petitioner has claimed an amount of Rs. 23.38 Crore for FY 2024-25 as additional capitalisation. The Commission has examined the additional capitalisation claimed by the Petitioner, which was incurred for activities such as enhanced compensation paid for land as per Court directives, DM regeneration pump, IDCT fan motor, HP de-ashing pump, High pressure jet pump of BOP works, O&M store shed & Sub Store Shed, CC pavement near store & road along 1 TMC pipe line, providing overhead electrification

(OHE) to STPP lead line and connected sidings on deposit terms through South Central Railways, construction of MA,MB,MC quarters, 29 no's rain water harvesting pits, RO plants in surrounding villages, medical equipment for PHC.

3.2.19 In accordance with clause 22 of Regulation 2 of 2023, if the additional expenditure incurred is beyond the cut-off date such additional expenditure cannot be permitted. Out of Rs. 23.38 crore of additional expenditure claimed, except Rs. 1.85 crore towards enhanced land compensation as per the directions of the civil court, rest of the expenditure incurred beyond the cut-off date cannot be considered as it was spent without obtaining prior approval of the Commission. In addition to that as rightly submitted by stakeholders in respect to the claim of petitioner for expenditure incurred towards works beyond cut-off date was rejected by the Commission by order dated 29.04.2025.

3.2.20 The Commission has taken note of the submission of the stakeholder that additional capitalization claim of Rs. 1.85 Crore towards additional land compensation for FY 2024-25 by referring the court order and has not mentioned the reasons for not claiming the same in the earlier tariff filings. The Commission has verified the Auditor Certificate and actual payments made by the petitioner, and observed that payments were made in FY 2024-25 and not claimed earlier. Since, the petitioner has made payments in FY 2024-25 in accordance with Court orders, the Commission has considered the additional capitalisation of Rs. 1.85 Crore towards enhanced land compensation as per the directions of the Court orders in accordance with clause 22.3 (i) of Regulation 02 of 2023 and the balance additional capital expenditure (Rs. 23.38 Crore – Rs. 1.85 Crore) is disallowed as the additional expenditure is incurred beyond the cut-off date as per the provisions of Regulation 2 of 2023.

3.2.21 Accordingly, the additional capitalisation claimed and approved for FY 2024-25 is shown in the table below:

**Table 3:1: Additional Capitalisation claimed and approved for FY 2024-25**

(Rs. Crore)

Particulars	MYT Order	Claimed	Approved
Additional Capitalisation	0.00	23.38	1.85

### 3.3 Operating and Maintenance (O&M) Expenses

#### *Petitioner's Claim*

3.3.1 The Petitioner claimed O&M expenses for FY 2024-25 as Rs. 275.60 Crore based on actuals as against the approved value of Rs. 249.48 Crore in MYT Order dated 28.06.2024. The Petitioner has submitted the Auditor Certificate in support of their claim. The O&M expenses claimed is shown in table below

**Table 3:2: O&M Expenses claimed for FY 2024-25**

(Rs. Crore)

<b>Particulars</b>	<b>claimed</b>
Employee Expenses	130.93
A&G Expenses	58.65
R & M Expenses	86.02
<b>Total O&amp;M Expenses</b>	<b>275.60</b>

#### *Stakeholders' Submissions*

- 3.3.2 Stakeholder has requested to provide a detailed break-up of the total 42,000+ employees of SCCL, list the number of employees physically stationed at STPP (1200 MW) vs. "Corporate/Mining Headquarters" staff whose salaries are partially charged to STPP. A detailed list of corporate employees whose salaries are partially charged to STPP despite not being stationed at the plant.
- 3.3.3 Stakeholder has requested to provide the details of annual payment made to O&M Contractors (e.g., Power Mech) and clarify the reasons for claiming high internal "Employee Expenses" when the majority of plant operations are outsourced.
- 3.3.4 Stakeholder has sought wage structure variance for comparing the average salary of an SCCL employee (governed by NCWA XI) stationed at STPP against the NTPC salary benchmarks for similar supercritical units.
- 3.3.5 Stakeholder has submitted that the petitioner has claimed O&M expenses of Rs 262.86 Cr (Rs 21.91 lakh/MW), employee costs Rs 134.58 Cr (~51% O&M) with no details on apportionment, employee numbers, or outsourcing/contracts and sought details on corporate office employee cost apportionment to STPP, number of employees (infer 500-600 at 0.4-0.5/MW norm), outsourcing/contract costs (estimate 30-40% O&M, Rs 79-105 Cr), comparison of O&M per MW with NTPC/best stations and suggested to disallow un-apportioned/excess O&M costs of approximately Rs 29.18 Cr and benchmark to Rs 20 lakh/MW, with the rationale that low productivity levels of 1707

tonne per man-year compared to CIL's over 2000, combined with escalations such as bonuses amounting to Rs 800 Cr from PAT of Rs 6394 Cr, are passed on without corresponding efficiency gains. Transparency in apportionment and details is essential for prudence checks, and disallowing un-apportioned costs would prevent over-recovery, ensuring fair tariffs for consumers.

- 3.3.6 Stakeholder has further requested the Commission to direct SCCL to implement specific efficiency improvement measures (VFD retrofits, AI-based low-load optimization, cooling system upgrades) with timelines and benchmark O&M costs to Rs 20 lakh/MW and auxiliary consumption to CERC levels;
- 3.3.7 Regarding R&M Expense, the stakeholder has sought a list of all "Repair and Maintenance" activities for FY 2024-25 exceeding Rs. 5 Crore, and clarify if any of these were "Capitalized" (added to the Gross Fixed Assets).
- 3.3.8 Another stakeholder submitted the following
- i. The Employee Cost has increased significantly during FY 2024- 25 to FY 2026-27 vis-a-vis previous ERC approved cost. Even the R&M Expenses and A&G Expenses have also gone up considerably.
  - ii. The O&M Expenses for STPP Project were approved by the Commission on Normative basis as per the Regulation No. 2 of 2023. The Truing up procedure has to be based on Point to Point change (means Current month inflation rate over same month of last year as per MOSPI) in the WPI & CPI-I Inflation factors as published by the Ministry of Commerce & Industry and Ministry of Statistics & Programme Implementation (MoSPI), Govt. of India, and the computation shall be as per the formula given for Employee Cost, R&M Expenses and A&G Expenses in Regulation. The Base values already approved in the MYT order will not change. However, the Petitioner has overlooked the prescribed procedure and claimed higher O&M Expenses stating that the claims are audited actual expenditure, which is not in consonance with the methodology specified in the Regulation No.2 of 2023. As such, the Petitioner' claim of O&M expenses has to be restricted to figures already approved, with the truing up with actual WPI/CPI Inflation factors only.
  - iii. Though the Petitioner's claim is based on Audited figures, yet the Commission

is not bound by the Auditors Certifications and the Commission has to undertake prudence check of the expenses claimed in terms of Ld. APTEL's judgment dated 10<sup>th</sup> August 2010 in Appeal No.37 of 2010.

- iv. Requested to restrict the O&M claims for FY 2024-25 to FY 2026-27 duly taking into consideration the methodology stipulated at clause 45 of the Regulation No.2 of 2023.
- v. Further, in the computation of R&M expenses, the petitioner has claimed K factor as 1.29 % on the GFA claim of 7748.23Cr and on the revised GFA claim of Rs.7771.61 Cr for FY 2025-26 against approved 1.08 % on GFA of 7748.23Crore (for FY 2024-25 to FY 2025-26) and for FY 2026-27 in addition to revising the k factor to 1.29 % also revised the GFA Claim to Rs.7789.50 Cr (including the additional capitalization claim) against approved GFA of Rs.7748.23 Cr vide order dated 29.04.2025.

#### ***Petitioner's Replies***

3.3.9 The petitioner replied that a total of 139 SCCL employees consisting of executives and non-executives are stationed at STPP in FY 2024-25 and the salaries of corporate headquarters staff charged to STPP is Rs. 17.40 Crore for FY 2024-25.

3.3.10 Most of the Operation and maintenance activity of 2X600 MW STPP is run through contract, SCCL employee's co-ordinate, supervise and monitor at all levels to align the performance with the strategic objectives of SCCL. Annual payments made to O&M contractor M/s Power mech projects limited for FY 2024-25 was Rs.97.58 Crore.

3.3.11 The details of approved station wise O&M expenses for state thermal generating plants are given in the table below:

<b>O&amp;M Expenses approved by the Commission for State thermal generating plants for the period FY 2024-25</b>			
<b>Station</b>	<b>Capacity (MW)</b>	<b>O&amp;M Expenses (Rs. Crore)</b>	<b>Rs. Lakhs/MW</b>
KTPS-V	2X250	206.99	41.40
KTPS-VI	500	206.97	41.39
KTPS-VII	800	483.04	60.38
KTPP-I	500	180.28	36.06
KTPP-II	600	204.77	34.13
<b>TGGENCO Total</b>	<b>3980</b>	<b>1471.64</b>	<b>36.98</b>
<b>STPP</b>	<b>2X600</b>	<b>249.47</b>	<b>20.79</b>

3.3.12 The petitioner submitted that approved O&M expenses of STPP are very less when TGERC SCCL Order FY 2026-27

compared with other state thermal generators plant and normative O&M expenses provided by CERC Normative O&M expenses for 600MW unit as per CERC tariff regulations is Rs. 25.78 lakh/MW for FY 2024-25. Hence, the objection that employee expenses are high is not tenable and liable to be rejected.

- 3.3.13 Regarding Wage structure, the petitioner submitted that simple average SCCL employee expenses of STPP NCWA XI employees is around Rs.16 lakhs and the total average salaries of all employees stationed at STPP is around Rs.27 lakhs. Further, it is stated that there is no provision under the Tariff Regulations which provide any salary benchmarks related to NTPC, and as such the said objection is without any merit. Without prejudice, it is to state that the salaries of coal based thermal power plants of 600 MW configuration run by NTPC are not readily available as open document for comparisons.
- 3.3.14 The petitioner submitted that capital overhaul expenditure of Unit-I incurred during FY 2023-24 and Unit-II incurred during FY 2024-25 qualifies for the given criterion. However, same is not capitalized and are amortized over a period of 6 years beginning from FY 2023-24 and FY 2024-25 respectively as per OEM schedule and the proportionate amount of the same is included in plant & machinery in R&M.
- 3.3.15 The petitioner submitted that O&M expenses for the FY 2024-25 were approved relying on the STPP's actual expenses of control period FY 2016-19 (COD of the station was 2016) after application of CPI & WPI. However, as the STPP plant was new during FY 2016-19 & the deployment of manpower was partial, repair & maintenance costs were very less. This resulted in less O&M expenses approved for FY 2024-25.
- 3.3.16 The new plant when subjected to cyclical stress and extreme thermal conditions for longer period will gradually experience more wear and tear. Some machine parts are also becoming useless. Such sequence of events took place in STPP. The rate of failure of equipment increased with the increase in plant age. Capital spares were purchased and put in service in place of failed equipment.
- 3.3.17 The additional Operation and Maintenance expenditures incurred for Coal Mill Overhauling was absent at initial years. At the time of COD, the initial / mandatory spares for coal mill were purchased and these spares were consumed in the first two and half years for annual mill overhauling. Therefore, the impact on O&M expenditure due to annual Mill overhauling during 2016-17 to 2018-19 were almost nil. This expenditure towards O&M drastically increased beyond 2018-19 after stored initial spare for coal

mill were exhausted.

- 3.3.18 The deployment of CISF in the Singareni Thermal Power Plant (STPP) started after the COD of both the units and the total deployment of CISF could be completed only in the FY 2021-22. The deployment of CISF in the base year was only partial. As such, only 55% of its full capacity manpower was available and deployed in the base year of FY 2018-19. The CISF personnel receive salary and other facilities as decided by the Central Government from time to time. The expenditure for CISF based on Central Government pay structure is required to be reimbursed by STPP which is booked in A&G expenditure.
- 3.3.19 The deployment of CISF was made based on the recommendation of high-level committees after completion of safety review exercise. As per the safety report, the STPP falls under the high security zone which is categorized as “Hyper sensitive zone” by Ministry of Home affairs. Accordingly, the required numbers of CISF of various ranks have been recommended by the authority for posting in STPP.
- 3.3.20 The petitioner has submitted that in view of the reasons mentioned above O&M expenses increased from approved values, and requested to allow the actual O&M expenses for the FY 2024-25 as claimed.
- 3.3.21 On the objection of the stakeholder that the Commission is not bound by the auditor certification and the Commission has to undertake prudence check of expenses claimed under O&M expenditure, the petitioner submitted a recent judgement dated 10.08.2022 by the Hon’ble Apex court in the matter between BSES Rajadhani Power Ltd Vs DERC specifying the process of truing up and application of the prudence on certified audited expenditures by the State Commission. The relevant portion is reproduced below

*“52. ‘Truing up’ has been held by APTEL in SLDC v. GERC4 to mean the adjustment of actual amounts incurred by the Licensee against the estimated/projected amounts determined under the ARR. Concept of ‘truing up’ has been dealt with in much detail by the APTEL in its judgment in NDPL vy. DERCS wherein it was held as under:~*

*“60. Before parting with the judgment we are constrained to remark that the Commission has not properly understood the concept of truing up. While considering the Tariff Petition of the utility the Commission has to reasonably anticipate the Revenue required by a particular utility and such assessment should*

*be based on practical considerations. ... The truing up exercise is meant (sic) to fill the gap between the actual expenses at the end of the year and anticipated expenses in the beginning of the year. When the \_ utility gives its own statement of anticipated expenditure, the Commission has to accept the same except where the Commission has reasons to differ with the statement of the utility and records reasons there of or where the Commission is able to suggest some method of reducing the anticipated expenditure. This process of restricting the claim of the utility by not allowing the reasonably anticipated expenditure and offering to do the needful in the truing up exercise is not prudence.”*

3.3.22 This view has been consistently followed by the APTEL in its subsequent judgments.

The apex court held in the above judgment that *“this process of restricting the claim of utility by not allowing the reasonable anticipated expenditure is not prudence”*.

3.3.23 The Hon’ble APTEL vide its order dated 28.08.2025 remanded back the computation to TGERC. The relevant portion of the order is given below:

*“Impugned Order 2 dated 28.06.2024, the issue of computation of ‘K-factor for the purpose of approval of R&M expenses, is remanded back to State Commission and Appeal 19 of 2025 is disposed of in these terms.”*

...

3.3.24 The above ratio decided by apex court for determination of truing up is required to be followed by this Commission.

3.3.25 The petitioner submitted that K value is kept same for a control period where cumulative inflation with respect to base year *“is multiplied to get the normative R&M value for particular year.*

3.3.26 However, with the change of control period a new base year starts and also the counting of inflation starts afresh from the new base year. Hence, mathematically it is required to either add all the yearly inflation figures or to use the last cumulative inflation for re-computation of K for the new control period.

3.3.27 However, the ERC failed to consider the fact and added only 4% with the K-factor where as it is require to add 29.6% (based on actual WPI data) to get the K factor for the control period 2024-29, and submitted actual WPI data of FY 2019-24.

3.3.28 The petitioner requested the Commission to consider the cumulative WPI figures of the

past control period i.e. around 29.6% to add with the K figure of the last control period which was 1.04 and to consider the K value for the purpose of computing R&M expenditure as 1.34 in place of 1.08.

### **Commission's analysis & findings**

3.3.29 The clause 45 of the Regulation No.2 of 2023 stipulates the norms for determination of O&M expenses comprising of (i) Employee Expenses (ii) R&M expenses and (iii) A&G expenses.

3.3.30 The Commission has computed the normative Employee expenses, normative R&M expenses and normative A&G expenses as per Regulation No.2 of 2023, as shown in tables below:

#### **Employee Cost:**

3.3.31 In accordance with clause 45 of Regulation No. 2 of 2023, the Commission has computed revised normative employees cost for FY 2024-25 by considering trued up employee cost after sharing of gain/loss for FY 2023-24 duly escalating with the actual CPI Inflation factor at 3.39% for FY 2024-25. The Revised Normative Employee cost computed for FY 2024-25 is shown below:

**Table 3:3: Revised normative Employee cost for FY 2024-25**

(Rs.Crore)

Employee Cost for FY 2023-24	CPI Inflation	Revised Normative Employee Cost for FY 2024-25
(a)	(b)	$c=a*(1+b)$
111.09	3.39%	114.85

#### **R&M Expenses:**

3.3.32 In accordance with clause 45 of Regulation No.2 of 2023, the Commission has computed revised normative Repairs and Maintenance costs for FY 2024-25 considering K factor FY 2024-25 at 1.11% (considering trued up R&M Expenses after sharing of gain/loss and Opening GFA for FY 2023-24) and actual WPI Inflation as 2.27% for FY 2024-25. The details of Revised Normative Repairs and Maintenance costs for FY 2024-25 is shown below:

**Table 3:4 Revised normative R&M expenses for FY 2024-25**

(Rs. Crore)

Kn	GFA <sub>n</sub>	WPI Inflation	Revised R & M Expenses for FY 2024-25
(a)	(b)	(c)	$a*b*(1+c)$
1.11%	7748.23	2.27%	87.70

#### **A&G Expenses:**

3.3.33 In accordance with clauses 45 of regulation No.2 of 2023, the Commission has computed revised normative Administrative & General costs for FY 2024-25 by considering trued up A&G expenses after sharing of gain/loss for FY 2023-24 and duly escalating with actual WPI Inflation at 2.27% for FY 2024-25. The Revised Normative Administrative & General expenses computed for FY 2024-25 is shown below

**Table 3:5 Revised normative A&G expenses for FY 2024-25**

(Rs. Crore)

A&G Expenses for FY 2023-24	Inflation Factor	Revised Normative A&G Expenses for FY 2024-25
(a)	(b)	c=a*(1+b)
36.71	2.27%	37.54

**O&M Expenses:**

3.3.34 The relevant clause of Regulation No.2 of 2023 related to O&M expenses is as follows:

*“45.2 The O&M expenses for existing generating station for each year of the Control Period shall be approved based on the formula shown below:*

$$O\&M_n = (R\&M_n + EMP_n + A\&G_n)''$$

3.3.35 Based on the revised normative Employee Cost, A&G Cost and R&M expenses, the gain/loss of the above are arrived at by comparing with the actuals for FY 2024-25. The revised normative expenses are compared with actuals and arrived at gain/loss. In case of gain, 2/3<sup>rd</sup> of the gain is shared with the beneficiary and in case of loss, 1/3<sup>rd</sup> of the loss is shared with the beneficiary in accordance with Clause 14 of Regulation No.2 of 2023. Further, the Employee Cost, A&G Cost and R&M expenses for FY 2024-25 are approved by adding the sharing of Gain/loss to the revised normative.

3.3.36 The O&M Expenses claimed and approved after sharing of Gain/Loss for FY 2024-25 is as shown in table below:

**Table 3:6 O&M Expenses claimed and approved for FY 2024-25** (Rs. Crore)

Particulars	MYT Order	Claimed	Actuals	Revised Normative	Gain/Loss	Sharing of Gain/Loss	Approved in True up
	A	B		C	D=(B-C)	E*	F=(E+C)
Employee Expenses	121.17	130.93	130.93	114.85	16.08	5.36	120.21
R & M Expenses	87.89	86.02	86.02	87.70	-1.68	-1.12	86.58
A&G Expenses	40.41	58.65	58.65	37.54	21.11	7.04	44.58
<b>O&amp;M Expenses</b>	<b>249.48</b>	<b>275.60</b>	<b>275.60</b>	<b>240.09</b>	<b>35.51</b>	<b>11.28</b>	<b>251.37</b>

\*Sharing: 2/3<sup>rd</sup> to Beneficiary if Gain, 1/3<sup>rd</sup> to Beneficiary if Loss.

### 3.4 Depreciation for FY 2024-25

#### *Petitioner's Claim*

3.4.1 The petitioner has claimed Rs. 436.64 Crore towards depreciation in accordance with clause 28 of Regulation No. 2 of 2023. The depreciation rates for different assets for each financial year were computed based on the asset capitalization schedule as considered in this tariff petition adopting the straight-line method of depreciation computation and rates specified in annexure-I of Regulation No 2 of 2023. The balance depreciable value as on 1st April, 2024 was computed by deducting the cumulative depreciation claimed up to 31st March, 2024. The depreciation claimed for the FY 2024-25 is shown in the table below:

**Table 3:7 Depreciation claimed for FY 2024-25**

(Rs. Crore)

Particulars	Claimed
Depreciation	436.64

#### *Stakeholders' Submissions*

3.4.2 The stakeholder submitted that the petitioner has claimed higher depreciation (@ 5.63% against approval of 5.169%) considering revised additional capital cost amounting to Rs. 436.64 Cr for FY2024-25 true up, Rs. 438.20 Cr for FY 2025-26 (Estimated) and Rs. 439.64 Cr for FY 2026-27 as against the Commission approval of Rs. 400.51 Cr for FY 2025-26 for the capital cost of RS.7748.23 Crore @ 5.169% in the order dt. 29.04.2025 in OP No. 30 of 2024. The additional Capitalization has to be disallowed and there would be no change in the GFA (Gross Fixed Asset) of STPP Project, and requested the Commission to restrict the recovery of Depreciation (@ 5.169%) approved figure of Rs.400.51 Crore only.

#### *Petitioner's Replies*

3.4.3 The petitioner has replied that the stakeholders have not considered certain capitalizations done as per court directives, which are in the nature of change in law events. Accordingly, this fact needs to be considered for capitalization.

3.4.4 Further, the depreciation schedules provided in Regulation 2 of 2023 is different from CERC depreciation schedules and hence, some change in depreciation rate was inevitable from FY 2024-25.

#### *Commission's analysis & findings*

3.4.5 Clause 28 of Regulation No 2 of 2023 specifies 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 capitalised amount of the new assets after reducing the approved original cost of the retired or replaced or de-capitalised 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 upto 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 utilised for reduction of equity during that year. ....”*

3.4.6 The Commission has taken note of the submissions of the stakeholders and replies, the Commission has considered the approved closing GFA of FY 2023-24 as opening GFA

for FY 2024-25 and approved capitalisation as GFA addition during FY 2024-25 for computation of depreciation.

3.4.7 The Commission observed that the Petitioner has computed the depreciation considering the projected additional capitalisation during the year, and that the depreciation rate considered by the Petitioner is not in line with Regulation No 2 of 2023.

3.4.8 The Commission has calculated depreciation separately for the existing assets as on 31.03.2024 and for the assets on or after 01.04.2024, in accordance with clause 28.4 of Regulation No.2 of 2023.

3.4.9 For existing assets, the Commission has calculated balance useful life and balance depreciable value as on 01.04.2024. Balance useful life is calculated by deducting the completed life of the asset from asset life as specified in Annexure I of Regulation No.2 of 2023. Balance depreciable Value is arrived at by deducting the accumulated depreciation from the depreciable value of the asset. Depreciation for FY 2024-25 is determined by spreading the balance depreciable Value over the balance useful life.

3.4.10 For Assets on or after 01.04.2024, the Commission has considered useful life as per Annexure I and depreciation is calculated accordingly.

3.4.11 The total depreciation is arrived by adding depreciation calculated on existing assets as on 31.03.2024 and assets added after 31.03.2024 as mentioned above.

3.4.12 The approved depreciation for FY 2024-25 is as shown in the table below:

**Table 3:8: Depreciation claimed and approved for FY 2024-25**

(Rs. Crore)

Particulars	MYT Order	Claimed	Approved
Opening GFA	7745.32	7,748.23	7,748.23
Addition during the year	0	23.38	1.85
Closing GFA	7745.32	7,771.61	7,750.08
Rate of Depreciation	5.17%	5.63%	3.10%
Depreciation	400.36	436.64	240.40

### 3.5 Interest and financing charges on loan

#### *Petitioner's Claim*

3.5.1 The petitioner claimed Rs. 214.20 Crore towards Interest and finance charges for FY 2024-25. Further, the petitioner submitted the following

- i. The Commission in the order on midterm review allowed refinancing of loan in

respect of STPP and allowed interest on loan accordingly. STPP claims the sharing of gains accrued due to refinancing in the truing up of FY 2024-25 by applying regulation clause 31.10 of Regulation 2 of 2023.

- ii. The interest and financing charges on loan for period FY 2025-26 have been computed as given in clause 31 of Regulation 2 of 2023.
- iii. The loan outstanding as on 1st April, 2024 was computed after considering the cumulative depreciation up to 31st March, 2024 as notional repayment of the loan and deducting that from gross loan

#### ***Stakeholders' Submissions***

3.5.2 Regarding interest and finance charges on loan, the stakeholder submitted that the Petitioner has added the additional loan component due to additional capitalization to the outstanding loan balances approved in the MYT order dated 28.06.2024, even without obtaining the approval of this Commission and applying higher rate of interest @ 8.74% for FY 2024-25 and 8.27% for FY 2025-26 (claims as Audited) as against the rate of interest approved @8.24 % p.a for FY 2024-25 &- FY 2026-27 which is not in accordance with the Mid-term Review order dated.23.03.2023, MYT order dated.28.06.2024 and order dt.29.04.2025. If there is a change in the interest rate on outstanding loan, then the Net Savings have to be re-worked. Further, the Petitioner has also claimed one-third share of Savings of interest amount accrued due to loan refinancing while truing up for FY 2024-25 and also for the FY 2025-26 (provisional)& FY 2026-27, by simply citing the Regulation No.31 of Regulation No.2 of 2023.

3.5.3 Regarding loan refinancing taken up by the Petitioner during the previous Control period viz. FY 2019-24, stakeholder has stated that though there was a saving in interest rate (@ 1.36%) after loan refinancing, yet the cost associated with such loan refinancing was significant at Rs. 77.84 Crore, which was entirely passed on to the beneficiaries upfront. Therefore, the Commission in its Mid-term order allowed one-third share of gains of Net Savings to the petitioner as a one-time basis during FY 2020-21 and allowed the beneficiaries to retain the Net savings for subsequent years without any sharing. Disregarding the set procedure, the Petitioner has trued-up the expenditures by claiming the one-third share of gain of loan refinancing even for the balance period of the previous control period, which is not permissible. Further, the Petitioner has continued to claim the one-third share of gains of loan refinancing even for FY 2025-26 (provisional) & FY 2026-27, by referring to the Clause 31 of Regulation 2 of 2023.

3.5.4 From provisions that in the Regulation 2 of 2023, it is specifically prescribed that the net savings in interest shall be calculated as annuity for the term of the loan, whereas such methodology was not prescribed in the Previous Tariff Regulation (No. 1 of 2019). In the Annuity computation methodology, the Present Values of interest cost saving before and after loan refinancing have to be worked out by considering the discount rate at the interest rate of Post refinancing. This exercise has to be done to examine whether the claim of loan refinancing is beneficial to the TGDISCOMs even after passing on the Costs associated with loan refinancing to them. Apparently, the Petitioner has not carried out such exercise. Also, if further Loan Refinancing is taken up by the Petitioner in the FY 2025-26 & FY 2026-27, then the Regulation No.2 of 2023 allows the Petitioner to make such a claim. Without making any such effort, the Petitioner is not entitled to make a claim on sharing of gains of Loan Refinancing. The Petitioner has failed to distinguish the Loan Refinance Provisions in the aforesaid two Tariff Regulations. As such, the Petitioner's claim for unilaterally adjusting the one-third share of gain to it, is legally not permissible. The Stakeholder has requested to restrict the rate of Interest and disallow the claim on sharing of one-third share of gain on Loan Refinancing for FY 2024-25 till FY 2026-27 as the claim is not in accordance with Clause 31 of Regulation 2 of 2023.

#### ***Petitioner's Replies***

3.5.5 The Petitioner has submitted that regulation 12.6.3 of tariff regulation 2019 provides that the changes to the terms and conditions of the refinanced loans shall be reflected from the date of refinancing and it is easy to understand that how further changes in interest rates falls within these "terms and conditions". Further, clause 12.5 of the same regulation provides that the rate of interest on loan shall be based on weighted average rate of actual loan portfolio.

3.5.6 Accordingly, in terms of the said regulations, post refinancing, the rate of interest applicable for actual refinanced loan portfolio is required to be allowed in the tariff.

3.5.7 Further, the stakeholders stated that the methodology for loan refinancing as allowed by the Commission in its mid-term order is final and should be the basis for truing up of interest and financing charges even for forth coming FY 2023-24. Non-sharing of gain out of loan refinancing in FY 2021-22 which is in deviation with clause 12.6 of tariff regulation 2019 has been challenged before Hon'ble Appellate Tribunal for Electricity. However, the approval for refinancing was never been under challenge.

- 3.5.8 Further, the stakeholders state that the petitioner has not carried out the calculation exercise to find out annuity in net savings and the petitioner can only make claim for refinancing in FY 2024-29 if further loan refinancing is taken up in FY 2024-29.
- 3.5.9 Loan refinancing was already approved by this Commission in its order dated 23.03.2023 and this aspect attained finality as the same was not challenged. Further, the clause 31.10 of regulation 2 of 2023 provides that net savings out of refinancing loan shall be shared between the beneficiaries and generating entity in the ratio of 2:1.
- 3.5.10 The last proviso of 31.10 of regulation 2 of 2023 states that the net savings in interest shall be calculated as an annuity for the term of the loan but the net savings shall be shared between the parties on annual basis. Therefore, it is clear that the calculation of net savings in interest based on annuity method is only required to apply prudence to approve refinancing. In petitioners case refinancing have already been approved in the previous control period. Hence, the annuity method as suggested by the stakeholder is not relevant in this matter. In fact, the same proviso stipulates that annual net savings shall be shared, which petitioner has calculated and already submitted.
- 3.5.11 Accordingly, the objections made by the stakeholder are devoid of any merit and need to be rejected.

#### ***Commission's analysis & findings***

- 3.5.12 Clause 31 of Regulation No 2 of 2023 specifies the provisions related to Interest and Finance Charges on Loan extracted as under :

##### ***"31 Interest and finance charges on loan***

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 decapitalisation 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 capitalisation 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 drawal 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 refinancing 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 recognised by the Reserve Bank of India, before and after refinancing 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.

31.11 Interest shall be allowed only on the amount held in cash as security deposit from Transmission System Users, Distribution System Users and Retail consumers at the Bank Rate as on 1st April of the Year for which the interest is payable:

Provided that at the time of Truing-up, the interest on the amount of security deposit for the year shall be considered on the basis of the actual interest paid by the Licensee during the year, subject to prudence check by the Commission.”

3.5.13 It is observed that the Petitioner has claimed the sharing of benefits of refinancing of

loan of previous year in FY 2024-25. The Commission has not approved the sharing of benefits of refinancing of loan claimed by the petitioner, as per the methodology adopted in the Order dated 29.04.2025 in OP No. 30 of 2024 and Order dated 28.06.2024 in OP No. 4 of 2024.

3.5.14 The normative loan of Rs. 2,532.17 Crore outstanding as on 01.04.2024, is worked out by deducting the cumulative repayment of Rs. 2891.59 Crore as admitted by the Commission up to 31.03.2024, from the gross normative loan of Rs. 5423.76 Crore.

3.5.15 The petitioner has claimed the weighted average rate of interest of 8.74% during the FY 2024-25 on the basis of the actual long-term loan portfolio. The Commission sought documentary evidence of loan statements of SBI and ICICI from 01.04.2024 to 31.03.2025, and verified actual interest payments and interest rate claimed by the petitioner. The weighted average rate of interest of 8.74% is considered as claimed by the Petitioner.

3.5.16 Accordingly, the interest and finance charges on loan claimed and approved is shown in the table below:

**Table 3:9: I&FC on Loan claimed and approved for FY 2024-25**

(Rs. Crore)

Particulars	MYT Order	Claimed	Approved
Opening Loan	2,529.61	2,532.19	2,532.17
Addition during the Year	0.00	16.37	1.39
Repayment during the Year	400.36	436.64	240.40
Closing Loan	2,129.25	2,111.92	2,293.16
Interest rate	8.24%	8.74%	8.74%
Interest on loan	191.85	202.92	210.84
Savings in interest passed to Generators	0.00	11.28	0.00
<b>Total - Interest on loan</b>	<b>191.85</b>	<b>214.20</b>	<b>210.84</b>

### 3.6 Interest on working capital

#### *Petitioner's Claim*

3.6.1 The petitioner has claimed Rs. 91.43 Crore towards Interest on working capital for FY 2024-25 as shown in table below:

**Table 3:10: Interest on working capital claimed for the FY 2024-25**

(Rs. Crore)

Particulars	Claimed
<b>Interest on Working Capital</b>	91.43

3.6.2 Further, petitioner submitted that in order dated 29.04.2025 the Commission has stated

that the Claim of bridge linkage premium will be decided by Hon'ble APTEL and disallowed the claim of premium in true up of FY 2023-24 till the APTEL judgment. As the judgment is passed by Hon'ble APTEL on 28.08.2025 allowing SCCL for levy of premium on STPP for coal supplied under bridge linkage by SCCL, the impact of the premium coal price on Interest on working capital for FY 2023-24 is required to be considered.

- 3.6.3 The petitioner submitted that Regulation No 1 of 2019 provides for Mechanism for pass-through due to the consequential impact of decisions of higher Courts or Tribunals at clause 6.8.3. The relevant part of the clause is quoted below:

***“6.8. Mechanism for pass-through of gains or losses on account of uncontrollable factors***

*6.8.1.....*

*6.8.2.....*

*6.8.3 The consequential impact of decisions of **higher Courts or Tribunals** or Review Orders passed by the Commission on the Generating Entity*

*(a) for the first and second Years of the Control Period shall be addressed in the Mid-term Review Order*

*(b) for the third, fourth or fifth Years of the Control Period shall be addressed in the End of Control Period Review Order”*

- 3.6.4 Since the end of control period review is already over and the Hon'ble APTEL has given judgment vide order dated 28.08.2025, the Commission is requested to allow the effect of the judgment in the Interest on working capital of FY 2023-24 in the earliest opportunity which is available now based on the similar principle followed for FY 2023-24 regarding orders of tribunal by the Commission which was specifically given in the Regulation No 1 of 2019.

- 3.6.5 Accordingly, the Interest on working capital is recalculated and claimed. The petitioner requested to consider the same. Net Entitlement after sharing of gains/(losses) for FY 2023-24 is shown in Form-16 of the tariff forms.

- 3.6.6 Interest on working capital claimed now for the FY 2023-24 is given below:

	A	B	C	D (C-B)	E=D/3
<b>Particulars</b>	<b>Annual Tariff Order dated 29.04.2025 (Claimed)</b>	<b>Annual Tariff Order dated 29.04.2025 (Approved)</b>	<b>Present claim as per Hon'ble APTEL judgment dated 28.08.2025</b>	<b>Actual difference claim</b>	<b>Net Entitlement after sharing of gains</b>
<b>FY 2023-24 Interest on Working Capital (Rs. Crore)</b>	116.28	98.58	111.30	12.72	4.24

**Stakeholders' Submissions**

3.6.7 Stakeholder submitted that the petitioner computed the Working Capital requirement by summing up the individual components, such as Coal Stock requirement for 20 days /30 days for generation corresponding to target availability (85%) etc based on Regulation No. 2 of 2023 for FY 2024-25 and FY 2026-27 and also claimed interest on working capital revision for FY 2023-24 including bridge linkage premium by referring the APTEL order dt. 28.08.2025 in Appeal No 255 of 2024 and the Price considered for Cost of Coal in working capital is Bridge Linkage premium coal Pricing. The Commission vide order dated 01.04.2024 in OP No. 13 of 2023, directed the petitioner to stop levying any premium on coal price under bridge linkage arrangement and to charge notified basic price of coal till production from Naini commences to STPP.

3.6.8 Aggrieved by the said order, the petitioner filed Appeal No. 256 of 2024 before APTEL and APTEL pronounced common orders on 28.08.2025 in Appeal 256 of 2024 of SCCL and Appeal 19 of 2025 of TGDISCOMs, allowing SCCL's appeal and setting aside the Commission's Order dated 01.04.2024 in OP No. 13 of 2023. APTEL order dt. 28.08.2025 in appeal 256 of 2024 while holding that the premium is included in the Regulations, the APTEL has gone on to hold that the Commission does not have jurisdiction over the price of coal, which is an error observed in the order. The errors observed in the APTEL order dt. 28.08.2025 in appeal 256 of 2024 are as follows:

- a. Under the Electricity Act, 2003, it is one of the functions of the regulator to look at all components of tariff which would include the variable charges and its sub-components. Its jurisdiction cannot be limited by a strict interpretation.
- b. The basic contradiction in the Judgment is that on one hand, the Electricity Regulator has been held to have no jurisdiction to comment on the pricing of coal and on the other hand, the delegated legislations framed by such regulator have been interpreted to include the bilateral premiums being charged by SCCL to its own thermal power plant - STPP; this reasoning is circular & conflicting.
- c. Equating the power of the electricity regulator to conduct a prudence check on costs claimed to its power of determining the cost itself.
- d. Incorrect interpretation of TGERC Tariff Regulations, 2019.
- e. Rewarding SCCL for its own default of failing to develop the captive coal mine at Naini in a time bound manner.

3.6.9 Thus, Aggrieved by the APTEL order dt. 28.08.2025, TGDISCOMs filed Civil appeal No. 61265 of 2025 before Supreme Court and hearings completed on admission stage

and Supreme Court admitted the appeal and served notice to the petitioner on 15.12.2025. At present, TGDISCOMS Civil appeal No. 61265 of 2025 filed before Supreme Court is under subjudice. Further, the Commission has jurisdiction under Electricity Act, 2003 and as per Regulations, the Commission have powers to regulate the electricity tariff to be passed onto the consumers. Thus, stakeholder has requested to restrict the working capital claim with notified coal prices only and without any bridge linkage premium until Supreme Court finalizes the matter.

### *Petitioner's Replies*

3.6.10 The petitioner has submitted the following on the submissions made by the stakeholder,

- i. All the requisite material and service cost in supply chain needs to be determined by the ERC which cannot happen because the costs are either market driven or set by sectoral regulators, and question arises “whether all entities in the supply chain of power plant needs to be regulated by the ERC?”
- ii. In this context the concept of norm is a very important aspect to understand the issue. For example, when the capital cost of a project is determined, the capital cost includes Interest During Construction (IDC) which is the interest component of the loan being taken to construct the project. The regulation says interest during construction shall be computed corresponding to the loan infusions considering the prudent phasing of funds up to scheduled commercial operation date. Therefore, in the computation of IDC though many aspects are regulated such as the quantum of maximum borrowing, prudent phasing and the construction period, the interest rates on loan is never regulated as it depends on the market dynamics and under the supervision of Reserve Bank of India (RBI). In essence, the regulators regulate how much of any resources is required based on the broad data base available with them. However, they do not interfere in the pricing mechanism of resources which are determined based on the market forces or by other sectoral regulators. ERC's fix norms but refrain from directly affecting the prices in the cost-based tariff determined under Section 62 of Electricity act 2003.
- iii. For energy charges, regulators provided Station Heat Rate (SHR) which is the quantum of heat required for generation of one unit of electricity. Further, as the coal supply by nature is heterogeneous, depending on the grade of supply the heat values which can be extracted from the coal which is known as GCV

varies. Therefore, based on the ERC given SHR the quantity requirement of coal to produce one unit of electricity varies based on GCV. This coal requirement computed based on norms is necessary for generation of one single unit of electricity. ERC's don't regulate the price of coal. However, they regulate the requirement of coal to produce per unit of electricity. The energy charge rates are computed by multiplying the requirement of normative coal fixed by the regulator and the landed coal cost which includes price charged by the coal companies. Here also norm is regulated where as price is not.

- iv. Same applies for oil component in the energy charge. This Commission (being the Regulator) has laid down the normative requirement as 0.5ml/kWh which is multiplied with the landed cost of oil which includes oil cost charged by the oil companies.
- v. Accordingly, the Commission can determine/compute the normative coal quantity requirements for per unit generation of electricity. However, the coal companies operating under the Ministry of coal facing the market forces are free to determine their supply price and the Commission cannot regulate those prices.
- vi. Hence, Hon'ble APTEL appropriately held that TSERC/TGERC does not have jurisdiction over the price of coal.

3.6.11 The petitioner further submitted that the stakeholder has preferred an appeal against APTEL order dated 28.08.2025, and that the matter is subjudice and the claim of the stakeholder to restrict the coal price to the notified price without any bridge linkage premium has no legal basis as there is no stay on the APTEL order dated 28.08.2025.

3.6.12 It is to further stress that the DISCOMs neither submitted application for interim stay nor they are complying with the APTEL order. It is to further submit that such an act by the respondents attract contempt of court proceedings under contempt of Courts Act 1971. Accordingly, the objections made by the stakeholder are devoid of any merit and need to be rejected.

#### ***Commission's analysis & findings***

3.6.13 Clause 33 of (Multi Year Tariff) Regulation 2 of 2023 specifies the provisions related to Interest on Working Capital. The relevant extract of the Regulation is as follows:

*"33.1 Generation*

*(a) In case of coal-fired thermal generating stations, working capital shall cover:*

*(i) Cost of coal towards stock, if applicable, for ten (10) days for pit-head Generating Stations and twenty (20) days for non-pithead Generating Stations, for generation corresponding to target availability, or the maximum coal stock storage capacity, whichever is lower;*

*(ii) Cost of coal for thirty (30) days for generation corresponding to target availability;*

*(iii) Cost of secondary fuel oil for one (1) month corresponding to target availability;*

*(iv) Normative Operation and Maintenance expenses for one (1) month;*

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

*(vi) Receivables for sale of electricity equivalent to forty-five (45) days of the sum of annual fixed charges and energy charges approved in the Tariff Order, computed at target availability and excluding incentive, if any:*

*minus*

*(vii) Payables for fuel (including oil and secondary fuel oil) to the extent of thirty (30) days of the cost of fuel computed at target availability, depending on the modalities of payment:*

*Provided that in case the Fuel Supply Agreement provides for payment of cost of fuel in advance, the payables for fuel shall not be deducted for the purpose of computing the working capital requirement to the extent of actual payment of such advance, as substantiated by documentary evidence:*

*Provided further that for the purpose of Truing-up, the working capital shall be computed based on the scheduled generation or target availability of the generating station, whichever is lower:*

*Provided also that for the purpose of Truing up, the working capital shall be computed based on the actual average stock of coal and limestone or normative stock of coal and limestone of the generating station, whichever is lower:*

*Provided also that for the purpose of Truing-up for any year, the working capital requirement shall be re-computed on the basis of the values of revised normative Operation & Maintenance expenses and actual Revenue from sale of electricity excluding incentive, if any, and other components of working capital approved by the Commission in the Truing-up before sharing of gains and losses.....”*

3.6.14 As per the judgement dated of 28.08.2025 of the Hon'ble APTEL allowing SCCL levy of premium on STPP for coal supplied under bridge linkage by SCCL, the impact of the premium coal price in Interest on working capital for FY 2024-25 is required to be considered. Though the stakeholder has submitted that appeal against APTEL order dated 28.08.2025 is in the Apex Court and sub-judice, no stay is granted, the Commission has considered premium price of coal as claimed by the petitioner for FY 2024-25.

3.6.15 The Commission has computed revised normative working capital requirement in accordance with clause 33 of Regulation No.2 of 2023. The Commission has examined the petitioner's claim for Interest on Working Capital pertaining to fuel components for

FY 2024-25 for recomputing the fuel-related working capital parameters based on actual operational data and approved costs.

3.6.16 Determination of Fuel Costs: The Commission has determined the cost of coal per kWh and secondary fuel oil cost per kWh using the following parameters as per the norms specified in MYT Order for:

- (a) Auxiliary Consumption (Aux)
- (b) Gross Station Heat Rate (GSHR)
- (c) Secondary Fuel Oil Consumption (SFC)  
and actuals of
- (d) Calorific Value of Secondary Fuel (CVSF)
- (e) Landed Price of Secondary Fuel (LPSF)
- (f) Weighted Average Gross Calorific Value of Coal (GCV)

3.6.17 Based on the above, the Commission has calculated the total coal cost and secondary fuel oil cost corresponding to the scheduled generation for FY 2024-25.

3.6.18 The petitioner has claimed the interest rate as 10.41% considering actual SBI MCLR rate during FY 2024-25. The Commission on prudent check has considered the rate of interest of 10.38% in accordance with clause 33.6 of Regulation 2 of 2023 as against of 10.41% claimed by correcting the numerical error in computation of weighted average rate of interest.

3.6.19 Accordingly, the IoWC claimed and approved is detailed in Table below

**Table 3:11: Revised Normative Interest on Working Capital for FY 2024-25**

(Rs. Crore)

Particulars	MYT Order	Claimed	Revised Normative
Cost of coal, towards stock	172.97	182.46	162.00
Cost of coal for generation	259.45	273.68	246.38
Cost of secondary fuel oil	2.46	0.62	0.63
O&M expenses	20.79	22.97	21.51
Maintenance spares	77.45	77.48	77.48
Receivables	560.44	595.28	548.43
Less:			
Payables for Fuels	261.90	274.31	247.01
Total Working Capital requirement	831.65	878.19	809.42
Interest rate	10.15	10.41	10.38
<b>Interest on working capital</b>	<b>84.41</b>	<b>91.43</b>	<b>84.03</b>

3.6.20 In accordance with Clause 14 of Regulation No.2 of 2023, the sharing of gain/loss of Interest on Working Capital is arrived at. Further, the revised normative Interest on Working Capital for FY 2024-25 is arrived at by adding the sharing of gain/loss to the

revised normative. The Commission has approved Interest on Working Capital of Rs. 84.05 Crore, after sharing of gain/loss as shown in table below:

**Table 3:12: Interest on Working Capital claimed and approved for FY 2024-25**

							(Rs. Crore)
Particulars	MYT Approved	Claimed	Actual	Normative	Gain/Loss	Sharing of Gain/Loss*	Approved
Interest on working Capital	84.41	91.43	84.08	84.03	0.05	0.02	84.05

3.6.21 Regarding the request of petitioner to allow the effect of Hon'ble APTEL judgment dated 28.08.2025 in the Interest on working capital of FY 2023-24, the Commission directs the TGDISCOMs to admit the bills in accordance with the judgement of the Hon'ble APTEL dated 28.08.2025 and submit the details to the Commission.

### 3.7 Return on Equity

#### *Petitioner's Claim*

3.7.1 The petitioner has submitted that ROE of Rs. 482.20 Crore is claimed considering 30% of the capital cost as equity as per the relevant provision in Regulation No. 2 of 2023 which is reproduced below:

*“27.1.....Provided that in case of generating entity, Licensee, and SLDC, if any fixed asset is capitalised on account of capital expenditure project prior to 01.04.2024, debt-equity ratio allowed by the Commission for determination of tariff for the period ending 31.03.2024 shall be considered”*

3.7.2 Clause 29.2(a) of Regulation No. 2 of 2023 provided that the base rate for computation of return on equity shall be 15.5%. Further, the base rate of ROE is required to be grossed up with the effective tax rate as per clause 30.1. Accordingly, the return on equity is computed by applying base rate of return as 15.5% and effective tax rate of 25.168%.

3.7.3 The return on equity claimed for FY 2024-25 is given below:

**Table 3:13: Return on Equity claimed for FY 2024-25**

		(Rs. Crore)
Particulars	Claimed	
Return on Equity (Rs. Crore)	482.20	

#### *Stakeholders' Submissions*

3.7.4 Stakeholder submitted that petitioner has claimed RoE at the base rate of 15.5% on enhanced Equity (after considering Additional Capitalization of Rs. 23.38 Crore (30%

as equity @Rs.7.01Crore) for FY 2024-25, thereby raising the Base Equity to Rs. 2331.48 Crore for FY 2024-25 as against the approved Base equity of Rs.2324.47 Crore, even without obtaining the approval of the Commission. Further, the Petitioner grossed up the simple RoE with the regular income tax rate @ 25.168% (rate applicable for the SCCL Company as a whole for Coal and Power business) as against the concessional MAT rate of 17.47% allowed by the Commission for STPP Power generation business, which has led to higher RoE claim of Rs. 482.20 Crore for FY 2024-25 as against the approved RoE.

3.7.5 The stakeholder further submitted that the Commission has disallowed the grossing up of RoE with Corporate tax/ higher Income Tax rate in the order dt.29.04.2025, Mid-term Review order dated 23.03.2023 and also in the Multiyear Tariff order dated 28.06.2024 and the Commission vide order dt. 29.04.2025 directed the petitioner to maintain separate accounts for coal business and Power business. But, the petitioner without separating the accounts again claimed higher interest rates, which is to be disallowed. The Commission in the Mid-term Review order 23.03.2023/ MYT order 28. 06.2024, has relied on the ratio decided in the Case law in Ld. APTEL's judgment dated 10th August 2010 in Appeal No.37 of 2010 (Meghalaya State Electricity Board vs. Meghalaya State ERC), wherein it was held that the State Commission has to make Prudence Check of the expenditure and is not bound by the Certificates of Auditors. The stakeholder has requested to restrict the claim to the approved RoE.

#### **Petitioner's Replies**

3.7.6 The petitioner has submitted that they have opted for payment of Corporate Income Tax at the reduced Tax rate of 25.168% without MAT credit entitlement and exemptions as per the Taxation (Amendment) Ordinance 2019. The SCCL is an income tax assessee whereas STPP is not a separate assessee and STPP is integral part of SCCL.

3.7.7 Further the objection that since STPP is regulated entity it needs to pay MAT rates is incorrect, misleading and lacks merit. As stated above STPP is not a separate legal entity. No applicable tariff regulation rates that prevails over it the income tax laws. In fact an entity needs to pay tax as per applicable income tax rate of the country and tariff regulation only has to allow effective tax rate paid by embedding the same in ROE computation during truing up.

3.7.8 The Income Tax paid by the petitioner for the FY 2024-25 is based on following applicable rates. Basic Rate = 22%, Surcharge = 10% (on Basic rate) and Cess= 4% (on

Basic rate + Surcharge).

3.7.9 Effective Income Tax Rate actually paid by SCCL which includes STPP in its one of the verticals is 25.168%. It is the stakeholders argument that STPP being a generating company may take the benefit of 80IA and pay income tax only on MAT rate.

3.7.10 Further submitted that actual payment of income tax cannot be based on such assumptions and presumptions because STPP is not a company separate from SCCL. As the tax being paid on actual basis and the PPA also stipulates that such tax to be reimbursed by the beneficiary, now in the truing up and the stakeholders ought not to have objected for the same.

3.7.11 Further, the Commission in TGGenco truing up of FY 2022-23 order dated 28.10.2024 has allowed the actual tax rate @25.17% in place of MAT by changing its earlier stand taken in midterm review order dated 23.03.2023 in case of TGGenco where MAT rate @ 17.472% was allowed for generating companies and requested to allow income tax based on the same principle to STPP also.

3.7.12 Accordingly, objections submissions made by the stakeholder lack merit and need to be ignored.

#### ***Commission's analysis & findings***

3.7.13 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:*

... ..

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

*(a) Thermal generating stations: 15.50%;*

*(b) Run of river hydro generating stations: 15.50%;*

*(c) Storage type hydro generating stations including pumped storage hydro generating storage and run of river hydro generating station with pondage: 16.50%;*

*Provided that:*

*i. In case of a new project, the rate of return on equity shall be reduced by 1.00% for such period as may be decided by the Commission, if the generating station is found to be declared under commercial operation without Commissioning of any of the Restricted Governor Mode Operation*

*(RGMO) or Free Governor Mode Operation (FGMO), data telemetry, communication system up to load dispatch centre or protection system based on the report submitted by the SLDC;*

*ii. in case of existing generating station, as and when any of the requirements under (i) above of this clause are found lacking based on the report submitted by the SLDC, rate of return on equity shall be reduced by 1.00% for the period for which the deficiency continues;... ..*

29.3 *The Return on Equity shall be computed in the following manner:*

- (a) Return at the allowable rate as per this clause, applied on the amount of equity capital at the commencement of the Year; plus*
- (b) Return at the allowable rate as per this Regulation, applied on 50 per cent of the equity capital portion of the allowable capital cost, for the investments put to use in generation business or transmission business or distribution business or SLDC, for such Year.*

*“30.1 The Base rate of Return on Equity allowed by the Commission under clause 29.2 shall be grossed up with the effective Income Tax rate of the respective entity for the respective financial year:*

*Provided that the effective Income Tax rate shall be considered on the basis of actual Income Tax paid in respect of the financial year in line with the provisions of the relevant Finance Acts by the concerned generating entity or licensee, as the case may be:*

*Provided further that the actual Income Tax on the amount of income from Delayed Payment Charges or Interest on Delayed Payment or Income from Other Business or income from any source that has not been considered for computing the Aggregate Revenue Requirement or income from efficiency gains and incentive approved by the Commission shall be excluded for the calculation of effective Income Tax rate:*

*Provided also that in case of generating entity or licensee paying Minimum Alternate Tax (MAT), the effective Income Tax rate shall be considered as MAT rate including surcharge and cess: Provided also that if no Income Tax has been paid by the Company as a whole, then the effective Income Tax rate shall be considered as “Nil”.*

*30.2 Rate of pre-tax Return on Equity shall be rounded off to three decimal places and shall be computed as per the formula given below: Rate of pre-tax return on equity = Base Rate / (1-t); Where “Base Rate” is the rate of Base Return on Equity in accordance with clause 29.2; “t” is the effective Income Tax rate in accordance with clause 30.1.”*

3.7.14 The Commission has taken note of the objection raised by the Stakeholder and replies of the petitioner. The Commission has observed that the Petitioner in addition to generation business is also engaged in coal business. The audited Accounts of the Petitioner is prepared on consolidated basis as there is no bifurcation of Generation business and other business, thereby it would be difficult to ascertain and bifurcate the tax paid among the different business of the Petitioner. Though the audited accounts are prepared on consolidated basis, based on the data available it will be difficult to segregate the profit & loss and income tax of STPP. There is no data as to how much tax is levied and paid exclusively for generation business. In fact the tax paid is on consolidated basis for both coal and generation business.

3.7.15 The Petitioner/generator has grossed up the RoE with regular income tax at the rate of 25.168 % which is applicable for SCCL company as a whole for Coal and Generation business as against the concessional MAT rate of 17.472% allowed by this Commission for STPP for generation business.

3.7.16 On the other hand it has submitted that SCCL has opted for corporate income tax at a reduced rate of 25.168 % without MAT credit entitlements and exemptions as per the taxation (amendment ordinance – 2019). SCCL is an income tax assessee whereas STPP which is doing generating business is not a separate tax assessee, and STPP is integral part of SCCL. The income tax actually paid by SCCL includes STPP, which is one of its verticals.

3.7.17 In earlier order, the Commission has stated that the tax of other business/unregulated business cannot be passed to consumers. Thus, keeping in view that restricting the tax to MAT was challenged by the petitioner before the Hon'ble APTEL in Appeal No. 149 of 2024, the Commission is not inclined to consider the effective tax rate and allows only MAT rate of 17.472% towards Return of Equity for computation of Tax on Return of Equity for the FY 2024-25. However, the generator is at liberty to claim actual income tax paid in case the Hon'ble APTEL allows the appeal of the generator and directs the beneficiaries to pay actual income tax paid by the generator.

3.7.18 Accordingly, the Return on Equity including tax approved is detailed in table below:

**Table 3:14: Return on Equity approved for FY 2024-25**

(Rs. Crore)

Particulars	MYT Order	Claimed	Approved
Opening Equity	2,323.60	2,324.47	2,324.47
Addition during the year	0.00	7.01	0.46
Closing Equity	2,323.60	2,331.48	2,324.93
Rate of RoE	15.50%	15.50%	15.50%
Tax Rate	17.47%	25.17%	17.47%
Effective Tax Rate	18.78%	20.71%	18.78%
<b>RoE grossed up with effective income tax rate</b>	<b>436.40</b>	<b>482.20</b>	<b>436.58</b>

### 3.8 Sale of fly ash

#### *Petitioner's Claim*

3.8.1 The petitioner has submitted the following for sale of fly ash

- i. As per MoEF Notification S.O. 2804(E) dated 03.11.2009 and notification dated 31.12.2021, thermal power plant shall be responsible to utilize 100 per cent ash (fly ash and bottom ash) generated during that year, however, in no case shall utilization

fall below 80 per cent in any year, and the thermal power plant shall achieve average ash utilization of 100 per cent in a three years cycle and the ash utilization targets for thermal power plants shall be applicable from 1st April, 2022.

- ii. Further, non-compliant thermal power plants shall be imposed with an environmental compensation of Rs. 1000 per ton on un-utilized ash during the end of financial year based on the annual reports submitted.
- iii. The notification clearly mentioned that *“Statutory obligation of 100 per cent utilization of ash shall be treated as a change in law, wherever applicable”*.
- iv. CERC has not included sales of ash in the ambit of Non-Tariff income in its tariff regulations 2019-24 & 2024-29. Further, CERC in its tariff regulation FY 2024-29 has included *“Ash Transportation Expenses”* in operation and maintenance expenses separately and allowed the same after prudence check in the tariff orders of central generating companies.
- v. Ministry of Power guidelines dated 15 March 2024 stated the following:  
*“The Appropriate Commission shall scrutinize any expenses regarding ash utilization.... to ensure the least possible burden is passed on to electricity consumers while Generating Company fully complies with MoEF&CC notification dated 31.12.2021 and its amendments.”*
- vi. The petitioner submitted that given that capital expenditure for necessary additional ash evacuation infrastructure was disallowed in the MYT order in 2019–24 period (on grounds of no additional capitalization after cut-off date), holding the ash fund at the generating station is essential to develop such evacuation infra. It provides a financing buffer to ensure 100% ash utilization and avoid passing compliance costs or environmental cess to consumers.
- vii. Accordingly, STPP is holding the Fly ash utilization reserve funds separately as there is liability for non-utilization of 100% ash generated in thermal power plant. The same is clearly shown in annual accounts.
- viii. Further, the Commission has not considered amount received from sale of fly ash in Non-tariff income in SCCL true up order dated 29.04.2025.
- ix. The Commission is requested to treat fly ash sale fund as a dedicated environmental compliance reserve instead of non tariff income. Post project life, any balance remaining amount in fly ash utilization reserve may be adjusted against receivables

from DISCOMs.

### ***Stakeholders' Submissions***

- 3.8.2 The stakeholder submitted that sale of fly ash from STPP is also to be passed onto consumers as non-tariff income and further as per ministry of power guidelines dt. 15.03.2024 states that the *"appropriate Commission shall scrutinize any expenses regarding ash utilization... to ensure the least possible burden is passed on to the consumers...."*
- 3.8.3 Further, TGGENCO has also reimbursing the fly ash utilization reserve amount to DISCOMS. Hence, the Commission is requested to consider the Fly ash utilization reserve balance of Rs. 112.75 Crs as on 31.03.2025 indicated by the petitioner in the annual accounts also to be included in Non-Tariff income and passed on to beneficiaries.
- 3.8.4 Another stakeholder submitted that that Fly ash sales revenue is Rs 2.28 Cr for FY 2024-25, and requested for details on how revenue offsets costs, utilization rate vs. norms. With the rationale that such revenue should be utilized to reduce net costs passed on to consumers, verifying compliance with environmental norms and the utilization rate would ensure that benefits are appropriately credited, enhancing transparency and consumer welfare.

### ***Petitioner's Replies***

- 3.8.5 The petitioner has submitted that non-tariff income claimed is on actual basis for trueing up period for FY 2024-25 and the same is uncontrollable factor, and requested to allow the same.
- 3.8.6 Petitioner replied that as per the MoEF notification, thermal power plant shall be responsible to utilize 100 per cent ash (fly ash and bottom ash) generated during that year. Non-compliant thermal power plants shall be imposed with an environmental compensation of Rs. 1000 per ton on un-utilized ash during the end of financial year based on the annual reports submitted.
- 3.8.7 The petitioner is holding the Fly ash utilization reserve funds separately as there is liability for non-utilization of 100% ash generated in thermal power plant. The same is clearly shown in annual accounts. The revenue is utilised to offset fly ash management and utilisation costs, ensuring that no undue burden is passed on to consumers.
- 3.8.8 The Commission is requested to treat fly ash sale fund as a dedicated environmental

compliance reserve instead of non-tariff income.

### ***Commission's analysis & findings***

3.8.9 The relevant clause of the TGERC Regulation No 2 of 2023 is extracted below

#### ***“43 Non-Tariff Income***

*43.1 The amount of Non-Tariff Income of the Generating Company as approved by the Commission shall be deducted while determining its Annual Fixed Charge:*

*Provided that the Generating Company shall submit full details of its forecast of Non-Tariff Income to the Commission in such form as may be stipulated by the Commission.*

*43.2 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 contractors and others;*
- i) Income from sale of ash/rejected coal;*
- j) Income from advertisements;*
- k) Income from sale of tender documents;*
- l) Any other Non-Tariff Income”*

3.8.10 As per the provisions of regulation, income earned from the Sale of fly Ash is part of the non-tariff income. Upon verification of the Annual Accounts, it is noted that an amount of Rs. 112.75 Crore is booked under Fly Ash Utilisation Reserve Fund.

3.8.11 The Commission has taken note of the stakeholders submissions and replies of the petitioners, and is of the opinion that income earned from sale of fly ash shall be considered as part of the Non-tariff income. It is observed that amount of Rs. 112.75 Crore is accumulated over the years and decided to pass on that amount to the beneficiaries in a period of three years starting from FY 2024-25.

3.8.12 Further, the Commission noted that in case if the petitioner incurs any expenditure towards disposal of fly ash, the same may be claimed in the tariff filings.

### 3.9 Non-Tariff Income

#### *Petitioner's Claim*

3.9.1 The Petitioner has claimed Non-Tariff Income of Rs. 9.08 Crore for the period FY 2024-25. Further, actual non tariff income (except net income from sale of fly ash) is proposed to be passed to beneficiary as per clause 43 of Regulation 2 of 2023.

Table 3:15:Non-Tariff Income claimed for FY 2024-25

(Rs. Crore)		
Particulars	MYT Order	Claimed
Non-Tariff Income	3.90	9.08

#### *Stakeholders' Submissions*

3.9.2 There are no objections from stakeholders.

#### *Commission's analysis & findings*

3.9.3 Clause 43 of Regulation 2 of 2023 specifies treatment of Non-Tariff Income. After prudent check, the Commission approves the actual non-tariff Income, one third of the amount deposited in Fly Ash Utilisation Reserve Fund i.e., Rs. 37.58 Crore (Rs. 112.75 Crore/3), as shown in the table below:

Table 3:16: Non-Tariff Income claimed and approved for FY 2024-25

(Rs. Crore)			
Particulars	MYT Order	Claimed	Approved
Non-Tariff Income	3.90	9.08	9.08
Fly Ash Utilisation Reserve Fund		-	37.58
Total	3.90	9.08	46.66

### 3.10 Other Charges

#### *Petitioner's Claim*

3.10.1 The petitioner requested to allow the claim of an amount Rs. 0.39 Crore towards other charges (water charges, Audit fee & Tariff filling fee) on actual basis for FY 2024-25. The details of Water Charges, Tariff filing fee and audit fees as claimed for FY 2024-25 containing all the relevant documents are submitted.

#### *Stakeholders' Submissions*

3.10.2 The stakeholders submitted that water charges, Audit fee & tariff filing fee shall be allowed after prudence check.

#### *Petitioner's Replies*

3.10.3 The petitioner replied that they have submitted approvals (through GOs) for drawing 1TMC water from river Godavari and 2TMC water from river Prana hita for industrial usage (Thermal power plant). Water charges are statutory in nature and has to be paid to the Telangana irrigation department as per the state government orders. Expenditures on account of license fee, fee for determination of tariff and audit fee is required to be allowed under aggregate revenue requirement based on actuals.

### *Commission's analysis & findings*

3.10.4 The clause 45.4 of Regulation No.2 of 2023 stipulates that any expenditure actually incurred shall be considered. The Commission has verified the actual invoices raised and payments made to the Irrigation Department of Telangana.

3.10.5 The Commission after prudent check allows the other charges such as Water Charges of 0.36 Lakhs, Audit Fee of Rs. 1.51 Lakhs & Tariff Filing fee of Rs. 0.25 Lakhs as claimed by the petitioner as shown in table below:

**Table 3:17: Other Charges claimed and approved for FY 2024-25**

(Rs. Crore)

Particulars	Claimed	Approved
Water charges	0.37	0.3696
Tariff Filing fee	0.00	0.0025
Audit fees	0.02	0.0153
Total	<b>0.39</b>	0.39

## **3.11 Operating Norms**

### *Petitioner's Claim*

3.11.1 The petitioner has submitted the following norms for FY 2024-25

Thermal	Unit	STPP
Normative Annual Plant Availability Factor (Target Availability)	%	85.00%
Normative Annual Plant load Factor (For computation of incentive)	%	85.00%
Gross Station Heat Rate	Kcal/kWh	2,300
Secondary fuel oil consumption	ml/kWh	0.5
Auxiliary energy consumption	%	5.75%
Transit and Handling Losses	%	0.80%

3.11.2 These above norms were already allowed by the Commission in its order dated.28.06.2024.

3.11.3 Further, in view of CEA flexible operation regulation, which stipulates thermal

generating units to operate as low as 55% of full load operation based on grid demand, the Commission is requested to allow actual Auxiliary Consumption to compensate for low load operation of units for truing up of FY 2024-25. The actual auxiliary consumption for FY 2024-25 was 6.04%.

### ***Stakeholders' Submissions***

3.11.4 The stakeholders submitted that the operational norms as stipulated in the Regulation No 2 of 2023 is binding on the parties and requested the Commission to restrict the claim of auxiliary consumption as per the Norms (5.75%) and to restrict Station Heat rate (2300kcal/kwh) as per the norms prescribed in the Regulation.

### ***Petitioner's Replies***

3.11.5 The petitioner submitted that norms for truing up period of FY 2024-25 was already approved by the Commission vide order dated 28.06.2024. Accordingly, the Commission is requested to allow the same.

### ***Commission's analysis & findings***

3.11.6 the Commission has approved operating norms in accordance with clause 44 of the Regulation No. 2 of 2023 and MYT Order 28.06.2024.

## **3.12 Energy Charges:**

### ***Petitioner's Claim***

- i. The energy charges have been considered based on the principle approved by the Commission vide its order dated 28.06.2024.

**Table 3:18: Energy charges claimed for FY 2024-25**

Description	Unit	Claimed
Auxiliary Consumption	%	6.04
Gross Station Heat Rate	kcal/kWh	2296.30
Secondary Fuel oil consumption	ml/kWh	0.12
Calorific Value of Secondary Fuel	kcal/ml	10.01
Landed Price of Secondary Fuel	Rs./ml	0.07
Gross Calorific Value of Coal	kcal/kg	3677.45
Landed Price of Coal	Rs./kg	5.95
Specific Coal Consumption	kg/kWh	0.624
Rate of Energy Charge from Primary Fuel	Rs./kWh	3.954
Rate of Energy Charge from Secondary Fuel	Rs./kWh	0.009
<b>ECR</b>	<b>Rs./kWh</b>	<b>3.963</b>

- ii. It is submitted that adjustment of ECR on account of variation in price or heat value of fuel shall be done as specified in clause 46.5.
- iii. The month wise actual Availability and Plant Load Factor certificated by SLDC for FY 2024-25.
- iv. Naini Coal block, Orissa was allotted to SCCL by GoI vide vesting order No./103/21/2015/NA dated 13.08.2015 for its end-use plant of STPP situated at Jaipur, Telangana.
- v. The Commission in its previous orders directed SCCL to actively pursue the issue of coal allocation for its generating station with the Ministry of Coal so that the cumbersome task of transportation of coal from NAINI coal block in Odisha and associated losses in quantity and GCV could be mitigated by procuring coal from its own mines which are closer to its generating station.
- vi. Accordingly, Coal swapping proposal was made to Ministry of Coal to swap the coal produced from Naini to TNPGL (erstwhile TANGEDCO) and vide office memorandum dated 23.05.2025 MoC has approved the proposal for quantity of 1.75MTPA for three years up to FY 2027-28.
- vii. Appeal No. 256 of 2024 was filed by the petitioner against the order dated 01.04.2024 passed by the Commission in OP No. 13 of 2023, whereby this Commission had estopped the Petitioner from levying premium on the price of bridge linkage coal being supplied by SCCL (*being coal company*) to STPP (*being the generating station*), in terms of the various Standing Linkage Committee Meetings.
- viii. Further, an appeal (*being Appeal No. 19 of 2025*) was filed by the TGDISCOMs assailing the tariff order dated 28.06.2024 passed by this the Commission in respect of Multi-Year tariff of FY 2024-29 and True up of FY 2022-23 allowing pass through of premium on coal price charged by SCCL to its STPP for the coal supplied under Bridge Linkage.
- ix. Notably, both the abovementioned appeals were heard and disposed of by the Hon'ble APTEL through common judgment dated 28.08.2025. The relevant extract of the said judgment is reproduced herein below:

*“45. It is understood, from the submissions made, that India’s coal pricing policy has undergone a significant transformation from rigid government control to a more market-responsive framework. Until 1990s, coal prices were regulated under the provisions of the Colliery Control Order, 1945 and the Essential Commodities Act, 1955. In the year 1996, the Government of India began deregulating coal prices, which ultimately culminated in the Colliery*

*Control Order, 2000. This Order redefined coal governance by emphasizing quality assurance, ensuring transparency, and enhancing regulatory accountability, while paving the way for price deregulation and market-based coal allocation in subsequent reforms.*

*46. It is noted that the Coal was originally classified as an “essential commodity” under the Essential Commodities Act, 1955; however, pursuant to an amendment dated 24.12.2006, coal was omitted from the list of essential commodities with effect from 12.02.2007. Post Colliery Control Order 2000, coal prices were no longer fixed by the Government but were instead notified by coal companies and were influenced by cost of production, transportation charges, quality parameters, and prevailing market demand. While the Government of India does not exercise control over price fixation, it retains powers to regulate supply and quality through the Coal Controller. The Coal Controller ensures correct grade declarations, quality surveillance, and adjudication of disputes between consumers and collieries. Learned counsel for the Telangana Discoms have also admitted that Colliery Control Order, 2000 did remove the pricing function from Government of India with regard to coal but there is no bar of judicial /regulatory oversight. Learned Senior counsel for SCCL also submitted that post Colliery Control Order 2000, Central Government did not play any role in fixation of coal price; deletion of coal from the list of essential commodities stands duly recognized by the Ministry of Coal under the New Coal Distribution Policy, 2007 dated 18.10.2007 and the said policy only specifies the manner in which coal is to be allocated and distributed among various categories of consumers/users.*

*47. Thus, from the above, it is clear that the post Colliery Order 2000 era, it is the coal companies which can fix the price of coal and same position has been affirmed by the Supreme Court in its judgements “Pallavi Refractories v. Singareni Collieries Company Limited & Ors.”, (2005) 2 SCC 227) and “Ashoka Smokeless Coal India (P) Ltd. v. Union of India & Ors.”, ((2007) 2 SCC 640). The coal prices are no longer fixed by the Government, however they are subjected to regulatory oversight and Government retains powers to regulate supply and quality through the Coal Controller. The question in the present case is whether such regulatory oversight/control can be extended to the price of coal charged by coal companies on the end consumer under Bridge Linkage Arrangement, which in the present case is by SCCL to STPP, and whether the premium charged by coal companies can be regulated by the Electricity Regulator i.e. State Commission, which is deliberated in subsequent paragraphs.*

...

*85. Regarding the contention raised by learned counsel for Telangana Discoms that SCCL is charging premium over its basic notified price under Bridge Linkage on STPP and is unduly enriching themselves and therefore State Commission is right in denying such premium as pass through in Energy Charge rate. We do not find merit in this submission, as coal companies have been authorised to fix price of coal which they charge to the consumer and Ministry of Coal while granting Bridge Linkage from SCCL to STPP has left determination of such coal price to SCCL, and the premium charged by SCCL over the price of coal for Bridge Linkage for STPP is same, which SCCL charges to other generators for providing coal under Bridge Linkage. Further,*

*even if it is assumed that since SCCL and STPP are one company and SCCL could have given concession, then it would lead to differential/discriminatory pricing of coal under Bridge Linkage to other generators in Power Sector, as same premium over coal price is being charged by SCCL under Bridge Linkage to other generators such as Mahengenco, NTPC etc. Hypothetically, if it is assumed that Bridge Linkage to STPP was provided by CIL and not by SCCL, who also charges premium over the Bridge Linkage, in that situation STPP would have no control over such premium. Therefore, the contention of undue enrichment by parent company i.e. SCCL supplying coal to its STPP, does not hold good. In these circumstances denial of pass through of such premium over the price of coal under Bridge Linkage shall adversely affect the Energy Charge for the STPP, which in our view, is not justified. Thus, whether Coal under Bridge linkage is sourced from CIL or SCCL, both are the Government companies and as the same price is charged on all the generators who are assigned Bridge Linkage, the treatment of such premium as pass through in Energy Charge Rate should be same.*

*86. The State Commission/TSERC is a creation of the Electricity Act, and the jurisdiction which it is entitled to exercise must be confined to what is stipulated under the Electricity Act, and the Rules and Regulations made there under, and not beyond. The jurisdiction conferred on the Regulatory Commission, both Central and States, is by the Electricity Act, 2003, an Act of Parliament. Wherever jurisdiction is given to a court (or Tribunal) by an Act of Parliament, and such jurisdiction is only given upon certain specified terms contained in that Act, these terms must be complied with, in order to create and confer jurisdiction on it for, if they be not complied with, it would lack jurisdiction. (Nusserwanjee Pestonjee v. Meer Mynodeen Khan [LR (1855) 6 MIA 134 (PC); Mohd. Hasnuddin v. State of Maharashtra, (1979) 2 SCC 572). As it derives its powers from the express provisions of the Electricity Act, the powers, which have not been expressly given by the said Act, cannot be exercised by the State Regulatory Commission. (Rajeev Hitendra Pathak v. AchyutKashinath, (2011) 9 SCC 541). An authority created by a statute must act under the Act and not outside it. As it is a creation of the statute, it can only decide the dispute in terms of the provisions of the Act. (K.S. Venkataraman & Co. v. State of Madras, AIR 1966 SC 1089; Mysore Breweries Lt. v. Commissioner of Income-Tax, (1987) 166 ITR 723 (KAR)). The State Regulatory Commission can exercise jurisdiction only when the subject matter of adjudication falls within its competence, and the order that may be passed is within its authority, and not otherwise. (Dakshin Haryana Bijli Vitaran Nigam Ltd. v. Princeton Park Condominium: 2007 Aptel 764; BSES Rajdhani Power Limited v. Delhi Electricity Regulatory Commission, 2009 SCC OnLine APTEL 52).*

*87. The State Commission, no doubt, have been empowered to regulate the price at which Discoms shall purchase the electricity but has the duty to balance the interest of Consumers on one hand and that of Generators and Discoms on other hand, and also to act as per the provisions of Electricity Act 2003. In the absence of any specific provisions in the Electricity Act 2003 to regulate the price of coal which coal companies charge under the Bridge linkage, adjudication by the State Commission under section 86 of the Electricity Act has to be in terms of the provisions of the Electricity Act and the Regulations framed under Section 181 of the Electricity Act. As*

*deliberated in previous paragraphs, Regulations framed in the present case does not provide an exhaustive list of cost to be included in the landed cost of coal to be considered under Energy Charge Rate, and premium paid would form part of price of fuel and form part of landed cost. We find that the State Commission has erred in denying pass through of premium paid over the cost of coal under bridge linkage to STPP.*

*91. We take note that Section 61 of Electricity Act, 2003 deals with the jurisdiction of Appropriate Commission to specify terms and conditions for determination of Tariff and to frame Tariff Regulation accordingly; Section 62 of the Electricity Act is with regard to determination of Tariff, while Section 86 of the Electricity Act deals with the Functions of the State Commission. Learned counsel for Telangana Discoms has not drawn our attention to any specific provision of the Electricity Act 2003, which provides for determination of cost of coal by the Electricity Regulator. The State Commission has already framed the Tariff Regulations i.e. TSERC Regulations 2019 specifying Terms and conditions of Generation Tariff, applicable in present case, under the aegis of Electricity Act 2003, as referred to in above paragraphs, which has specified that landed cost of coal is to be considered while calculating the Energy Charge Rate, and it does not mention anything about determination of such landed cost of coal by State Commission.”*

- x. In this regard, it may be pertinent to point out that through the said Judgment dated 28.08.2025, the Hon’ble APTEL primarily decided on the issue that whether this Commission (being a State Commission) has jurisdiction to delve into the pricing mechanism of coal being supplied by coal companies, including for the purpose of pass through in variable charge/ energy charge while determining the “landed cost of coal” in terms of the extant regulatory and contractual framework.
- xi. From a reading of the above judgment, the following is concluded:
- (a) Post the Colliery Control Order, 2000, coal pricing was deregulated, and coal companies [government-owned entities like SCCL and Coal India Limited (“CIL”)] have exclusive authority to fix coal prices. The Central Government/Ministry of Coal's role is limited to regulating supply and disposal, not pricing.
  - (b) In view of the judgment of the Hon’ble Supreme Court in the matter of **Ashoka Smokeless Coal India (P) Ltd. v. Union of India and Ors.**, reported as (2007) 2 SCC 640, the Hon’ble APTEL noted that the said Judgment affirmed de-regulation of coal pricing post-Colliery Control Order, 2000. Coal companies have exclusive authority to fix prices, and that the Government's role is limited to regulation of coal supply. Further, the Hon’ble APTEL noted that this Commission cannot deny

premium levied on STPP for coal supplied by SCCL as the same would amount to indirectly regulating coal prices which is outside the purview of EA 2003.

- (c) Regarding precedent laid down by the Hon'ble Supreme Court in ***Pallavi Refractories v. Singareni Collieries Co. Ltd. and Ors*** reported as (2005) 2 SCC 227, the Hon'ble APTEL upheld SCCL's dual/differential pricing (*i.e., 20% higher for non-core sectors*) as non-arbitrary under Article 14 of the Constitution of India, and held that pricing is commercial policy of the coal companies. Further, it relied upon the said judgment to hold that premium charges by SCCL are uniform/non-discriminatory (*applied to STPP and others like NTPC and Mahagenco*) and constitutes as part of price of fuel under landed costs as per MYT Regulations.
- (d) In the absence of any specific provisions in Electricity Act 2003 to regulate the price of coal which coal companies charge under the Bridge linkage, adjudication by the State Commission under Section 86 of EA 2003 has to be in terms of the provisions of the Act and the Regulations framed under Section 181 of the EA 2003.
- (e) Section 61 of the EA 2003 empowers the Appropriate Commission to set tariff terms and frame regulations, while Section 62 addresses tariff determination and Section 86 outlines functions of this Commission. No specific provision in the Act allows the Electricity Regulator to determine coal costs. That the TGERC Regulations 2019, framed under the Act, specify that the landed cost of coal is used to calculate the Energy Charge Rate (*which includes the premium*) but do not task this the Commission with determining the price of coal.
- (f) The Bridge Linkage was granted and extended by the Ministry of Coal's Standing Linkage Committee (SLC) as an interim measure due to delays in operationalizing the Naini Coal Block. The policy leaves pricing to the coal company, and extensions were justified (*no fault is attributable to SCCL for delays*). The SLC meetings also specified that rate for the coal supplies against extended bridge linkage is to be decided by CIL/ SCCL.
- xii. In view of the above, the Hon'ble APTEL finally held as under:

*“87. The State Commission, no doubt, have been empowered to regulate the price at which Discoms shall purchase the electricity but has the duty to balance the interest of Consumers on one hand and that of Generators and Discoms on other hand, and also to act as per the provisions of Electricity Act 2003. In the absence of any specific provisions in the Electricity Act 2003 to regulate the price of coal which coal companies charge under the Bridge linkage, adjudication by the State Commission under section 86 of the Electricity Act has to be in terms of the provisions of the Electricity Act and the Regulations framed under Section 181 of the Electricity Act. As deliberated in previous paragraphs, Regulations*

*framed in the present case does not provide an exhaustive list of cost to be included in the landed cost of coal to be considered under Energy Charge Rate, and premium paid would form part of price of fuel and form part of landed cost. We find that the State Commission has erred in denying pass through of premium paid over the cost of coal under bridge linkage to STPP.*

xiii. In view of the above, this the Commission ought to take the above judgment in consideration while deciding the energy charge rates, and accordingly allow pass through of premium levied on bridge linkage coal being supplied by SCCL to STPP.

a. In this context, it is stated that this Commission, being a subordinate authority to Hon'ble APTEL has to abide by the directions given in the above judgment. Further, the scope of remand wherein the directions of a superior court are to be implemented is very specific and limited. The subordinate forum, such as this Commission in the present case, cannot at all deviate from any of the principles decided by the appellate forum. In this regard, reference be made to the following judgments passed by the Hon'ble Supreme Court on the scope of remand/ implementation of an order of a higher forum:

i. ***Tirupati Balaji Developers (P) Ltd. v. State of Bihar***, reported as (2004) 5 SCC

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*“9. In a unified hierarchical judicial system which India has accepted under its Constitution, vertically the Supreme Court is placed over the High Courts. The very fact that the Constitution confers an appellate power on the Supreme Court over the High Courts, certain consequences naturally flow and follow. Appeal implies in its natural and ordinary meaning the removal of a cause from any inferior court or tribunal to a superior one for the purpose of testing the soundness of decision and proceedings of the inferior court or tribunal. The superior forum shall have jurisdiction to reverse, confirm, annul or modify the decree or order of the forum appealed against and in the event of a remand the lower forum shall have to rehear the matter and comply with such directions as may accompany the order of remand. The appellate jurisdiction inherently carries with it a power to issue corrective directions binding on the forum below and failure on the part of the latter to carry out such directions or show disrespect to or to question the propriety of such directions would — it is obvious — be destructive of the hierarchical system in administration of justice. The seekers of justice and the society would lose faith in both.*

(Underline Supplied)

ii. ***Bachahan Devi v. Nagar Nigam, Gorakhpur***, reported as (2008) 12 SCC 372

*“11. A bare reading of the provision makes it clear that the same comes into operation when the court, from whose decree the appeal is preferred, has omitted to frame or try an issue, or to determine any question of fact which appears to the appellate court essential for the right decision of the suit upon the merits. In order to bring in application of Order 41 Rule 25 the appellate court must come to a conclusion that the lower court has omitted to frame issues and/or has failed to determine any question of fact which in the opinion of the appellate court are essential for the right decision of the suit on merits. Once the appellate court comes to such a conclusion it may, if necessary, frame the issues and refer the same to the trial court. In other words there is no compulsion on the part of the appellate court to do so. This is clear from the use of the expression “may”. But the further question that arises is whether in such a case the appellate court is bound to direct the trial court to take additional evidence required. This is a mandatory requirement as is evident from the provision itself because it provides that the lower court shall proceed to try such case and shall return the evidence to the appellate court together with the findings therein and the reasons therefor. As noted above, the provision becomes operative when the appellate court comes to the conclusion about the omission on the part of the lower court to frame or try any issue. Once the appellate court directs the lower court to do so, it is incumbent upon the trial court to take additional evidence required. As has been rightly contended by learned counsel for the appellant, there may be cases where additional evidence may not be required. But where the additional evidence is required, then the lower court has to return the evidence so recorded to the appellate court together with the findings thereon and the reasons therefor.”*

(Underline Supplied)

iii. **K.P. Dwivedi v. State of U.P.**, reported as(2003) 12 SCC 572

*“11. In our considered opinion, there is a glaring mistake in the impugned order dated 29-3-1996 of the Prescribed Authority passed after remand in treating the earlier order dated 5-8-1977 passed in appeal by the District Judge to have been totally set aside by the earlier order of the High Court dated 19-1-1979 passed in writ petition against the order of the District Judge dated 5-8-1977. From the order of the High Court extracted, it is clear that the whole order of the District Judge was not set aside. It was set aside only with respect to categorisation of lands in the two villages and the remand was restricted to fresh determination of the same. The observations that “no other controversy shall be allowed to be raised hereafter before the Prescribed Authority or before the Appellate Authority” only meant that the remand would be restricted to redetermination of the nature of the land and all other issues decided which have not been disturbed by the order of the District Judge in appeal shall not be allowed to be reagitated.”*

(Underline Supplied)

- xiv. SCCL-STPP signed a MoU for supply of Coal in FY 2025-26 considering partial swapping of Naini coal mine and Hon'ble APTEL judgment dated 28.08.2025 on coal pricing.

### ***Stakeholders' Submissions***

- 3.12.1 The stakeholder has requested to provide the actual Cost of Production (COP) for the specific mines (Srirampur/Mancherial) supplying coal to STPP, a copy of the MOU/Fuel Supply Agreement (FSA) between SCCL (Mining) and STPP (Power) that mandates the 20% premium, Third-Party Sampling Reports for the last 12 months showing the GCV (As Received) at the plant gate vs. GCV (As Billed) at the mine loading point, the detailed procedure, including the base price, statutory levies, and transport components, used to determine the cost of coal per tonne supplied to the Singareni Thermal Power Plant (STPP) and TGGENCO thermal power stations. details on coal inspection at loading points (mines) and unloading points, Whether any third-party agency was engaged; if so, provide details of the agency, their inspection reports, and deviation notes Number of deviations noticed against the Fuel Supply MOU between SCCL & STPP and actual supply quantity, Quantity slippage (actual vs. as per agreement), Moisture component variations noticed, sought details of debit/credit quantity and bill raised.
- 3.12.2 The stakeholder submitted that the high rate of coal supplied by SCCL has led to an abnormal increase in generation costs, resulting in a direct tariff burden on the general public & sought justification for these rates compared to national benchmarks.
- 3.12.3 The stakeholder submitted that SCCL has been supplying lower-grade coal at costs higher than comparable Coal India Limited (CIL) rates and requested for data on the grade variations and grade slippages encountered between the point of dispatch and the point of receipt, which have led to significant financial losses and operational inefficiencies for TGGENCO.
- 3.12.4 The stakeholder requested to explain the mechanism by which the geographical proximity of SCCL mines to STPP and TGGENCO plants is being passed on to the utilities. Currently, the pricing does not seem to reflect the logistical advantages of being pit-head or near-pit-head stations.
- 3.12.5 One of the Stakeholders has submitted that the petitioner has been claiming the Energy charges in respect of the power supplied from STPP Project with bridge linkage Coal

pricing wherein additional premium of 20 to 30% for FY 2024-25 and approximately 5% for FY 2025-26 to FY 2026-27 has been projected over and above the SCCL Notified Price of Coal. M/s SCCL also stated that Naini coal mine has started production from 16.04.2025 and the planned production for FY 2025-26 is 2.5 MT. However it is observed that M/s SCCL is currently supplying the entire coal requirement to STPP under Bridge Linkage MOU pricing, without supplying the swapped SCCL Mines' coal at the basic notified price, as approved by MoC though Naini mine production started from 16.04.2025. Further, the delay in Commissioning of the NAINI Captive Coal Mine to SCCL/STPP Project is entirely attributable to SCCL and the Respondents cannot be burdened for long under the Bridge Linkage Coal Pricing, which is a Short term linkage but the Petitioner is taking undue advantage of the same and charging coal supply to STPP with additional premium over and above the Notified Price of corresponding grade of coal.

3.12.6 Stakeholders have requested to restrict the energy charges claimed by the petitioner without any additional premium until Supreme Court adjudicates the Civil appeal No. 61265 of 2025 filed by TGDISCOMs.

#### ***Petitioner's Replies***

3.12.7 The Petitioner has submitted that the objection seeking disclosure of Mine-Wise Cost of Production supplying coal to STPP pertains to the coal mining operations of SCCL and does not fall within the scope of tariff determination for power generated from STPP under the Electricity Act, 2003 or the applicable Tariff Regulations. Further, the Hon'ble APTEL in Judgment dated 28.08.2025 in Appeal No. 256 of 2024, titled as SCCL v. TSERC and Ors., has held that Regulatory Commission(s) cannot delve into the aspect of coal pricing. The petitioner has submitted all relevant fuel cost data in terms of actual landed cost at plant end, supported by documentary evidence. Hence, the objections are misconceived and liable to be rejected.

3.12.8 Regarding copy of the MOU/FSA, the signed Memorandum of Understanding (MOU) between STPP and SCCL for supply of coal for FY 2024-25 is provided in the petition.

3.12.9 Regarding GCV Loss Analysis, petitioner submitted that coal supplied by SCCL to petitioner is subject to a joint sampling and analysis mechanism at the coal loading point. The sampling process is carried out jointly by representatives of SCCL and petitioner, in accordance with accepted industry practices and sampling procedures. Accordingly, Joint sampling reports for the FY 2024-25 (12 months) are made available.

- 3.12.10 Regarding providing of the detailed procedure, including the base price, statutory levies, and transport components, used to determine the cost of coal per tonne supplied to the petitioner and TGGENCO thermal power stations, the petitioner submitted that being a generating station, does not determine coal prices and only accounts for the actual landed cost of coal for tariff purposes.
- 3.12.11 The cost of coal supplied to petitioner is determined based on the notified base price of SCCL and signed MOU containing bridge linkage pricing (similar to all bridge linkage customers of SCCL like NTPC, MAHAGENCO), applicable statutory levies and taxes, and actual transportation charges up to the plant end, with quality-related adjustments accounted for through joint sampling.
- 3.12.12 The petitioner has considered only the actual landed cost of coal for tariff purposes, in accordance with the applicable Tariff Regulations, the details of which are provided in the Petition.
- 3.12.13 Regarding Quality control and Grade Slippage, petitioner submitted that SCCL coal pricing to petitioner is based on notified grades, transportation, and statutory levies, and any quality-related impact is transparently passed through to petitioner. Minor grade variations or slippages between mine dispatch and plant receipt are natural, unavoidable, and fully addressed through joint sampling and energy charge adjustments. Accordingly, the objection regarding higher cost or financial loss is misconceived and liable to be rejected.
- 3.12.14 Regarding details on coal inspection at loading points (mines) and unloading points, the petitioner submitted that the coal supplied by SCCL to petitioner is subject to a joint sampling and analysis mechanism at the coal loading point. The sampling process is carried out jointly by representatives of SCCL and STPP, in accordance with accepted industry practices and sampling procedures. Coal quality is not unilaterally certified by SCCL, it is determined through joint sampling and mutually accepted analysis results. Both supplier (SCCL) and consumer (STPP) participate in and authenticate the sampling and analysis process. Industry practices allow Joint sampling between supplier and consumer especially where both entities are PSUs / Government companies.
- 3.12.15 Any variation in coal quality GCV results in credit or debit adjustment based on jointly accepted test results. Such adjustments are fully passed through in the Energy Charge rates (ECR) computation. The monthly JSP are also being submitted to TGPCC from time to time. The details of credit or debit adjustments for FY 2024-25 are submitted.

Therefore, there is no undue benefit to either SCCL or petitioner on account of coal quality determination.

3.12.16 Further, it is to submit that petitioner always remains at better positions in the merit order compared to other state thermal generators of Telangana and is generating power as per the schedules given by TGS LDC. The better position in state merit order is an evidence of lesser energy charge of petitioner.

3.12.17 Regarding distribution of profits & pricing policy is consistent with the public interest, the tariff of a generating company is determined in terms of the Tariff Regulations, and there is no provision under which the manner of price of coal levied by the coal company can become a subject matter of scrutiny by the Commission.

3.12.18 Further, the Hon'ble APTEL in Judgment dated 28.08.2025 in Appeal No. 256 of 2024, titled as SCCL v. TSERC and Ors., has held that Regulatory Commission(s) cannot delve into the aspect of coal pricing. Any allegation of monopoly pricing or windfall profits by SCCL is beyond the purview of present tariff petition filed by STPP.

3.12.19 The energy charges submitted by STPP reflect only landed coal costs, including statutory levies and transportation, and are fully compliant with regulatory norms. Accordingly, the objection is misconceived and liable to be rejected.

3.12.20 Further it is submitted that the geographical proximity of SCCL mines to petitioner is fully reflected in the significantly lower transportation cost of around only Rs.120 per tonne. This reduced transportation cost directly lowers the landed cost of coal and the benefit is entirely passed through to the TGDISCOMs through lower energy charge rates. There is no separate or additional mechanism prescribed under the applicable regulatory framework for transfer of geographical advantage beyond the actual landed cost methodology already followed. Accordingly, the contentions raised by the objector are devoid of merit and are liable to be rejected.

#### ***Commission's analysis & findings***

3.12.21 The Commission after taking note of the objections of various stakeholders and replies of the petitioner, has considered the "GCV of Coal as received" as per the regulation while calculating the landed cost of primary fuel.

3.12.22 The credit adjustments due to grade slippage of coal based on the sampling reports were considered for arriving at landed price of primary fuel.

3.12.23 The Commission directs the petitioner to submit on quarterly basis, coal quality test reports which are carried out through sampling by third party.

3.12.24 In line with the Hon'ble APTEL Judgment dated 28.08.2025 in Appeal No. 256 of 2024 the Commission has considered premium price of coal while calculating the energy charge rate for FY 2024-25 and that though the TGDISCOMs have preferred an appeal before the Hon'ble Supreme Court for which the stay orders have not been granted. However, the grant of premium price will be reviewed at the request of the Discoms if it is allowed by the Hon'ble Supreme Court.

3.12.25 Clause 44 of the Regulation No. 2 of 2023 stipulates the methodology for determination of ECR. The Auxiliary Consumption, Gross Station Heat Rate, Secondary Fuel oil consumption, Calorific Value of Secondary Fuel are controllable factors and are considered on normative basis. Further, the landed price of secondary fuel, weighted average gross calorific value of coal and landed price of coal are uncontrollable factors and considered on actuals basis.

3.12.26 The Commission has observed that there are deviations in the norms approved. In order to share the gain/loss on account of deviations from the approved norms, which are controllable, the Commission has computed ECR on actual basis and normative basis. The change in energy charge rate is considered in calculation of IoWC for sharing the gain/loss to the beneficiary.

3.12.27 Based on the above methodology and details submitted by the Petitioner, the Commission has computed actual and normative energy charge rate for FY 2024-25 as show in the table below:

**Table 3:19: Energy Charge Rate (ECR) approved for FY 2024-25**

Particulars	Units	MYT Order	Claimed	Actual	Normative
Auxiliary Consumption (AUX)	%	5.75	6.04	6.04	5.75
Gross Station Heat Rate (GSHR)	kcal/kWh	2300.00	2296.30	2296.30	2300.00
Secondary Fuel oil consumption (SFC)	ml/kWh	0.50	0.12	0.12	0.50
Calorific Value of Secondary Fuel (CVSF)	kcal/ml	10.00	10.01	10.01	10.01
Landed Price of Secondary Fuel (LPSF)	Rs./ml	0.07	0.07	0.07	0.07
Wt. Avg. Gross Calorific Value of Coal (CVPF)	kcal/kg	3808.80	3677.45	3677.45	3677.45
Landed Price of Coal (LPPF)	Rs./kg	5.86	5.95	5.95	5.95

Particulars	Units	MYT Order	Claimed	Actual	Normative
Specific Coal Consumption	kg/kWh	0.60	0.62	0.62	0.62
Coal Cost/kWh	Rs./kWh	3.746	3.954	3.954	3.941
Secondary Fuel oil Cost/kWh	Rs./kWh	0.037	0.009	0.009	0.009
<b>Energy Charge Rate (ECR) (Rs./kWh)</b>	<b>Rs./kWh</b>	<b>3.785</b>	<b>3.963</b>	<b>3.963</b>	<b>3.950</b>

### 3.13 Summary of Annual Fixed Charge approved and Sharing of Gain/Loss for FY 2024-25

#### *Petitioner's Claim*

3.13.1 The summary of ARR claimed is as show in table below

**Table 3:20: Annual Fixed Charges Claimed for FY 2024-25**

		(Rs. Crore)
<b>A</b>	<b>Annual Fixed Charges</b>	<b>2024-25</b>
1	Operation & Maintenance Expenses	275.60
2	Depreciation	436.64
3	Interest and finance charges on loan	214.20
4	Interest on Working Capital	91.43
5	Return on Equity	482.20
6	Less: Non-Tariff Income	9.08
<b>7</b>	<b>Annual Fixed Charges</b>	<b>1490.98</b>
<b>B</b>	<b>Energy Charges</b>	
1	Energy Charge Rate	3.963
2	Scheduled Energy (ex-bus)	7501.197
3	Energy Charges	<b>2972.72</b>
<b>C</b>	<b>Other Charges</b>	
1	water charges, Audit fee & Tariff filling fee	0.39
<b>D</b>	<b>Grand Total</b>	<b>4464.09</b>

#### *Commission's analysis & findings*

3.13.2 Based on the above, the Annual Fixed Charges are computed for FY 2024-25.

3.13.3 The Commission has approved the sharing of gains/losses in accordance with the relevant clauses of Regulation No.2 of 2023. The relevant clauses are extracted hereunder:

*12.1 Variations or expected variations in the performance of the Petitioner, which may be attributed by the Commission to controllable factors include, but are not limited to the following:*

- (a) Variation in Distribution losses;
- (b) Variation in Transmission losses;
- (c) Variation in operational norms;
- (d) Variation in amount of interest on working capital;

- (e) *Variation in Operation & Maintenance expenses;*
- (f) *Variation in Coal transit losses.*

12.2 The “uncontrollable factors” shall comprise the following factors, which were beyond the control of, and could not be mitigated by the Petitioner, as determined by the Commission:

- (a) *Force Majeure events;*
- (b) *Change in law;*
- (c) *Variation in fuel cost on account of variation in price of primary and/or secondary fuel prices;*
- (d) *Variation in sales;*
- (e) *Variation in the cost of power purchase due to variation in the rate of power purchase, subject to clauses in the power purchase agreement or arrangement approved by the Commission;*
- (f) *Variation in inter-State Transmission Charges and losses;*
- (g) *Variation in intra-State transmission losses for distribution licensee;*
- (h) *Variation in market interest rates for long-term loan;*
- (i) *Variation in income tax rates;*
- (j) *Variation in freight rates;*
- (k) *Revenue from sale of power from consumers.*

14.1 The approved aggregate gain to the generating entity or licensee or SLDC on account of controllable factors shall be dealt with in the following manner:

- (a) *Two-third of the amount of such gain shall be passed on as a rebate in tariff over such period as may be stipulated in the Order of the Commission;*
- (b) *The balance amount of such gain shall be retained by the generating entity or licensee or SLDC.*

14.2 The approved aggregate loss to the generating entity or licensee or SLDC on account of controllable factors shall be dealt with in the following manner:

- (a) *One-third of the amount of such loss may be passed on as an additional charge in tariff over such period as may be stipulated in the Order of the Commission;*
- (b) *The balance amount of such loss shall be absorbed by the generating entity or licensee or SLDC.*

3.13.4 The summary of approved Annual Fixed Charges after sharing of gains/ loss is as detailed in table below:

**Table 3:21: Annual Fixed Charges approved for FY 2024-25**

(Rs. Crore)

Particulars	Claimed	Approved before sharing	Approved after sharing
Operation and Maintenance expenses	275.60	240.09	251.37
Depreciation	436.64	240.40	240.40
Interest and Finance Charges on loan	214.20	210.84	210.84
Interest on working capital	91.43	83.97	83.99
Return on Equity	482.20	436.58	436.58
Less: Non-tariff income	9.08	46.66	46.66
Total	1,490.98	1,165.21	1,176.51
Other Charges	0.39	0.39	0.39
<b>Annual Fixed Charges</b>	<b>1,491.37</b>	<b>1,165.60</b>	<b>1,176.89</b>

3.13.5 The Commission directs the Petitioner to bill the beneficiaries' viz., TGDISCOMs the claim towards total sharing/passing through of losses approved in this order as per the AFC and other charges for FY 2024-25.

3.13.6 Considering all the above, Commission directs STPP to bill the beneficiaries/TGDISCOMS, the differential amount between already recovered based on MYT Order dated 28.06.2024 and total to be recovered after sharing of gains/ losses approved in this order, on pro-rata of Actual Annual Availability Factor as certified by TGSLDC against Normative Plant Availability Factor (NAPAF) as per clauses 46.1 & 46.2 of the Regulation No. 2 of 2023.

**CHAPTER-4 : REVISED ARR AND TARIFF FOR FY 2026-27****4.1 Additional Capitalisation for FY 2026-27*****Petitioner's Claim***

4.1.1 The petitioner has claimed Rs.29.90 crore as additional capitalisation for Implementation of flexible operation scheme as per CEA for FY 2026-27. The opening capital cost for FY 2026-27 is arrived upon by adding the estimated additional capitalization of Rs. 17.89 Crore for FY 2025-26 with the closing capital cost in FY 2024-25 claimed in the true up petition.

4.1.2 The petitioner claimed such capitalisation under the clause 22.3 (ii) of Regulation No 2 of 2023 and stated that the Commission has granted the in-principal approval for the said works vide clause 5.1.16 in its order dated 28.06.2024.

***Stakeholders' Submissions***

4.1.3 The stakeholder submitted that for FY 2026-27, the petitioner claimed Rs.29.90 Crore towards implementation of Flexible operation scheme as per CEA, and the Commission vide order dated 28.06.2024 in OP No 4 of 2024 deferred the additional capitalization claim of Rs. 20.77 Crore for FY 2024-25 towards implementation of CEA Regulation on flexible operation Scheme stating that the same will be taken into consideration at the time of true up of the relevant year and granted in principle approval for the said works. Hence, the claim is not tenable in the present petition.

***Petitioner's Replies***

4.1.4 The petitioner has submitted that for the purpose of tariff determination, Gross Fixed Assets (GFA) approved by the Commission up to the previous year, amounting to Rs. 7,748.234 Crore is considered. The difference of Rs.1,055.17 Crore arises solely due to the regulatory approach of considering only approved and admitted assets, and not due to any inclusion or exclusion at the discretion of the Petitioner.

***Commission's analysis & findings***

4.1.5 The Petitioner has claimed an amount of Rs. 29.90 crore for FY 2026-27 towards implementation of flexible operation scheme notified by the CEA. The stake holder however has raised objections on the ground that this Commission has deferred the same in order dated 28.06.2024 in O. P. No. 4 of 2024 and order dated 29.04.2025 in O.P. No. 30 of 2024

4.1.6 The Commission has agreed in- principle for the proposal of the petitioner for implementation of the flexible operation scheme in order dated 28.06.2024 in O. P. No. 4 of 2024 and directed the Petitioner to implement the scheme initially and to approach the Commission for the expenditure incurred by way of True-up. However, the Petitioner has again claimed this amount with the expenditure in the FY 2026-27. Therefore, the request of the Petitioner cannot be considered and the Commission reiterates the direction to implement the scheme initially and to approach the Commission for the expenditure incurred by way of True-up, duly taking investment approval as per the regulation. The approved capitalisation for FY 2026-27 is shown in table below.

**Table 4:1: Additional Capitalisation claimed and approved for FY 2026-27**

(Rs. Crore)

Particulars	MYT	Claimed	Approved
Additional Capitalisation	0.00	29.90	0.00

## 4.2 Operations and Maintenance Expenses

### *Petitioner's Claim*

4.2.1 The Petitioner claimed the O&M expenses as Rs. 318.72 Crore as against Rs. 276.96 Crore approved in MYT Order dated 28.06.2024. The petitioner has submitted the following

- i. The claim for Operating & maintenance expenses for FY 2026-27 has been made in specified trifurcation of R&M, EMP and A&G Expenditure based on actual values of the FY 2024-25 after applying the five year average values of CPI & WPI and formula provided in clause 45 of MYT Regulation No 02 of 2023.
- ii. To consider the cumulative WPI figures of the past control period i.e around 24.64% to add with the K factor of the last control period which was 1.04 and to consider the K factor for the purpose of computing R&M expenditure as 1.29 in place of 1.08.
- iii. The yearly WPI & CPI values starting FY 2019-20 to FY 2024-25 are given in the table below:

FY	WPI	CPI
FY 2019-20	1.67%	7.54%
FY 2020-21	1.29%	5.03%
FY 2021-22	13.00%	5.13%

<b>FY</b>	<b>WPI</b>	<b>CPI</b>
FY 2022-23	9.41%	6.06%
FY 2023-24	-0.73%	5.19%
FY 2024-25	2.30%	3.39%

- iv. Sum of WPI from FY 2019-20 to FY 2023-24 is 24.64% from the above table.
- v. The total O&M expenditure claimed for FY 2026-27 is given below:

**Table 4:2: O&M Expenses claimed for FY 2026-27**

(Rs. Crore)

<b>Particulars</b>	<b>Claimed</b>
Employee Expenses	144.24
A&G Expenses	64.73
R & M Expenses	109.75
<b>Total O&amp;M Expenses</b>	<b>318.72</b>

### ***Stakeholders' Submissions***

4.2.2 Stakeholder has submitted that the Employee Cost has increased significantly during FY 2026-27 vis-a-vis approved cost. The R&M Expenses and A&G Expenses have also gone up considerably. The O&M Expenses of the project were approved by the Commission on Normative basis as per the Regulation No. 2 of 2023. The Truing up procedure has to be based on Point to Point change in the WPI & CPI-IW Inflation factors as published by the Ministry of Commerce & Industry and Ministry of Statistics & Programme Implementation, Govt. of India, and the computation shall be as per the formula given for Employee Cost, R&M Expenses and A&G Expenses in Regulation. The Base values already approved in the MYT order will not change. However, the Petitioner has overlooked the prescribed procedure and claimed higher O&M Expenses stating that the claims are audited actual expenditure, which is not in consonance with the methodology specified in the Regulation No.2 of 2023. As such, the Petitioner' claim of O&M expenses has to be restricted to figures already approved.

4.2.3 Further, in the computation of R&M expenses, the petitioner has claimed K factor as 1.29 % on the GFA claim of 7748.23Cr and on the revised GFA claim of Rs.7771.61 Cr for FY 2025-26 against Approval of 1.08 % on GFA of 7748.23Cr (for FY 2024-25 to FY 2025-26) and for FY 2026-27 in addition to revising the k factor to 1.29 % also revised the GFA Claim to Rs.7789.50 Cr (including the additional capitalization claim) against approved GFA of Rs.7748.23 Cr vide order dated 29.04.2025.

***Petitioner's Replies***

4.2.4 The petitioner has submitted that the Hon'ble APTEL vide its order dated 28.08.2025 remanded back the computation to TGERC. The relevant portion of the order is given below:

“Impugned Order 2 dated 28.06.2024, the issue of computation of ‘K-factor for the purpose of approval of R&M expenses, is remanded back to State Commission and Appeal 19 of 2025 is disposed of in these terms.”

...

4.2.5 The above ratio decided by apex court for determination of truing up is required to be followed by this Commission.

4.2.6 Further, The formula of Repairs and Maintenance Expense (R&Mn) is as below:

$$R\&Mn = K_n \times GFA_n \times WPI \text{ inflation}$$

$K_n$  is % of GFA allowed as R&M expenditure in previous control period.

4.2.7 The K value is kept same for a control period where cumulative inflation with respect to base year is multiplied to get the normative R&M value for particular year.

4.2.8 However, with the change of control period a new base year starts and also the counting of inflation starts afresh from the new base year. Hence, mathematically it is required to either add all the yearly inflation figures or to use the last cumulative inflation for re-computation of K for the new control period.

4.2.9 However, the Commission failed to consider the fact and added only 4% with the K factor where as it is require to add 29.6% (based on actual WPI data) to get the K factor for the control period 2024-29.

4.2.10 The petitioner requested the Commission to consider the cumulative WPI figures of the past control period i.e around 29.6% to add with the K figure of the last control period which was 1.04 and to consider the K value for the purpose of computing R&M expenditure as 1.34 in place of 1.08.

4.2.11 Accordingly, the objections made by the Respondents are devoid of any merit and need to be rejected.

***Commission's analysis & findings***

4.2.12 Clause 45 of Regulation 2 of 2023 specifies the components of O & M expenses and procedure for computation of each component of O & M expenses, the Commission has

computed the employee expenses for FY 2026-27 by considering the trued-up expenses after sharing of gains/losses of FY 2024-25 and escalated twice with CPI inflation factor of 5.79% as considered in MYT Order dated 28.06.2024. The details are shown in table below:

**Table 4:3: Employee Costs approved for FY 2026-27**

(Rs. Crore)

Approved Employee Cost for FY 2024-25	CPI Inflation	Provisional Employee Cost for FY 2025-26	CPI Inflation	Employee Cost for FY 2026-27
(a)	(b)	(c)=a*(1+b)	(d)	e=c*(1+d)
120.21	5.79%	127.20	5.79%	134.60

4.2.13 With regard to R&M Expenses, the Commission has considered the K factor of 1.12% for FY 2025-26 (considering trued up R&M Expenses and opening GFA for FY 2024-25) and K factor for FY 2026-27 as 1.17% (considering R&M expenses and opening GFA for FY 2025-26). The normative R&M Expenses of FY 2026-27 is computed by multiplying the opening GFA, with K factor and WPI inflation of 4.93% (one year inflation) as considered in MYT Order dated 28.06.2024.

**Table 4:4: R&M Expenses approved for FY 2026-27**

(Rs. Crore)

FY	K	Opening GFA	WPI Inflation	R & M Expenses
	(a)	(b)	(c)	a*b*(1+c)
2025-26	1.12%	7750.08	4.93%	90.87
2026-27	1.17%	7750.08	4.93%	95.35

4.2.14 The Commission has computed the A&G Expenses for FY 2025-26 by considering the trued-up expenses after sharing of gains/losses of FY 2024-25 and escalated twice with WPI inflation factor of 4.93% as considered in approved MYT Order dated 28.06.2024. The A&G expenses approved are shown in table below:

**Table 4:5: A&G Expenses approved for FY 2026-27**

(Rs. Crore)

Approved A&G Expenses for FY 2024-25	WPI Inflation	Provisional A&G Cost for FY 2025-26	WPI Inflation	A&G Expenses for FY 2026-27
(a)	(b)	(c)=a*(1+b)	(d)	e=c*(1+d)
44.58	4.93%	46.78	4.93%	49.08

4.2.15 Based on the employee expenses, A& G Expenses and R & M Expenses approved, the O&M Expenses approved for FY 2026-27 is as shown below:

**Table 4:6: O&M expenses approved for FY 2026-27**

(Rs.Crore)

Particulars	MYT Order	Claimed	Approved
Employee Expenses	135.68	144.24	134.60
R & M Expenses	96.78	109.75	95.35
A&G Expenses	44.50	64.73	49.08
O&M Expenses	276.95	318.72	279.04

### 4.3 Depreciation

#### *Petitioner's Claim*

4.3.1 The petitioner has claimed Rs. 439.64 Crore towards depreciation for FY 2026-27, and submitted the following

- i. The depreciation is claimed in accordance with clause 28 of Regulation No 2 of 2023.
- ii. The beginning value base of the capital cost for FY 2026-27 for the purpose of depreciation computation was considered as Rs.7789.50 Crore.
- iii. The depreciation rates for different assets for each financial year were computed based on the asset capitalization schedule as considered in this tariff petition adopting the straight-line method of depreciation computation and rates specified in Annexure-I of Regulation No 2 of 2023.
- iv. The balance depreciable value as on 1st April, 2024 was computed by deducting the cumulative depreciation claimed up to 31st March, 2024.

4.3.2 The depreciation claimed for the FY 2026-27 is given below:

**Table 4:7: Depreciation claimed for FY 2026-27**

(Rs. Crore)

Particulars	Claimed
Depreciation	439.64

#### *Stakeholders' Submissions*

4.3.3 The stakeholder has submitted that the petitioner has claimed higher depreciation @ 5.63% against approval of 5.169% considering revised additional capital cost amounting Rs. 439.64 Cr for FY 2026-27 for the capital cost of Rs.7748.23 Crore @ 5.169 %in the order dt. 29.04.2025 in OP No. 30 of 2024. The additional Capitalization has to be disallowed and there would be no change in the GFA and requested to restrict the recovery of Depreciation (@ 5.169%) to that approved.

***Petitioner's Replies***

- 4.3.4 The petitioner has replied that the stakeholder, without considering the fact that there are certain capitalization done as per Court directives which is in the nature of change in law events, has stated that the depreciation should not increase. Accordingly, this fact needs to be considered for capitalization.
- 4.3.5 Further, the depreciation schedules provided in Regulation No 2 of 2023 is different from CERC depreciation schedules. Consequently, the effect of depreciation is required to be allowed by the Commission.

***Commission's analysis & findings***

- 4.3.6 The Commission has computed depreciation in accordance with clause 28 of Regulation No 2 of 2023. The Commission observed that the Petitioner has computed the depreciation considering the projected additional capitalisation during the year, and that the depreciation rate considered by the Petitioner is not in line with Regulation No 2 of 2023.
- 4.3.7 The Commission has calculated depreciation separately for the existing assets as on 31.03.2024 and for the assets on or after 01.04.2024, in accordance with clause 28.4 of Regulation No.2 of 2023.
- 4.3.8 For existing assets, the Commission has calculated balance useful life and balance depreciable value as on 01.04.2024. Balance useful life is calculated by deducting the completed life of the asset from asset life as specified in Annexure I of Regulation No.2 of 2023. Balance depreciable Value is arrived at by deducting the accumulated depreciation from the depreciable value of the asset. Depreciation for FY 2026-27 is determined by spreading the balance depreciable Value over the balance useful life.
- 4.3.9 For the existing assets as on 31.03.2024, the Commission has computed the depreciation for component-wise GFA claimed in the petition as detailed above, and arrived at the average rate of depreciation as 3.10%. The same rate of depreciation was applied to the approved GFA of FY 2026-27.
- 4.3.10 For Assets commissioned on or after 01.04.2024, the Commission has considered useful life as per Annexure I and depreciation is calculated accordingly.
- 4.3.11 The total depreciation is arrived by adding depreciation calculated on existing assets as on 31.03.2024 and assets added after 31.03.2024 as mentioned above.

4.3.12 Based on approved GFA, additional capitalisation and Annexure-I of Regulation No 2 of 2023, approved depreciation is shown in table below.

**Table 4:8 Depreciation claimed and approved for FY 2026-27**

(Rs. Crore)

Particulars	MYT Order	Claimed	Approved
Opening GFA	7745.32	7,789.50	7,750.08
Addition during the year	0	29.90	0.00
Closing GFA	7745.32	7,819.40	7,750.08
Rate of Depreciation	5.17%	5.63%	3.10%
Depreciation	400.36	439.64	240.43

#### 4.4 Interest and Finance Charges (I&FC) on Loan

##### *Petitioner's Claim*

4.4.1 The petitioner has claimed the interest and finance charges of Rs. 134.93 Crore for FY 2026-27, and submitted the following

- i. The Commission in the order on midterm review allowed refinancing of loan in respect of STPP and allowed interest on loan accordingly. STPP claims the sharing of gains accrued due to refinancing by applying clause 31.10 of Regulation 2 of 2023.
- ii. Loan outstanding as on 1st April, 2024 was computed after considering the cumulative depreciation up to 31st March, 2024 as notional repayment of the loan and deducting that from gross loan

##### *Stakeholders' Submissions*

4.4.2 The stakeholder submitted that the petitioner has claimed the sharing of gains accrued due to refinancing in FY 2026-27 by referring clause 31 of Regulation 2 of 2023.

4.4.3 It could be seen from the above provisions that in the Regulation 2 of 2023s, it is specifically prescribed that the net savings in interest shall be calculated as annuity for the term of the loan, whereas such methodology was not prescribed in the Previous Tariff Regulation (No. 1 of 2019). In the Annuity computation methodology, the Present Values of interest cost saving before and after loan refinancing have to be worked out by considering the discount rate at the interest rate of Post refinancing. This exercise has to be done to examine whether the claim of loan refinancing is beneficial to the TGDISCOMs even after passing on the Costs associated with loan refinancing to them. Apparently, the Petitioner has not carried out such exercise. Also, if further Loan Refinancing is taken up by the Petitioner in the FY 2025-26 & FY 2026-27, then the

Regulation No.2 of 2023 allows the Petitioner to make such a claim. Without making any such effort, the Petitioner is not entitled to make a claim on sharing of gains of Loan Refinancing. The Petitioner has failed to distinguish the Loan Refinance Provisions in the aforesaid two Tariff Regulations. As such, the Petitioner's claim for unilaterally adjusting the one-third share of gain to it, is legally not permissible. The stakeholder has requested the Commission to restrict the rate of Interest and disallow the claim of the petitioner on sharing of one-third share of gain on Loan Refinancing for FY 2026-27 as the claim is not in accordance with Clause 31 of Regulation 2 of 2023.

### *Petitioner's Replies*

- 4.4.4 The petitioner has submitted that clause 12.6.3 of Regulation No 1 of 2019 provides that the changes to the terms and conditions of the refinanced loans shall be reflected from the date of refinancing and it is easy to understand that how further changes in interest rates falls within these “terms and conditions.” Further, clause 12.5 of the same regulation provides that the rate of interest on loan shall be based on weighted average rate of actual loan portfolio.
- 4.4.5 Accordingly, in terms of the said regulations, post refinancing, the rate of interest applicable for actual refinanced loan portfolio is required to be allowed in the tariff.
- 4.4.6 Further, the stakeholders stated that the methodology for loan refinancing as allowed by the Commission in its mid-term order is final and should be the basis for truing up of interest and financing charges even for forth coming FY 2023-24 in this petition and it is submitted that non-sharing of gain out of loan refinancing in FY 2021-22 which is in deviation with clause 12.6 of Regulation No 1 of 2019 has been challenged before Hon’ble Appellate Tribunal for Electricity. However, the approval for refinancing was never been under challenge.
- 4.4.7 Further, stakeholder has stated that the petitioner has not carried out the calculation exercise to find out annuity in net savings and the petitioner can only make claim for refinancing in FY 2024-29 if further loan refinancing is taken up in FY 2024-29, and Petitioner submitted that loan refinancing was already approved by this Commission in its order dated 23.03.2023 and this aspect attained finality as the same was not challenged. Further, the clause 31.10 of regulation 2 of 2023 provides that net savings out of refinancing loan shall be shared between the beneficiaries and generating entity in the ratio of 2:1.

4.4.8 The last proviso of 31.10 of regulation 2 of 2023 states that the net savings in interest shall be calculated as an annuity for the term of the loan but the net savings shall be shared between the parties on annual basis. Therefore, it is clear that the calculation of net savings in interest based on annuity method is only required to apply prudence to approve refinancing. In petitioners case refinancing have already been approved in the previous control period. Hence, the annuity method as suggested by the Discom is not relevant in this matter. In fact, the same proviso stipulates that annual net savings shall be shared, which STPP has calculated and already submitted.

4.4.9 Accordingly, the objections made by the stakeholders are devoid of any merit and need to be rejected.

#### *Commission's analysis & findings*

4.4.10 The petitioner has claimed the sharing of benefits of refinancing of loan for FY 2026-27. The views of the Commission are elaborated under the approval of Interest and finance charges for FY 2024-25 in this order, and the same is not repeated.

4.4.11 The Commission has considered the approved True up closing loan of FY 2024-25 as opening loan base for FY 2025-26 and closing loan of FY 2025-26 as opening loan base for FY 2026-27. The Commission considered interest rate of 8.74%, which is the same as approved in true up for FY 2024-25.

4.4.12 The interest and finance Charges claimed and approved for FY 2026-27 is as shown in table below:

**Table 4:9: I&FC on Loan claimed and approved for FY 2026-27**

(Rs. Crore)

<b>Particulars</b>	<b>MYT Order</b>	<b>Claimed</b>	<b>Approved</b>
Opening Loan	1,728.89	1,686.24	2,052.74
Addition during the Year	0.00	20.93	0.00
Repayment during the Year	400.36	439.64	240.43
Closing Loan	1,328.53	1,267.53	1,812.31
Interest rate	8.24%	8.61%	8.74%
Interest on loan	125.90	127.11	168.88
Savings in interest passed to Generators	0.00	7.83	0.00
<b>Interest and Finance Charges on loan</b>	<b>125.90</b>	<b>134.93</b>	<b>168.88</b>

## 4.5 Interest on Working Capital (IoWC)

### *Petitioner's Claim*

4.5.1 The petitioner has claimed Rs. 80.78 Crore towards Interest on Working Capital for FY 2026-27, which was further revised to Rs. 79.22 Crore as per the submissions dated 30.01.2026, and submitted the following

- i. The Interest on working capital has been worked out in accordance with clause 33 of Regulation No 2 of 2023 for FY 2026-27.
- ii. The coal & oil component of working capital have been computed based on 20 days coal stock for non-pit head stations corresponding to target availability or maximum storage capacity whichever is lower and cost of coal for 30 days of generation corresponding to target availability and one month's cost of secondary fuel for target availability.
- iii. The maintenance spares @1% of GFA expenses, 1 month's normative O&M expenses and forty five days receivables have been added with the above to arrive at gross working capital. Net working capital has been worked out by subtracting 1 month's payable for coal & oil computed at target availability from gross working capital.
- iv. The rate of interest on working capital for revised tariff of FY 2026-27 has been computed as 10.25% which is 150 basis point more than the 1-year MCLR of SBI prevailing as on October 2025.
- v. The Interest on working capital claimed for the FY 2026-27 is given below:

**Table 4:10: Interest on Working Capital claimed for FY 2026-27**

(Rs. Crore)

Particulars	claimed
Interest on Working Capital	80.78

### *Stakeholders' Submissions*

4.5.2 The stakeholder submitted that the Petitioner computed the Working Capital requirement by summing up the individual components, such as Coal Stock requirement for 20 days /30 days for generation corresponding to Target availability (85%) etc based on Regulation 2 of 2023 for FY 2026-27 and also claimed interest on working Capital revision for FY 2023-24 including bridge linkage premium by referring the APTEL

order dt. 28.08.2025 in Appeal No 255 of 2024 and the Price considered for Cost of Coal in working capital is Bridge Linkage premium coal Pricing. In this regard, it is to submit that, TGERC vide order d1.01.04.2024 in OP No. 13 of 2023, directed SCCL to stop levying any premium on coal price under bridge linkage arrangement and to charge notified basic price of coal till production from Naini commences to STPP.

4.5.3 Aggrieved by the said order, SCCL filed Appeal No. 256 of 2024 before APTEL and APTEL pronounced common orders on 28.08.2025 in Appeal 256 of 2024 of SCCL and Appeal 19 of 2025 of TGDISCOMs, allowing SCCL's appeal and setting aside the TGERC Order dated 01.04.2024 in OP No. '13 of 2023. APTEL order dt. 28.08.2025 in appeal 256 of 2024 while holding that the premium is included in the Regulations, the APTEL has gone on to hold that the TSERC does not have jurisdiction over the price of coal, which is an error observed in the order. The errors observed in the APTEL order dt. 28.08.2025 in appeal 256 of 2024 are as follows:

- a. *Under the Electricity Act, 2003, it is one of the functions of the regulator to look at all components of tariff which would include the variable charges and its sub-components. Its jurisdiction cannot be limited by a strict interpretation.*
- b. *The basic contradiction in the Judgment is that on one hand, the Electricity Regulator has been held to have no jurisdiction to comment on the pricing of coal and on the other hand, the delegated legislations framed by such regulator have been interpreted to include the bilateral premiums being charged by SCCL to its own thermal power plant - STPP; this reasoning is circular & conflicting.*
- c. *Equating the power of the electricity regulator to conduct a prudence check on costs claimed to its power of determining the cost itself.*
- d. *Incorrect interpretation of TGERC Tariff Regulations, 2019.*
- e. *Rewarding SCCL for its own default of failing to develop the captive coal mine at Naini in a time bound manner.*

4.5.4 Thus, aggrieved by the APTEL order dt. 28.08.2025, TGDISCOMs filed Civil appeal No. 61265 of 2025 before Supreme Court (Annexure-I) and hearings completed on admission stage and Supreme Court admitted the appeal and served notice to the Respondents on 15.12.2025 At present, TGDISCOMS Civil appeal No. 61265 of 2025 filed before Supreme Court is under subjudice. Further, the Commission has jurisdiction under Electricity Act, 2003 and as per TGERC Regulations, the Commission have powers to regulate the electricity tariff to be passed onto the consumers. Thus, the Commission is requested to restrict the working capital claim with notified coal prices only and without any bridge linkage premium until Supreme Court finalizes the matter.

#### ***Petitioner's Replies***

4.5.5 The respondent has submitted that APTEL vide its order dated.28.08.2025 held that the

Commission does not have jurisdiction over price of the coal. However, the same as per the respondents opinion is an error because Electricity Act 2003 provides that the tariff components including variable charges should be regulated by the regulatory Commission.

- 4.5.6 The reasoning provided by the stakeholders, since the Commission is empowered to determine the energy charges and the very fact that the energy charges include the coal cost, coal cost needs to be regulated by the Commission, and the petitioner submitted that all the requisite material and service cost in supply chain needs to be determined by the Commission which cannot happen because the costs are either market driven or set by sectoral regulators. The question arises “whether all entities in the supply chain of power plant needs to be regulated by the ERC?”
- 4.5.7 Hon’ble APTEL appropriately held that TSERC/TGERC does not have jurisdiction over the price of coal.
- 4.5.8 The stakeholders stated that their appeal against APTEL order dated 28.08.2025 before the Apex court was admitted after hearing and as the matter is subjudice, the Commission needs to restrict the coal price to the notified price without any bridge linkage premium. In reply, the petitioner has stated that aforesaid claim has no legal basis as there is no stay on the APTEL order dated 28.08.2025. It is to further stress that the DISCOMs neither submitted application for interim stay nor they are complying with the APTEL order. It is to further submit that such an act by the respondents attract contempt of court proceedings under contempt of Courts Act 1971.
- 4.5.9 Accordingly, the objections made by the stakeholders are devoid of any merit and need to be rejected.

#### ***Commission’s analysis & findings***

- 4.5.10 Clause 33 of (Multi Year Tariff) Regulation 2 of 2023 specifies the provisions related to Interest on Working Capital. The petitioner has claimed the Rs. 80.78 Crore towards Interest on Working Capital for FY 2026-27. Subsequent to the Public Hearing, as directed by the Commission the petitioner has submitted on 30.01.2026 the revised claim for Interest on Working capital as Rs. 77.92 Crore.
- 4.5.11 Further, the Commission has considered the reduced energy charges as claimed by the petitioner, due to reduction in the price of the coal for computation of interest on working capital for FY 2026-27.

4.5.12 The Commission computed the working capital in accordance of clause 33.1. (a) of Regulation 2 of 2023. Further, the rate of interest on working capital is considered on normative basis in accordance with clause 33.6 of Regulation 2 of 2023 equal to Base Rate as on the date of Petition filling plus 150 basis points. The Interest on Working Capital approved by the Commission for FY 2026-27 is as shown below:

**Table 4:11: Interest on Working Capital approved for FY 2026-27**

(Rs. Crore)

Particulars	MYT Order	Claimed	Revised Claim	Approved
Cost of coal, towards stock	172.97	154.22	145.73	145.72
Cost of coal for generation	259.45	231.32	218.59	221.62
Cost of secondary fuel oil	2.46	2.49	2.49	2.49
O&M expenses	22.34	26.56	26.56	23.25
Maintenance spares	77.45	77.89	77.89	77.50
Receivables	555.61	529.44	509.98	473.58
Less:				
Payables for Fuels	261.90	233.82	221.08	222.87
Total Working Capital requirement	828.37	788.11	760.16	721.30
Interest rate	10.15	10.25	10.25	10.25
<b>Interest on working capital</b>	<b>84.08</b>	<b>80.78</b>	<b>77.92</b>	<b>73.93</b>

#### 4.6 Return on Equity (RoE)

##### *Petitioner's Claim*

4.6.1 The petitioner has claimed Rs. 484.96 Crore towards Return on Equity for FY 2026-27, and submitted the following

- i. Considered 30% of the capital cost as equity as per the relevant provision in MYT tariff regulation 2 of 2023 which is reproduced below:

*“27.1.....Provided that in case of generating entity, Licensee, and SLDC, if any fixed asset is capitalised on account of capital expenditure project prior to 01.04.2024, debt-equity ratio allowed by the Commission for determination of tariff for the period ending 31.03.2024 shall be considered”*

- ii. Clause 29.2(a) of Regulation No 2 of 2023, provides that the base rate for computation of return on equity shall be 15.5%. Further, the base rate of ROE is required to be grossed up with the effective tax rate as per clause 30.1.

4.6.2 Accordingly, the return on equity is computed by applying base rate of return as 15.5% and effective tax rate of 25.168%, as shown in table below

**Table 4:12: Return on Equity claimed for FY 2026-27**

(Rs. Crore)	
<b>Particulars</b>	<b>claimed</b>
Return on Equity	484.96

***Stakeholders' Submissions***

- 4.6.3 The stakeholder submitted that the petitioner claimed Return on Equity (RoE) at the base rate of 15.5% on enhanced Equity (after considering Additional Capitalization of Rs. 23.38 Crore (30% as equity @Rs.7.01Crore) for FY 2024-25, Rs.17.89 Crore (30% as equity @ Rs.5.37 Crore) for FY 2025-26 and Rs.29.90 crore (30% as equity @ Rs.8.97 Crore), thereby raising the Base Equity to Rs. 2331.48 Crore for FY 24-25 and Rs.2345.82 Crore for FY 2026- 27as against the approved Base equity of Rs.2324.47 Crore, without obtaining the approval of the Commission. Further, the Petitioner grossed up the simple RoE with the regular income tax rate @ 25.168% (rate applicable for the SCCL Company as a whole for Coal and Power business) as against the concessional MAT rate of 17.47% allowed by the Commission for STPP Power generation business, which has led to higher RoE claim of Rs. 482.20Crore for FY 2024-25, Rs. 483.48 Crore for FY 2025-26 and Rs. 484.96 Crore for FY 2026-27 as against the approved RoE of Rs.436.54 Crore.
- 4.6.4 The Commission disallowed the grossing up of RoE with Corporate tax/ higher Income Tax rate in the order dt.29.04.2025, Mid-term Review order dated 23.03.2023 and also in the MYT order dated 28.06.2024 and the Commission vide order dt. 29.04.2025 directed the petitioner to maintain separate accounts for coal business and Power business. But, the petitioner without separating the accounts again claimed higher interest rates, which claim has to be disallowed. The Commission in the Mid-term Review order dated 23.03.2023/ MYT order dated 28. 06.2024, has already relied on the ratio decided in the Case law in Ld. APTEL's judgment dated 10th August 2010 in Appeal No.37 of 2010 (Meghalaya State Electricity Board vs. Meghalaya State ERC), wherein it was held that the State Commission has to make prudence check of the expenditure and is not bound by the Certificates of Auditors. The Commission is requested to restrict the claim of RoE to the approved figure of Rs. 436.54 Crore.

***Petitioner's Replies***

- 4.6.5 The petitioner has submitted that they have opted for payment of Corporate Income Tax at the reduced Tax rate of 25.168% without MAT credit entitlement and exemptions as per the Taxation (Amendment) Ordinance 2019. SCCL is an income tax assessee

whereas STPP is not a separate assessee and STPP is integral part of SCCL.

- 4.6.6 Since, STPP is regulated entity it needs to pay MAT rates is incorrect, misleading and lacks merit. STPP is not a separate legal entity. No applicable tariff regulation prevails over it the income tax laws. In fact an entity needs to pay tax as per applicable income tax rate of the country and tariff regulation only have to allow effective tax rate paid by embedding the same in ROE computation during truing up.
- 4.6.7 The Income Tax paid by SCCL for the FY 2024-25 is based on following applicable rates. Basic Rate = 22%, Surcharge = 10% (on Basic rate) and Cess= 4% (on Basic rate + Surcharge).
- 4.6.8 Effective Income Tax Rate actually paid by SCCL which includes STPP in its one of the verticals is 25.168%. It is the stakeholder's argument that STPP being a generating company may take the benefit of 80IA and pay income tax only on MAT rate.
- 4.6.9 Actual payment of income tax cannot be based on such assumptions and presumptions because STPP is not a company separate from SCCL. As the tax being paid on actual basis and the PPA also stipulates that such tax to be reimbursed by the beneficiary, and the stakeholders ought not to have objected for the same.
- 4.6.10 Further, the Commission in TGGenco truing up of FY 2022-23 order dated 28.10.2024 has allowed the actual tax rate @25.17% in place of MAT by changing its earlier stand taken in midterm review order dated 23.03.2023 in case of TGGenco where MAT rate @ 17.472% was allowed for generating companies. Accordingly, it is observed that the Commission has changed the earlier stand and is now allowing actual income tax @25.17% already paid by thermal generating station. Accordingly, the Commission is requested to allow income tax based on the same principle to the petitioner also. Accordingly, objections submissions made by the stakeholders lack merit and need to be ignored.

#### ***Commission's analysis & findings***

- 4.6.11 The clause 30 of the Regulation No. 2 of 2023 specifies the provisions of Tax on Return on Equity. The Commission has observed that the Petitioner in addition to generation business is also engaged in coal business. The audited Accounts of the Petitioner is prepared on consolidated basis as there is no bifurcation of Generation business and other business, thereby it would be difficult to ascertain and bifurcate the tax paid among the different business of the Petitioner. Though the audited accounts are prepared on

consolidated basis, based on the data available it will be difficult to segregate the profit & loss and income tax of STPP. There is no data as to how much tax is levied and paid exclusively for generation business. In fact the tax paid is on consolidated basis for both coal and generation business.

4.6.12 The Hon'ble APTEL in its judgement dated 4th April, 2007 in Appeal no. 251 of 2006 has ruled as under:

“The consumers in the licensee’s area must be kept in a water tight compartment from the risks of other business of the licensee and the Income Tax payable thereon. Under no circumstance, consumers of the licensee should be made to bear the Income Tax accrued in other businesses of the licensee. Income Tax assessment has to be made on standalone basis for the licensed business so that consumers are fully insulated and protected from the Income Tax payable from other businesses.”

4.6.13 The Petitioner has grossed up the RoE with regular income tax at the rate of 25.168 % which is applicable for SCCL company as a whole for Coal and Generation business as against the concessional MAT rate of 17.472% allowed by this Commission for STPP for generation business.

4.6.14 On the other hand, the petitioner has opted for corporate income tax at a reduced rate of 25.168 % without MAT credit entitlements and exemptions as per the taxation (amendment ordinance – 2019). SCCL is an income tax assessee whereas STPP which is doing generating business is not a separate tax assessee, and STPP is integral part of SCCL. The income tax actually paid by SCCL includes STPP, which is one of its verticals.

4.6.15 In earlier order, the Commission has stated that the tax of other business/unregulated business cannot be passed on to consumers. Thus, keeping in view that restricting the tax to MAT was challenged by the petitioner before the Hon'ble APTEL in Appeal No. 149 of 2024, the Commission is not inclined to consider the effective tax rate and allows only MAT rate of 17.472% towards Return on Equity for computation of Tax on Return on Equity for the FY 2026-27.

4.6.16 The ROE and Tax on RoE claimed and approved for FY 2026-27 is as shown in table below:

**Table 4:13: Return on Equity approved for FY 2026-27**

(Rs. Crore)

Particulars	MYT Order	Claimed	Approved
Opening Equity	2,323.60	2,336.85	2,324.93
Addition during the year	0.00	8.97	0.00
Closing Equity	2,323.60	2,345.82	2,324.93
Rate of RoE	15.50%	15.50%	15.50%
Tax Rate	17.47%	25.17%	17.47%
Effective Tax Rate	18.78%	20.71%	18.78%
<b>Return on Equity</b>	<b>436.40</b>	<b>484.96</b>	<b>436.62</b>

#### 4.7 Non-Tariff Income

##### *Petitioner's Claim*

4.7.1 The Petitioner has claimed Rs. 9.44 Crore as Non-Tariff Income for FY 2026-27 as shown in table below:

**Table 4:14: Non-Tariff Income claimed for FY 2026-27**

(Rs. Crore)

Particulars	MYT Order	Claimed
Non-Tariff Income	4.29	9.44

##### *Stakeholders' Submissions*

4.7.2 There are no objections from stakeholders.

##### *Commission's analysis & findings*

4.7.3 Clause 43 of Regulation 2 of 2023 specifies treatment of Non-Tariff Income. The Commission directs SCCL to submit year-wise details of revenue earned from sale of fly ash as part of each tariff petition. Such revenue, if any, shall be treated as Non-Tariff Income and adjusted against the ARR during true-up.

4.7.4 After prudent check, the Commission approves the non-tariff Income as claimed i.e, Rs. 9.44 Crore, and one third of the amount deposited in Fly Ash Utilisation Reserve Fund i.e., Rs. 37.58 Crore (Rs. 112.75 Crore/3), as shown in the table below:

**Table 4:15: Non-Tariff Income claimed and approved for FY 2026-27**

(Rs. Crore)

Particulars	MYT Order	Claimed	Approved
Non-Tariff Income	4.29	9.44	9.44
Fly Ash Utilisation Reserve Fund	-	-	37.58
<b>Total</b>	<b>4.29</b>	<b>9.44</b>	<b>47.03</b>

#### 4.8 Incentive

##### *Petitioner's Claim*

4.8.1 The petitioner has claimed incentive of Rs. 18.01 Crore for FY 2026-27 based on estimated generation at the rate specified at clause 46.6 of Regulation 2 of 2023.

#### ***Stakeholders' Submissions***

4.8.2 The stakeholder has requested for Providing basis for incentive claimed i.e., PLF >85%, and suggested that incentives must align with actual performance; given the low historical PLF of 71.83%, projections should be scrutinized to ensure they are tied to achieving above 85% PLF, preventing unwarranted payouts and maintaining regulatory fairness.

4.8.3 Another stakeholder submitted that incentive will be admitted in accordance with Regulation 2 of 2023. The projected claim of Incentive for FY 2026-27 may be disallowed in this petition, and the same may be allowed on actual basis during true-up.

#### ***Petitioner's Replies***

4.8.4 The petitioner submitted that if actual PLF reaches more than Normative PLF, the incentive is required to be paid in terms of clause 46.6 of Regulation 2 of 2023.

4.8.5 Regarding Incentive claims projected for Rs 18 Cr, the petitioner submitted that it has demonstrated the capability to achieve PLF above 85% in several previous years. The projected incentive for FY 2026-27 is a performance-linked estimate strictly in accordance with the applicable Tariff Regulations and is contingent upon achieving PLF beyond the normative threshold of 85%. Actual incentive claim, if any, shall be determined based on verified performance at the time of true-up.

#### ***Commission's analysis & findings***

4.8.6 Clause 46.6 of Regulation No 2 of 2023 specifies provisions related to incentive. The Commission is of the view that incentive can only be billed on actuals as per Clause 46.6 of Regulation No 2 of 2023 and it will be considered basing on the actuals as per regulation at the time of truing up after prudent check. The incentive for achieving the normative PLF and additional generation over and above normative PLF are to be recovered directly from beneficiaries in accordance with Clause 46.6 of Regulation No.2 of 2023.

### **4.9 Summary of Annual Fixed Charges for FY 2026-27**

#### ***Petitioner's Claim***

4.9.1 The petitioner has claimed ARR of Rs. 4433.66 Crore for FY 2026-27 as shown in table

below

**Table 4:16:Annual Fixed Charges and Other Charges claimed for FY 2026-27**

(In Rs. Crore)

<b>A</b>	<b>Annual Fixed Charges</b>	<b>claimed</b>
1	Operation & Maintenance Expenses	318.72
2	Depreciation	439.64
3	Interest and finance charges on loan	134.93
4	Interest on Working Capital	80.78
5	Return on Equity	484.96
6	Less: Non-Tariff Income	9.44
<b>7</b>	<b>Annual Fixed Charges</b>	<b>1449.60</b>
<b>B</b>	<b>Energy Charges</b>	
1	Energy Charge Rate	3.377
2	Scheduled Energy (ex-bus)	8781.697
3	Energy Charges	<b>2965.58</b>
<b>C</b>	<b>Other Charges</b>	
1	Incentive	18.01
2	water charges, Audit fee & Tariff filling fee	0.47
3	<b>Sub Total (Other Charges)</b>	<b>18.48</b>
<b>D</b>	<b>Grand Total</b>	<b>4433.66</b>

*Commission's analysis & findings*

4.9.2 Based on the above, the summary of approved ARR for FY 2026-27 is shown in table below:

**Table 4:17:Annual Fixed Charges and Other Charges claimed and approved for FY 2026-27**

(In Rs. Crore)

	<b>Annual Fixed Charges</b>	<b>Claim</b>	<b>Revised claim</b>	<b>Approved</b>
1	Operation & Maintenance Expenses	318.72	318.72	279.04
2	Depreciation	439.64	439.64	240.43
3	Interest and finance charges on loan	134.93	134.93	168.88
4	Interest on Working Capital	80.78	77.92	73.93
5	Return on Equity	484.96	484.96	436.62
6	Less: Non-Tariff Income	9.44	9.44	47.03
<b>7</b>	<b>Annual Fixed Charges</b>	<b>1,449.60</b>	<b>1,446.73</b>	<b>1,151.87</b>
8	Incentive	18.01	18.01	0.00
9	water charges, Audit fee & Tariff filing fee	0.47	0.47	0.00
10	<b>Other Charges</b>	<b>18.48</b>	<b>18.48</b>	<b>0.00</b>
	<b>Total</b>	<b>1,468.08</b>	<b>1,465.22</b>	<b>1,151.87</b>

## 4.10 Operating Norms

### *Petitioner's Claim*

4.10.1 The petitioner has claimed the following for FY 2026-27

<b>Thermal</b>	<b>Unit</b>	<b>STPP</b>
Normative Annual Plant Availability Factor (Target Availability)	%	85.00%
Normative Annual Plant load Factor (For computation of incentive)	%	85.00%
Gross Station Heat Rate	Kcal/kWh	2,300
Secondary fuel oil consumption	ml/kWh	0.5
Auxiliary energy consumption	%	5.75%
Transit and Handling Losses	%	0.80%

4.10.2 These above norms were already allowed by the Commission in its order dated.28.06.2024.

### *Stakeholders Suggestions/Objections*

4.10.3 The stakeholder has submitted that petitioner has claimed Actual SHR for FY 2024-25 is 2296.3 kcal/kWh against normative 2300 kcal/kWh; and for projections for FY 2025-26 and 2026-27 at 2300 kcal/kWh.

4.10.4 The stakeholder has submitted that there is no mention about the energy audits conducted, auxiliary deviations justified by low load without audit references or efficiency measures, and suggested for an Independent energy audit of STPP by a BEE-accredited agency to be completed in Q1 of 2026 and direct submission of the report along with implemented efficiency measures in future filings; disallow excess auxiliary until improvements demonstrated. The absence of energy audit references hinders the verification of efficiency claims under Sections 61(d) and 62 of the Electricity Act, 2003. External sources, such as the CAG 2020 audit focusing on project setup rather than operations, and SCCL annual reports for 2022-23 emphasizing financials, confirm that no operational energy audits have been documented. Persistent deviations result in approximately Rs 9.5 Cr annual excess costs, suggesting significant transparency gaps. Mandating audits would ensure prudence in operations and safeguard consumers from bearing the costs of inefficiencies, aligning with regulatory requirements for demonstrable improvements.

4.10.5 The stakeholder submitted that Actual auxiliary consumption for FY 2024-25 is 6.04% (excluding 2.519 MU for township/construction) against normative 5.75%; projections for FY 2025-26 and 2026-27 at 5.75%, and sought for 15-minute block-wise data for

Auxiliary Energy Consumption (AEC) for the months where AEC exceeded the 5.75% normative limit.

4.10.6 The stakeholder submitted that excess auxiliary consumption leads to approximately 24 MU loss, translating to about Rs 9.5 Cr at an energy charge of Rs 3.98 per unit, thereby increasing the effective tariff by roughly Rs 0.013 per unit. This deviation is attributed to low load operations (55-85%) due to grid demand, but it is considered controllable through better scheduling. Benchmarking reveals that CERC norms for 600 MW supercritical plants are 5.25%, while NTPC peers achieve 5-5.5% (e.g., Talcher at 5.5%). The historical persistence of 5.8-6.1% in prior years indicates untapped potential for 5-10% reduction via best practices. The stakeholder has requested to disallow excess auxiliary consumption (0.29% deviation) amounting to approximately Rs 9.5 Cr in true-up unless justified with evidence (e.g., grid dispatch logs), and direct the petitioner to implement efficiency measures like VFD retrofits (Q2-Q3 2026, Rs 10-15 Cr), AI for low-load optimization (Q2 2026), cooling upgrades (FY 2026-27, Rs 20-30 Cr), and benchmark to 5.25% ongoing.

4.10.7 The stakeholder submitted that low PLF 71.83% vs. normative 85%, amplifying SHR/auxiliary issues, and rational that underperformance compared to NTPC peers (75-80%) increases overall costs; developing and sharing mitigation strategies for better scheduling would help minimize tariff impacts and improve system efficiency, and suggested to provide mitigation strategies for low PLF impact on tariffs.

#### ***Petitioner's Replies***

4.10.8 The petitioner submitted that actual SHR achieved during FY 2024-25 is marginally better than the normative SHR. Any gain arising there from may be considered by the Commission at the time of true-up. However, during true-up of Energy Charge Rates (ECR), the calculation of gain or loss is based on the combined effect of Station Heat Rate (SHR), Auxiliary Consumption, and Specific Oil consumption, and not on individual parameters. Since ECR is computed as a single integrated figure, it is not feasible to calculate gain/loss separately for SHR, Auxiliary, or Oil. Accordingly, any gain arising from improved operational performance is to be shared between the petitioner and beneficiaries based on the total ECR in the ratio prescribed under the applicable Regulations.

4.10.9 The petitioner replied that the projections for FY 2025-26 and FY 2026-27 have been kept at the normative SHR as approved by the Commission in order dated 28.06.2024.

4.10.10 The marginal deviation in auxiliary consumption during FY 2024-25 is attributable to sustained low-load operation imposed by grid conditions and not due to absence of efficiency measures.

4.10.11 The projections for FY 2025-26 and FY 2026-27 have been maintained at the normative level as approved by the Commission in order dated 28.06.2024.

4.10.12 Regarding 15-minute block-wise data for Auxiliary Energy Consumption (AEC) for the months, the petitioner replied the following

- i. As per the applicable Regulations, auxiliary energy consumption is considered and approved on an annual normative/actual basis and not on a 15-minute time-block basis.
- ii. The energy metering arrangement at Singareni Thermal Power Plant records auxiliary consumption in aggregate, STPP's electrical metering and energy accounting system is designed to record gross generation and net sent-out energy on Daily / monthly / annual basis. Block-wise segregation of auxiliary consumption (15-minute) is not available. Further, it is submitted that Block-wise segregation of auxiliary energy is not mandated in absence of intra state ABT.
- iii. Submitted all relevant and available data in tariff forms as per the TGERC regulations.

4.10.13 The petitioner stated that the lower PLF during the relevant period is attributable to grid-imposed backing down and system-level dispatch constraints given by TGSLDC and not due to any technical or operational deficiency of the generating station. Mitigation strategies relating to scheduling and optimization lie within the domain of TGSLDC and the distribution licensees, Accordingly, the issue raised does not pertain to the Petitioner and may not be considered.

#### ***Commission's analysis & findings***

4.10.14 Operating Norms are approved in accordance with the provisions of Regulation No. 2 of 2023. This aspect was also considered by the Commission while considering in MYT and passed a reasoned order while observing that in case the Petitioner has got any objection/issue or questions in respect of following operating norms as determined by the Commission in Regulation No. 2 of 2023 then it is expected to agitate by filing a separate petition for amendment or otherwise of the Regulation. Without challenging

Regulation on operating norms either by the generator or the stakeholder cannot question the operating norms thereby it is again restated that all the stakeholders follow norms as per Regulation.

#### 4.11 FGD system:

##### *Petitioner's Claim*

4.11.1 The petitioner has submitted that to comply with the Ministry of Environment, Forest and climate changes (MoEF& CC) notification vide Gazette no: REGD, NO.D.L-33004/99, dated: 07-12-2015, approval was obtained from Govt of Telangana vide Ir no: 499/PR.A1/2019 dt: 14-06-2019 for installation of Flue Gas Desulphurisation (FGD) system at STPP, Stage – I (2X600 MW). The Commission has accorded In-principle approval for installation of FGD at STPP, Stage – I (2X600 MW) vide its order dated: 28-08-2020. Subsequently, EPC contract was awarded to M/s PES Engineers Private Ltd, Hyd vide firm order no's: 7600008906 and 7600008907 dated 28-12-2021 for installation of Flue gas desulphurisation (FGD) system project at STPP Stage – I (2X600 MW).

4.11.2 MoEF& CC vide Gazette: CG-DL-E-11072025-264545 dated: 11-07-2025 has issued an amendment to Environment (Protection) rules. The relevant clause of the gazette is quoted below:

*“point no: (C) iV:*

***The Sulphur dioxide emission standards shall not be applicable to all Category C thermal power plants subject to ensuring compliance of stack height criteria notified vide notification number GSR 742 (E), dated the 30<sup>th</sup> August, 1990 and the time line for ensuring compliance by the existing Category C Thermal Power Plants of stack height criteria by the 31st December, 2029.”***

4.11.3 As per minutes of 3rd meeting of the task force of CPCB for Categorization of Power Plant, vide No B-33014/7/2021/IPC-II/TPP, dated 27.08.2021, SCCL/STPP comes under Category-C Thermal Power Plant and further 2X600 MW STPP stack is satisfying the stack height criteria as per the environmental standards for power plants prescribed in the Environment protection Rules 1986.

4.11.4 At present FGD works for Engineering, civil works, structural supply, structural erection, equipment supply, equipment erection works are around 74% completed and under progress for balance left over portions. Further, a meeting was called for by Thermal projects renovation & modernization division of CEA, Ministry of power on

18.07.2025 in light of recent gazette notification of MoEF& CC. The minutes of the meeting was circulated vide ref no: CEA-TH-14-20/7/2025-TRM Division/1033-1058 dated: 25.07.2025. In the meeting after detailed deliberation, CEA has advised generating companies who are nearing completion or attained progress of 60-70 percentage to discuss with the beneficiary on their willingness to have FGD installed and pay for the cost attributable to FGD(CAPEX + OP-EX) or stop the project and pay the fixed cost(CAPEX) incurred so far.

4.11.5 Accordingly, the petitioner requested TGPC to convey a meeting to discuss willingness of beneficiaries TGDISCOMs for continuation of the FGD project even though it is not mandatory now as per latest environment notification for 2X600MW STPP.

4.11.6 Further, the Commission has deferred the claim of capitalization for the FGD system and stated that it would carry out prudence check of the final executed cost of FGD system in the true up of relevant year after Commissioning of the same.

4.11.7 Accordingly, the cost of FGD system together with its effect on the tariff components and additional auxiliary energy shall be submitted after Commissioning of the system in true up petition of relevant year. Thus, the petitioner reserves its right to submit the same at a subsequent period.

#### ***Stakeholders' Submissions***

4.11.8 The stakeholders submitted that 1.5% auxiliary increase for FGD (total 7.25%), and requested to justify 1.5% increase vs. CERC 1.5%, provide impact on ARR. While CERC allows 1.5% for 600 MW plants, the petitioner's base auxiliary of 5.75% is already higher than CERC's 5.25%, and justification is needed to avoid double-counting and ensure minimal impact on the ARR, protecting consumers from unnecessary tariff escalations.

4.11.9 Another stakeholder/TGDISCOMS submitted that MoEF& CC, Govt. of India, vide notification dated 11.07.2025 has amended the emission standards relating to Sulphur Dioxide (SO<sub>2</sub>) applicable to Coal / Lignite based Thermal Power Plants (TPPs) and has revised the compliance mechanism by categorizing TPPs and category C plants (STPP plant falls under category C) are exempted from compliance of SO<sub>2</sub> norms subject to meeting the stack height criteria. Further directions from GoI in this regard are awaited.

#### ***Petitioner's Replies***

4.11.10 The petitioner submitted that the cost of FGD system together with its effect on the tariff components and additional auxiliary energy shall be submitted after Commissioning of the system in trueing up petition of relevant year. Thus, the petitioner reserves its right to submit the same at a subsequent period.

4.11.11 Further, submitted that the normative auxiliary consumption of 5.75% considered for STPP is in line with CERC norms applicable to 600 MW units with induced draft cooling towers. The additional auxiliary consumption sought for FGD operation is a separate and incremental requirement, consistent with CERC provisions, and does not result in any double counting.

4.11.12 Further, during true-up of the relevant year the actual cost of FGD system together with its effect on the tariff components and additional auxiliary energy shall be submitted after Commissioning of the system along with supporting data, in trueing up petition for consideration by the Commission.

***Commission's analysis & findings***

4.11.13 CEA has advised the generating companies who are nearing completion or attained progress of 60-70 percentage to discuss with the beneficiary on their willingness to have FGD installed and pay for the cost attributable to FGD(CAPEX + OP-EX) or stop the project and pay the fixed cost(CAPEX) incurred so far. The TGDISCOMS have submitted that directions of GoI in with reference to the Notification dated 11.07.2025 are awaited.

4.11.14 The petitioner has submitted that in view of the MOEF notification, the Commission in its MYT order dated 28.06.2024 and Business Plan, & Capital Investment Plan for FY 2024-25 to FY 2028-29 order dated 29.12.2023 has already given its view on the FGD system and implementation of flexible operation scheme as per CEA Regulation.

4.11.15 In view of the submissions made by the petitioner and TGDISCOMS with reference to the continuation of the FGD works, the Commission directs the petitioner and TGDISCOMs to study the benefits of the implementation of the FGD system along with impact on the tariff and SCCL is directed to appoint an expert Committee for recommending on continuation or discontinuation of the FGD system with detailed justification for approval of the Commission within two months after receipt of the expert committee report, that the SCCL and TGDISCOMs shall take a decision about the continuation of the FGD works and report the same to the Commission by 30<sup>th</sup> September, 2026.

## 4.12 Energy Charges

### *Petitioner's Claim*

4.12.1 The Energy Charges claimed for FY 2026-27 as shown in table below

**Table 4:18: Energy Charges claimed for FY 2026-27**

Particulars	Legend	Units	MYT	Claim	Revised Claim*
Auxiliary Consumption	AUX	%	5.75	5.75	5.75
Gross Station Heat Rate	GSHR	kcal/kWh	2300.00	2300.00	2300.00
Secondary Fuel oil consumption	SFC	ml/kWh	0.50	0.50	0.50
Calorific Value of Secondary Fuel	CVSF	kcal/ml	10.00	10.00	10.00
Landed Price of Secondary Fuel	LPSF	Rs./ml	0.07	0.07	0.07
Gross Calorific Value of Coal	CVPF	kcal/kg	3808.80	3838.00	3686.11
Landed Price of Coal	LPPF	Rs./kg	5.86	5.27	4.78
Specific Coal Consumption		kg/kWh	0.603	0.598	0.623
Rate of Energy Charge from Primary Fuel Coal		Rs./kWh	3.749	3.342	3.158
Rate of Energy Charge from Secondary Fuel Oil		Rs./kWh	0.036	0.036	0.036
<b>Energy Charge Rate (ECR)</b>		<b>Rs./kWh</b>	<b>3.785</b>	<b>3.377</b>	<b>3.193</b>

\*Submitted as part of clarifications sought during the public hearing

### *Stakeholders' Submissions*

4.12.2 The stakeholder submitted that Internal coal transfer price is projected at Rs 3837/tonne for FY 2026-27 under MoU, and requested for providing justification for ~75-80% premium over CIL G10 coal (Rs 2100-2200/tonne), and requested to direct the petitioner for reduction in premiums leveraging MoC memo for efficiency, and disallow excess coal cost of approximately Rs 843 Cr attributable to unjustified premium. The excess premium of approximately Rs 1600-1700 per tonne generates about Rs 843 Cr in revenue on 4.96 MT of coal, inflating energy charges by roughly Rs 1.12 per unit on 7501 MU ex-bus and adding Rs 0.50-0.60 per unit to overall tariffs. There has been a historical 15% escalation from Rs 3250 per tonne in 2021-22 without adequate rationale. As a pit-head state-owned entity, the petitioner to align its pricing closer to CIL production costs of Rs 1500-1800 per tonne to minimize consumer burden and reduce subsidy requirements, promoting efficiency and affordability in the power sector.

4.12.3 The Petitioner has stated that Ministry of Coal (MoC) vide office memorandum dated 23.05.2025 has approved coal swapping proposal for quantity of 1.75 MTPA for three years upto FY 2027-28 and that Naini coal mine has started production from 16.04.2025 and the planned production for FY 2025-26 is 2.5 MT. However, SCCL is currently

supplying the entire coal requirement to the petitioner under Bridge Linkage MOU pricing, without supplying the swapped SCCL mines' coal at the basic notified price, as approved by MoC though Naini mine production started from 16.04.2025.

4.12.4 Further, the delay in Commissioning of the NAINI Captive Coal Mine to SCCL/STPP Project is entirely attributable to SCCL and the beneficiaries cannot be burdened for long under the Bridge Linkage Coal Pricing, which is a Short term linkage but the Petitioner is taking undue advantage of the same and charging coal supply to STPP at additional price over and above the Notified Price of corresponding grade of coal. The stakeholder has requested to restrict the Energy charges and working capital claim until Supreme court adjudicate the TGDISCOMs appeal CA 61265 of 2025

#### ***Petitioner's Replies***

4.12.5 The petitioner replied that it has no involvement in coal pricing or the pricing policy of SCCL and is solely a consumer of coal at actual landed cost. The Hon'ble APTEL in Judgment dated 28.08.2025 in Appeal No. 256 of 2024, titled as SCCL v. TSERC and Ors., has held that Regulatory Commission(s) cannot delve into the aspect of coal pricing. Further, it has also been held that as per extant regulatory framework, STPP is entitled to landed cost of coal, which is inclusive of premium (if any) levied by SCCL. Notably, as on date, there is no stay operating on the aforementioned Judgment dated 28.08.2025 passed by Hon'ble APTEL, in the Civil Appeal No. 014556-014557/2025 Registered on 03-12-2025 filed by Respondents before Hon'ble Supreme Court.

4.12.6 Further, this Commission, being a subordinate authority to Hon'ble APTEL has to abide by the directions given in the above judgment. Further, the scope of remand wherein the directions of a superior court are to be implemented is very specific and limited. The subordinate forum, such as this Commission in the present case, cannot at all deviate from any of the principles decided by the appellate forum.

4.12.7 Accordingly, the actual landed cost of coal is an expense for STPP, which ought to be allowed as pass-through in terms of the Tariff Regulations. Any allegations and seeking justification for alleged high rate of coal by SCCL is beyond the control or purview of STPP. In view of the above, the objection is misconceived and liable to be rejected.

4.12.8 The petitioner further submitted that the delay in transfer of forest land by Odisha government has delayed the start of coal production for Naini coal mine and according the delay for coal production is not attributable to SCCL.

4.12.9 Further, obtained approval from Ministry of Coal for swapping of 2.5 MT coal from Naini mines for three years with TANGEDCO. However, the court cases in the state of Orissa is temporarily preventing Singareni to transport the coal from Naini and the SCCL management is engaging with the stakeholders to resolve the issue.

4.12.10 Further, SCCL has recently reduced the bridge coal premium to nil with the last MOU signed between SCCL and STPP if monthly 10 coal rakes are taken by STPP.

**Commission's analysis & findings**

4.12.11 Clause 46(B) of Regulation No 2 of 2023 stipulates the methodology for determination of ECR and the approved norms of operation are as follows.

Table 4:19: Norms for Energy Charge rate for FY 2026-27

Parameter	Units	Approved in MYT Regulation No.2 of 2023
Normative Annual Plant Availability Factor	%	85.00
Normative Annual PLF	%	85.00
Auxiliary Consumption	%	5.75
Gross Station Heat Rate	kcal/kWh	2300.00
Secondary Fuel Oil Consumption	ml/kWh	0.50
Transit Loss	%	0.80

4.12.12 In accordance with the provisions of Clause 46.4 of Regulation No.2 of 2023, the Commission has considered basic notified price of coal and GCV for primary and secondary fuel.

4.12.13 Accordingly, the fuel prices and GCV as claimed by the petitioner are considered by the Commission for computing the Base ECR. Based on the above norms of operation, fuel prices and GCV, the base ECR computed by the Commission is as shown in the Table below:

Table 4:20: Base Energy Charge Rate claimed and approved for FY 2026-27

(Rs. Crore)

Particulars	Units	MYT Order	Claimed	Revised claim	Approved
Auxiliary Consumption	%	5.75	5.75	5.75	5.75
Gross Station Heat Rate	kcal/kWh	2300.00	2300.00	2300.00	2300
Secondary Fuel oil consumption	ml/kWh	0.50	0.50	0.50	0.50
Calorific Value of Secondary Fuel	kcal/ml	10.00	10.00	10.00	10.00
Landed Price of Secondary Fuel	Rs./ml	0.07	0.07	0.07	0.0670
Wt. Avg. Gross Calorific Value of Coal	kcal/kg	3808.80	3838.00	3686.11	3686.11

Particulars	Units	MYT Order	Claimed	Revised claim	Approved
Landed Price of Coal	Rs./kg	5.86	5.27	4.78	4.78
Specific Coal Consumption	kg/kWh	0.60	0.60	0.62	0.62
Coal Cost	Rs./kWh	3.746	3.342	3.158	3.158
Secondary Fuel oil Cost	Rs./kWh	0.037	0.036	0.036	0.036
<b>Energy Charge Rate</b>	<b>Rs./kWh</b>	<b>3.785</b>	<b>3.377</b>	<b>3.193</b>	<b>3.193</b>

4.12.14 The variation in fuel prices and GCV shall be billed in accordance with Clause 46.5 of Regulation No.2 of 2023. The indicative MYT tariff based on the above is as shown in the Table below:

**Table 4:21: Indicative Tariff approved for FY 2026-27**

Particulars	Approved in MYT Order FY 25 to FY 29	Claim	Revised Claim	Approved
Net Generation (MU)	8,421.43	8,781.70	8,781.70	8,421.43
AFC (Rs. Crore)	1,319.40	1,449.60	1,446.73	1,151.87
AFC per unit (Rs./kWh)	1.567	1.651	1.647	1.368
Base ECR (Rs./kWh)	3.785	3.377	3.193	3.193
Total Tariff (Rs./kWh)	5.352	5.028	4.840	4.561

#### 4.13 Applicability

4.13.1 The Generation Tariff determined for FY 2026-27 is applicable from 01.04.2026 to 31.03.2027.

#### 4.14 Commission's Directives

4.14.1 The Commission's Directives issued in this order are enclosed at Appendix

**This Order is corrected and signed on this the 28<sup>th</sup> day of March 2026.**

SD/-  
Cherukuri Srinivasa Rao  
Member (Finance)

SD/-  
Raghu Kancharla  
Member (Technical)

SD/-  
Dr. Justice Devaraju Nagarjun  
Chairman

**// CERTIFIED COPY //**

**APPENDIX: COMMISSION'S DIRECTIVES****1. Separate Accounts**

SCCL shall maintain separate books of accounts for Power Generation activity. SCCL shall submit audited accounts in respect of payment of income tax for generation business and coal business.

**2. Efficiency improvement measures**

The Commission directs SCCL to submit the status of the efficiency improvement measures implemented by SCCL and the results of the same in the next tariff filings.

**3. Sharing of Losses and Gains**

The Commission directs SCCL to bill to the beneficiary's viz., TGDISCOMs the claim towards total sharing/passing through of losses approved in this order as per the AFC and other charges for FY 2024-25. *(Para 3.13.5)*

**4. FGD works**

The Commission observed that the Government of India has notified that installation of Flue Gas Desulphurization (FGD) systems is not mandatory for power plants located beyond a specified distance, and that SCCL's power plant falls outside the threshold requiring FGD installation. However, FGD works at SCCL have already commenced, necessitating a prudent assessment of whether continuation or discontinuation of the works is financially and technically justified.

The Commission therefore directs SCCL to constitute an Expert Committee to study the cost-benefit and technical prudence of continuation of the FGD works in light of the GOI notification. Based on the recommendations of the Expert Committee, SCCL shall take a final decision on continuation or discontinuation of the FGD works and submit the same to the Commission for its approval by 30th September 2026. *(Para 4.11.15)*

**5. Incentives**

The Incentive for achieving the normative PLF and additional generation over and above normative PLF are to be recovered directly from Beneficiaries in accordance with Clause 46.6 of Regulation No.2 of 2023. *(Para 4.8.6)*

**6. Coal Sampling Reports**

The Commission directs the petitioner to submit on quarterly basis, coal quality test reports which are carried out through sampling by third party.

**7. Fly Ash**

The Commission directs SCCL to submit year-wise details of revenue earned from sale of fly ash as part of each tariff petition. Such revenue, if any, shall be treated as Non-Tariff Income and adjusted against the ARR during true-up. *(Para 4.7.3)*





Newspaper clipping appeared in 'Hindu' on 20.12.2025

THE HINDU - 20/12/25

**BEFORE THE HONOURABLE  
TELANGANA ELECTRICITY REGULATORY COMMISSION (TGERC)**  
Vidhut Niyamtran Bhavan, G.T.S Colony, Kalyan Nagar, Hyderabad 500 045.

**The Singareni Collieries Company Limited**  
(A Government Company)

**PUBLIC NOTICE**

1. Notice is hereby given to all that the Singareni Collieries Company Limited (SCCL) filed before the Telangana Electricity Regulatory Commission (TGERC) petition for True-Up of FY 2024-25 and annual tariffs for FY 2026-27 in respect of STPP Phase-I 2x600 MW. These filings have been taken on record by the Hon'ble Commission in O.P. No. 64 of 2025.

2. Copies of the filings referred are available in the Office of The Singareni Collieries Company Limited, SCCL #11-4-660, 3rd floor, Singareni Bhawan, Red Hills, Hyderabad, Telangana, 500004. 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.sccclmcl.com](http://www.sccclmcl.com) in downloadable form and the same may be accessed at [www.tgerc.telangana.gov.in](http://www.tgerc.telangana.gov.in). A copy of these filings can be obtained from the above offices from 20.12.2025 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 office of Director (Finance), Power Projects, #11-4-660, 3rd floor, Singareni Bhawan, Red Hills, Hyderabad, Telangana, 500004 (Email: [ed\\_stage@tccclmcl.com](mailto:ed_stage@tccclmcl.com)) in person or through Registered Post so as to reach on or before 30.01.2026 by 5 PM. A copy of same must also be filed with the Commission Secretary, TGERC, at the address mentioned above or at email [secy.tgerc@telangana.gov.in](mailto:secy.tgerc@telangana.gov.in). The objections/suggestions/comments should be duly signed and should carry full name, postal address, e-mail id and contact number of the person(s)/stakeholder(s) sending the objections/suggestions/comments. If the objections/suggestions/comments 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 objections/suggestions/comments shall be made in the following format:

Sl. No.	Para No. in the petition, if available	Proposal of the SCCL as made in the petition	Objections/ suggestions /comments

5. The objections/suggestions/comments should accompany the following details:

Name of the Objector  
Correspondence Address  
Email-id  
Contact Number  
Objection filed against  
Whether copy of objection/suggestion/comment enclosed? SCCL  
Whether proof of delivery of copy of objection/ suggestion/ comment at SCCL's office enclosed? Yes/No  
Whether Objector wants to be heard in person? Yes/No

6. The gist of the filings of the SCCL for True-up of FY 2024-25 and annual tariffs for FY 2026-27 in respect of STPP Phase-I 2x600 MW are indicated in Schedule-I & II as given below.

7. Further, in this matter the Telangana Electricity Regulatory Commission intends to conduct a Public Hearing at Court Hall, TGERC, 1st floor, B Block, Vidhut Niyamtran Bhavan, G.T.S Colony, Kalyan Nagar, Hyderabad 500 045, on 22.01.2026 at 11:00 am onwards.

**SCHEDULE I**  
True-up of FY 2024-25 in respect of STPP Phase-I 2x600 MW  
(Ref: Page No.501 of tariff petition submitted before Hon'ble TGERC)

Description	MYT order dated 28.06.2024 (Rs.Crores)	True up claim (Rs.Crores)	Difference (Rs.Crores)
Actual Fixed Charges	1358.00	1490.98	132.98
Energy Charges	2903.49	2872.72	-10.77
Other Charges	0.00	0.99	0.99
<b>Total</b>	<b>4342.99</b>	<b>4464.69</b>	<b>122</b>

In addition to above, a claim of Rs.12.72 Crore is made as a result of APTEL judgement dated 23.08.2025.

**SCHEDULE II**  
Annual tariffs for FY 2026-27 in respect of STPP Phase-I 2x600 MW  
(Ref: Page No.462 of tariff petition submitted before Hon'ble TGERC)

Description	MYT order dated 28.06.2024 (Rs.Crores)	Revised proposal (Rs.Crores)	Difference (Rs.Crores)
Actual Fixed Charges	1319.41	1449.92	130.51
Energy Charges	3187.51	2995.93	-221.63
Other Charges	0.00	18.48	18.48
<b>Total</b>	<b>4506.92</b>	<b>4464.33</b>	<b>-73.28</b>

Place: Hyderabad  
Date: 20.12.2025  
Chairman & Managing Director (SCCL)

O.P.R. O.No. 034/PP/CL-AGENCY/ADVT/1/2025-26, Dt:19-12-2025

Newspaper clipping appeared in 'Hans India' on 20.12.2025

HANS INDIA- 20/12/25

**BEFORE THE HONOURABLE  
 TELANGANA ELECTRICITY REGULATORY COMMISSION (TGERC)**  
 Vidyat Nivaran Bhavan, G.T.S Colony, Kalyan Nagar, Hyderabad 500 045,  
**The Singareni Collieries Company Limited**  
 (A Government Company)

**PUBLIC NOTICE**

1. Notice is hereby given to all that the Singareni Collieries Company Limited (SCCL) filed before the Telangana Electricity Regulatory Commission (TGERC) petition for True-Up of FY 2024-25 and annual tariffs for FY 2026-27 in respect of STPP Phase-I 2x600 MW. These filings have been taken on record by the Hon'ble Commission in O.P. No. 64 of 2025.

2. Copies of the filings referred are available in the Office of The Singareni Collieries Company Limited, SCCL, W11-4-660, 3rd floor, Singareni Bhawan, IInd Hill, Hyderabad, Telangana, 50004. Interested persons may inspect/examine 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.tgerc.tnpscarnet.in](http://www.tgerc.tnpscarnet.in) in downloadable form and the same may be accessed at [www.tgerc.tnpscarnet.in](http://www.tgerc.tnpscarnet.in). A copy of these filings can be obtained from the above offices from 20.12.2025 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 office of: Director (Finance), Power Projects, W11-4-660, 3rd floor, Singareni Bhawan, IInd Hill, Hyderabad, Telangana, 50004 (Email: [obj@sccltnpscarnet.in](mailto:obj@sccltnpscarnet.in)) in person or through Registered Post up to as to reach on or before 10.01.2026 by 5 PM. A copy of same must also be filed with the Commission Secretary, TGERC, at the address mentioned above or email [obj@tgerc.tnpscarnet.in](mailto:obj@tgerc.tnpscarnet.in). The objections/suggestions/comments should be duly signed and should carry full name, postal address, e-mail id and contact number of the person(s)/stakeholder(s) sending the objections/suggestions/comments. If the objections/suggestions/comments 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.

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Sl. No.	Para No. in the petition, if available	Proposal of the SCCL as made in the petition	Objectional suggestions/comments

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Name of the Objector  
 Correspondence Address  
 Email-Id  
 Contact Number  
 Objection filed against: SCCL  
 Whether copy of objection/suggestion/comment enclosed? Yes/No  
 Whether proof of delivery of copy of objection/suggestion/comment at SCCL's office enclosed? Yes/No  
 Whether Objector wants to be heard in person? Yes/No

6. The gist of the filings of the SCCL for True-up of FY 2024-25 and annual tariffs for FY 2026-27 in respect of STPP Phase-I 2x600 MW are indicated in Schedule I & II as given below.

7. Further, in this matter the Telangana Electricity Regulatory Commission intends to conduct a Public Hearing at Court Hall, TGERC, 1st floor, 8 Block, Vidyat Nivaran Bhavan, G.T.S Colony, Kalyan Nagar, Hyderabad 500 045, on 22.01.2026 at 11.00 am onwards.

**SCHEDULE I**  
 True-up of FY 2024-25 in respect of STPP Phase-I 2x600 MW  
 (Ref: Page No.901 of tariff petition submitted before Hon'ble TGERC)

Description	MYT order dated 28.06.2024 (Rs.Crores)	True up claim (Rs.Crores)	Difference (Rs.Crores)
Annual Fixed Charges	1358.60	1490.98	132.38
Energy Charges	2631.49	2672.72	-40.23
Other Charges	0.00	0.29	0.29
<b>Total</b>	<b>4342.09</b>	<b>4466.09</b>	<b>122</b>

In addition to above, a claim of Rs.12.72 Crore is made as a result of APTEL judgement dated 28.08.2025.

**SCHEDULE II**  
 Annual tariffs for FY 2026-27 in respect of STPP Phase-I 2x600 MW  
 (Ref: Page No.462 of tariff petition submitted before Hon'ble TGERC)

Description	MYT order dated 28.06.2024 (Rs.Crores)	Revised proposal (Rs.Crores)	Difference (Rs.Crores)
Annual Fixed Charges	1318.41	1440.60	122.19
Energy Charges	3187.51	2966.58	-221.83
Other Charges	0.00	16.46	16.46
<b>Total</b>	<b>4505.92</b>	<b>4423.66</b>	<b>-82.26</b>

Place: Hyderabad  
 Date: 20.12.2025  
 Chairman & Managing Director  
 [SCCL]  
 CIPR R.O.No.934-PPCL-AGENCY/DVT/1/2025-26, Dt:19-12-2025

Newspaper clipping appeared in 'Siasat' on 20.12.2025

SIASAT - 20/12/25

**BEFORE THE HONOURABLE  
TELANGANA ELECTRICITY REGULATORY COMMISSION (TGERC)**  
Viduyt Nyantra Bhavan, G.T.S Colony, Kalyan Nagar, Hyderabad 500 045.

**The Singareni Collieries Company Limited**  
(A Government Company)

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Name of the Objector \_\_\_\_\_  
 Correspondence Address \_\_\_\_\_  
 E-mail id \_\_\_\_\_  
 Contact Number \_\_\_\_\_  
 Objection filed against \_\_\_\_\_ SCCL  
 Whether copy of objection/suggestion/comment enclosed? Yes/No \_\_\_\_\_  
 Whether proof of delivery of copy of objection/suggestion/comment at SCCL's office enclosed? Yes/No \_\_\_\_\_  
 Whether Objector wants to be heard in person? Yes/No \_\_\_\_\_

6. The gist of the filings of the SCCL for True-up of FY 2024-25 and annual tariffs for FY 2026-27 in respect of STPP Phase-I 2x600 MW are indicated in Schedule I & II as given below.

7. Further, in this matter the Telangana Electricity Regulatory Commission intends to conduct a Public Hearing at Court Hall, TGERC, 1st floor, B Block, Viduyt Nyantra Bhavan, G.T.S Colony, Kalyan Nagar, Hyderabad 500 045, on 22.01.2026 at 11:00 am onwards.

**SCHEDULE I**  
True-up of FY 2024-25 in respect of STPP Phase-I 2x600 MW  
(Ref: Page No.501 of tariff petition submitted before Hon'ble TGERC)

Description	MYT order dated 29.08.2024 (Rs./Crores)	True up claim (Rs./Crores)	Difference (Rs./Crores)
Annual Fixed Charges	1356.80	1480.98	124.18
Energy Charges	2985.46	2972.72	-12.74
Other Charges	0.00	0.30	0.30
<b>Total</b>	<b>4342.26</b>	<b>4453.99</b>	<b>111.73</b>

In addition to above, a claim of Rs.12.72 Crore is made as a result of APTEL judgment dated 28.06.2025.

**SCHEDULE II**  
Annual tariffs for FY 2026-27 in respect of STPP Phase-I 2x600 MW  
(Ref: Page No.462 of tariff petition submitted before Hon'ble TGERC)

Description	MYT order dated 28.08.2024 (Rs./Crores)	Revised proposal (Rs./Crores)	Difference (Rs./Crores)
Annual Fixed Charges	1319.41	1449.60	130.19
Energy Charges	3187.51	2865.58	-321.93
Other Charges	0.00	18.48	18.48
<b>Total</b>	<b>4506.92</b>	<b>4333.66</b>	<b>-173.26</b>

Place: Hyderabad  
 Date: 20.12.2025  
 D.P.R.O No-934/PHCL AGENCY/ADVT/12025/38 Dt:19-12-2025

Chairman & Managing Director  
(SCCL)

**ANNEXURE-II: LIST OF STAKEHOLDERS WHO SUBMITTED WRITTEN OBJECTIONS/SUGGESTIONS**

Sl. No.	Name and address of the stakeholders	Date of submission
1	Mohan R Pinninti Director, People's Sentinel Forum, Plot No 174, Ravi Society, Mahendra Hills, East Marredpally, Secunderabad, Telangana-500 026	26.12.2025 29.12.2025 08.01.2026
2	On behalf of TGDISCOMs by Chief Engineer (IPC&RAC), TGSPDCL, Corporate Office, 6-1-50, 1st Floor, Mint Compound, Hyderabad - 500 063	09.01.2026

**ANNEXURE-III: LIST OF STAKEHOLDERS WHO PARTICIPATED IN PUBLIC HEARING HELD ON 21.01.2026**

Sl. No.	Name and address of the stakeholders
1	On behalf of TGDISCOMs by Chief Engineer (IPC&RAC) and Team, TGSPDCL, Corporate Office, 6-1-50, 1st Floor, Mint Compound, Hyderabad - 500 063