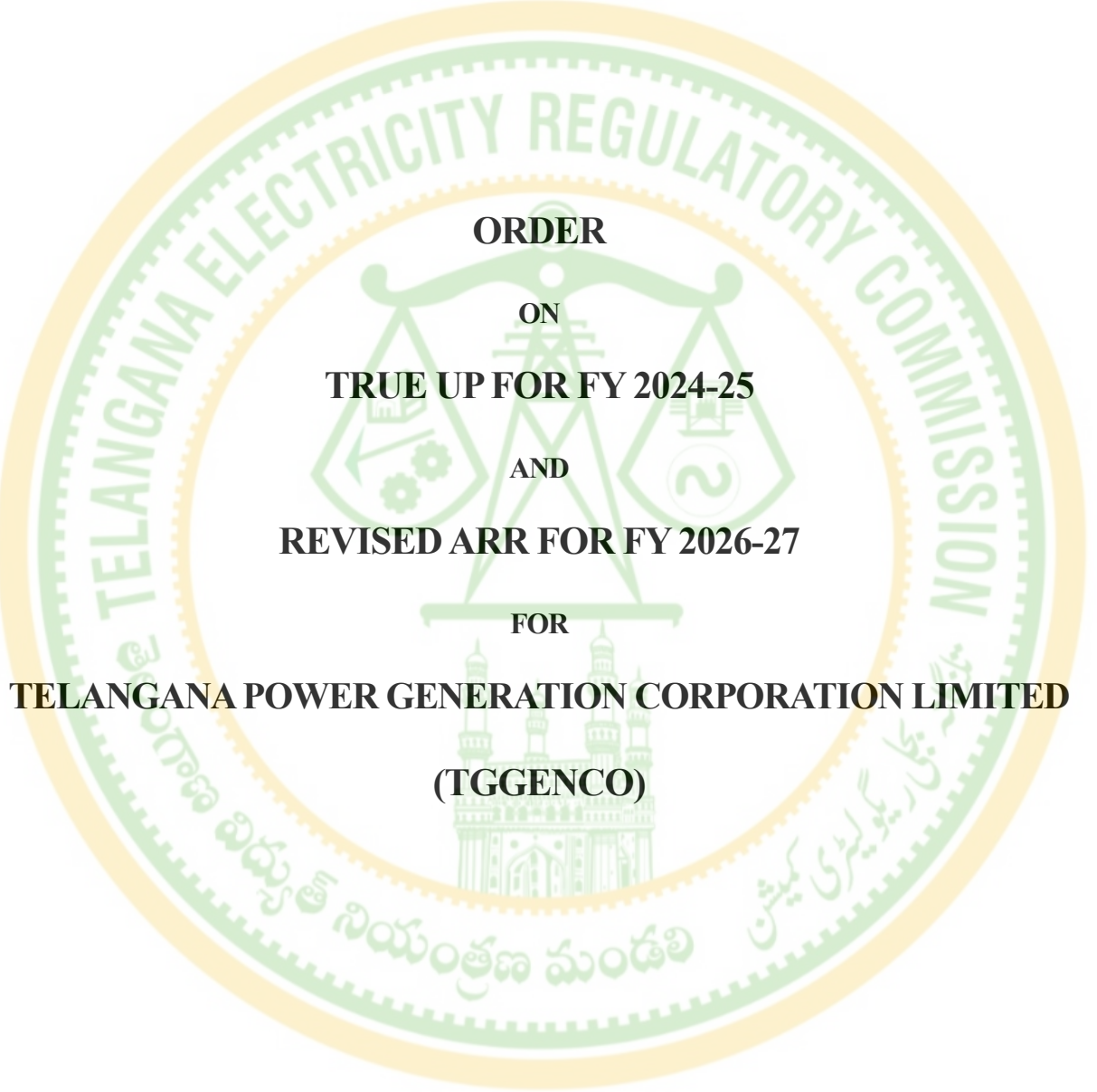




**TELANGANA ELECTRICITY REGULATORY COMMISSION**  
VIDYUT NIYANTRAN BHAVAN, G.T.S. COLONY, KALYAN NAGAR, HYDERABAD 500 045



**ORDER**

**ON**

**TRUE UP FOR FY 2024-25**

**AND**

**REVISED ARR FOR FY 2026-27**

**FOR**

**TELANGANA POWER GENERATION CORPORATION LIMITED**

**(TGGENCO)**

**ORDER DATED 28.03.2026**

THIS PAGE IS INTENTIONALLY LEFT BLANK



**TABLE OF CONTENTS**

<b>CHAPTER-1 : INTRODUCTION.....</b>	<b>3</b>
1.1 BACKGROUND .....	3
1.2 TGGENCO.....	3
1.3 STATUTORY PROVISIONS.....	4
1.4 APPROVAL OF TRUE UP FOR FY 2022-23 AND MULTI YEAR TARIFF (MYT) FOR FY 2024-25 TO FY 2028-29. ....	4
1.5 APPROVAL OF TRUE UP FOR FY 2023-24 .....	4
1.6 PRESENT PETITIONS .....	4
1.7 ADMISSION OF PETITION.....	5
1.8 ADDITIONAL INFORMATION.....	5
1.9 PUBLIC NOTICE.....	6
1.10 RESPONSE TO PUBLIC NOTICE.....	6
1.11 PUBLIC HEARING.....	6
<b>CHAPTER-2 SUMMARY OF FILINGS .....</b>	<b>7</b>
2.1 PETITIONER'S SUBMISSIONS .....	7
2.2 CAPITAL COST .....	7
2.3 ENERGY CHARGES FOR THE PERIOD FY 2024-25 .....	10
2.4 CAPITAL COST .....	11
2.5 ENERGY CHARGES FOR FY 2026-27 .....	14
<b>CHAPTER-3 OBJECTIONS OF STAKEHOLDERS, REPLIES OF PETITIONER AND ANALYSIS &amp; FINDINGS OF THE COMMISSION .....</b>	<b>15</b>
3.1 OBJECTIONS/SUGGESTIONS/COMMENTS MADE ON FILINGS.....	15
3.2 CAPITAL COST .....	15
3.3 OPERATION AND MAINTENANCE EXPENSES(O&M) .....	21
3.4 EMPLOYEE EXPENSES .....	27
3.5 REPAIR AND MAINTENANCE EXPENSES.....	28
3.6 ADMINISTRATIVE AND GENERAL EXPENSES.....	29
3.7 DEPRECIATION .....	33
3.8 INTEREST AND FINANCE CHARGES ON LOAN .....	37
3.9 INTEREST ON WORKING CAPITAL (IOWC) .....	43
3.10 RETURN ON EQUITY (ROE).....	49
3.11 NON-TARIFF INCOME.....	55
3.12 ADDITIONAL PENSION LIABILITIES & WATER CHARGES.....	57
3.13 SUMMARY OF ANNUAL FIXED CHARGES FOR FY 2024-25 .....	61
3.14 OPERATING NORMS .....	66
3.15 ENERGY CHARGES .....	72
3.16 SUMMARY OF TRUE UP FOR FY 2024-25 .....	75

## Abbreviations

3.17	BILLING TO BENEFICIARIES .....	76
<b>CHAPTER-4 REVISED ARR AND TARIFF FOR FY 2026-27 .....</b>		<b>77</b>
4.1	ADDITIONAL CAPITALISATION FOR FY 2026-27.....	77
4.2	OPERATION AND MAINTENANCE EXPENSES FOR FY 2026-27 .....	80
4.3	DEPRECIATION .....	85
4.4	INTEREST AND FINANCE CHARGES (I&FC) ON LOAN .....	87
4.5	INTEREST ON WORKING CAPITAL (IOWC) .....	90
4.6	RETURN ON EQUITY (ROE).....	93
4.7	NON-TARIFF INCOME.....	95
4.8	ADDITIONAL PENSION LIABILITIES & WATER CHARGES .....	96
4.9	SUMMARY OF ANNUAL FIXED CHARGES FOR FY 2026-27.....	97
4.10	ENERGY CHARGES .....	101
4.11	APPLICABILITY .....	104
4.12	COMMISSION'S DIRECTIVES .....	104
<b>APPENDIX: COMMISSION'S DIRECTIVES .....</b>		<b>105</b>
<b>ANNEXURE-I: NEWS PAPER PUBLICATION OF PUBLIC NOTICE OF TGGENCO TRUE UP FOR FY 2024-25 AND REVISED TARIFF PROPOSAL FOR 2026-27 .....</b>		<b>107</b>
<b>ANNEXURE-II: LIST OF STAKEHOLDERS WHO SUBMITTED WRITTEN OBJECTIONS/SUGGESTIONS.....</b>		<b>112</b>
<b>ANNEXURE-III: LIST OF STAKEHOLDERS WHO PARTICIPATED IN PUBLIC HEARING HELD ON 22.01.2026 .....</b>		<b>113</b>

## LIST OF TABLES

Table 2-1: GFA & Additional Capitalisation claimed for FY 2024-25 .....	8
Table 2-2: Component-wise Fixed Charges claimed for FY 2024-25 .....	9
Table 2-3: Station-wise Fixed Charges claimed for FY 2024-25 .....	10
Table 2-4: Energy Charges claimed for FY 2024-25 .....	11
Table 2-5: True up claimed for FY 2024-25 .....	11
Table 2-6: GFA & Additional Capitalisation claimed for FY 2026-27 .....	11
Table 2-7: Component-wise Fixed Charges claimed for FY 2026-27 .....	13
Table 2-8: Station-wise Fixed Charges claimed for FY 2026-27 .....	13
Table 2-9: Energy Charges claimed for FY 2026-27 .....	14
Table 3-1: GFA & Additional Capitalisation claimed for FY 2024-25 .....	16
Table 3-2: Additional Capitalisation claimed and approved for FY 2024-25 .....	20
Table 3-3: GFA approved for FY 2024-25 .....	20
Table 3-4: O&M expenses claimed for FY 2024-25 .....	21
Table 3-5: Employee, A&G & R&M expenses claimed for FY 2024-25 .....	22
Table 3-6: Revised Normative Employee Cost for FY 2024-25 .....	28
Table 3-7: Revised normative R&M expenses for FY 2024-25 .....	29
Table 3-8: Revised normative A&G expenses for FY 2024-25 .....	29
Table 3-9: Employee Expenses claimed and approved for FY 2024-25 .....	31
Table 3-10: R&M Expenses claimed and approved for FY 2024-25 .....	31
Table 3-11: A&G Expenses claimed and approved for FY 2024-25 .....	32
Table 3-12: O&M Expenses claimed and approved for FY 2024-25 .....	32
Table 3-13: Depreciation claimed for FY 2024-25 .....	33
Table 3-14: Depreciation as claimed and approved for FY 2024-25 .....	36
Table 3-15: Interest and Finance Charges on Loan claimed for FY 2024-25 .....	38
Table 3-16: I&FC on Loan as claimed and approved for FY 2024-25 .....	42
Table 3-17: Interest on Working Capital (IoWC) claimed for FY 2024-25 .....	44
Table 3-18: IoWC claimed and Revised normative for FY 2024-25 .....	48
Table 3-19: Interest on Working Capital claimed and approved after sharing of gain/loss for FY 2024-25 .....	49
Table 3-20: Return on Equity claimed for FY 2024-25 .....	50
Table 3-21: Return on Equity claimed and approved for FY 2024-25 .....	55
Table 3-22: Non- Tariff Income claimed for FY 2024-25 .....	55
Table 3-23: Non-Tariff Income approved for FY 2024-25 .....	57
Table 3-24: Other Charges approved for FY 2024-25 .....	61
Table 3-25: Annual Fixed Charges claimed for FY 2024-25 .....	61
Table 3-26: AFC as approved in MYT for FY 2024-25 .....	64

## Abbreviations

Table 3-27: AFC as claimed for FY 2024-25 .....	64
Table 3-28: AFC as approved for FY 2024-25 .....	65
Table 3-29: Energy charge rate claimed of FY 2024-25 .....	72
Table 3-30: Energy Charge rate (Rs/kwh) approved for FY 2024-25 .....	74
Table 3-31: Energy Charge rate (Rs/kwh) as approved in MYT, claimed and approved for FY 2024-25 .....	75
Table 3-32: True up claimed for FY 2024-25 .....	75
Table 3-33: Summary of True up Charges claimed and approved for FY 2024-25 .....	76
Table 4-1: GFA & Additional Capitalisation claimed for FY 2026-27 .....	77
Table 4-2: Additional Capitalization claimed and approved for FY 2026-27 .....	80
Table 4-3: O&M Expenses claimed for FY 2026-27 .....	81
Table 4-4: Employee, A&G & R&M Expenses Claimed for FY 2026-27 .....	82
Table 4-5: Employee Costs approved for FY 2026-27 .....	82
Table 4-6: R&M Expenses approved for FY 2026-27 .....	83
Table 4-7: A&G Expenses approved for FY 2026-27 .....	84
Table 4-8: O&M expenses approved for FY 2026-27 .....	84
Table 4-9: Depreciation claimed for FY 2026-27 .....	85
Table 4-10: Depreciation claimed and approved for FY 2026-27 .....	86
Table 4-11: Interest and Finance Charges on Loan claimed for FY 2026-27 .....	88
Table 4-12: Interest and Finance Charges claimed and approved for FY 2026-27 .....	90
Table 4-13: IOWC claimed for FY 2026-27 .....	91
Table 4-14: IOWC claimed and approved for FY 2026-27 .....	92
Table 4-15: ROE claimed for FY 2026-27 .....	93
Table 4-16: ROE as claimed and approved for FY 2026-27 .....	95
Table 4-17: Variation in NTI as claimed for FY 2026-27 .....	95
Table 4-18: NTI as claimed and approved for FY 2026-27 .....	96
Table 4-19: Additional Pension liability and water charges claimed and approved for FY 2026-27 .....	97
Table 4-20: Summary of AFC claimed for FY 2026-27 .....	97
Table 4-21: AFC as approved in MYT for FY 2026-27 .....	99
Table 4-22: AFC as claimed for FY 2026-27 .....	99
Table 4-23: AFC as approved for FY 2026-27 .....	100
Table 4-24: Energy Charge rate claimed for FY 2026-27 .....	101
Table 4-25: Normative operational parameters for FY 2026-27 .....	103
Table 4-26: Base Energy Charge Rate claimed and approved for FY 2026-27 .....	103
Table 4-27: Energy Charge Rate as approved in MYT, Claimed and approved for FY 2026-27 .....	104
Table 4-28: Indicative Tariff approved for FY 2026-27 .....	104

**List of Abbreviations**

A&G	Administrative and General
ACT	The Electricity Act, 2003
AAD	Advance Against Depreciation
AFC	Annual Fixed Charges
APTEL	Appellate Tribunal for Electricity
ARR	Aggregate Revenue Requirement
BFP	Boiler Feed Pump
BHEL	Bharat Heavy Electricals Limited
BMCR	Boiler maximum continuous rating
BoP	Balance of Plant
BTG	Boiler, Turbine and Generator
CCDAC	Coal Conservation & Development Advisory Committee
CEA	Central Electricity Authority
CERC	Central Electricity Regulatory Commission
CFB	Circulating Fluidised Bed
CFL	Compact Fluorescent Lamps
CIL	Coal India Limited
CIP	Capital Investment Plan
CISF	Central Industrial Security Force
CPCB	Central Pollution Control Board
COD	Commercial Operation Date
CPI	Consumer Price Index
CSR	Corporate Social Responsibility
DC	Designated Consumer
DMFT	District Mineral Foundation Trust
DPR	Detailed Project Report
EA 2003	Electricity Act, 2003
EPC	Engineering, Procurement and Construction
EPCA	Environment Pollution Control Authority
ERP	Enterprise Resource Planning
ESP	Electrostatic Precipitator
FGD	Flue Gas Desulphurisation
FSA	Fuel Supply Agreement
FY	Financial Year
GCV	Gross Calorific Value
GFA	Gross Fixed Assets
GoT	Government of Telangana
GSHR	Gross Station Heat Rate
GST	Goods and Services Tax
HPSV	High-Pressure Sodium Vapour Lamps
ICB	International Competitive Bidding
IDC	Interest During Construction
IDCT	Induced Draft Cooling Tower

## Abbreviations

Ind AS	Indian Accounting Standard
IoWC	Interest on Working Capital
IT	Information Technology
kcal	kilo calories
kg	Kilogram
KTPP	Kakatiya Thermal Power Plant
kWh	Kilo Watt hour
MAT	Minimum Alternative Tax
MCLR	Marginal Cost of Funds based Lending Rate
MGR	Merry-Go-Round
MMT	Million Metric Tonne
MoC	Ministry of Coal
MoEF&CC	Ministry of Environment, Forest & Climate Change
MoP	Ministry of Power
MoU	Memorandum of Understanding
MU	Million Units
MW	Mega Watt
MYT	Multi Year Tariff
NAPAF	Normative Annual Plant Availability Factor
NAPLF	Normative Annual Plant Load Factor
NH	National Highway
NHAI	National Highways Authority of India
NO <sub>x</sub>	Nitrogen oxides
NTPC	National Thermal Power Corporation Limited
O&M	Operations and Maintenance
O.P.	Original Petition
OEM	Original Equipment Manufacturer
PAF	Plant Availability Factor
PAT	Perform, Achieve and Trade
PFC	Power Finance Corporation
PLF	Plant Load Factor
PPA	Power Purchase Agreement
PSC	Pre-Stressed Concrete
PVC	Price Variation clause
R&M	Repairs & Maintenance
RCC	Reinforced Cement Concrete
RCE	Revised Capital Expenditure
RDO	Revenue Division Officer
REC	Rural Electrification Corporation
RITES	Rail India Technical and Economic Service
RoE	Return on Equity
Rs.	Rupees
RUB	Railway Under Bridge
SBI	State Bank of India
SLC	Standing Linkage Committee

## Abbreviations

SLDC	State Load Despatch Centre
SMET	Sate Mineral Exploration Trust
SPCB	State Pollution Control Board
SO <sub>x</sub>	Sulphur Oxides
SPCB	State Pollution Control Board
TNSEB	Tamil Nadu State Electricity Board
TGERC	Telangana Electricity Regulatory Commission
TGGENCO	Telangana Power Generation Corporation Limited
TGMDC	Telangana Mineral Development Corporation
TGNPDCL	Northern Power Distribution Company of Telangana Limited
TGPCC	Telangana Power Coordination Committee
TGTRANSCO	Transmission Corporation of Telangana Limited
UDL	Undischarged Liability
WPI	Wholesale Price Index





## TELANGANA ELECTRICITY REGULATORY COMMISSION

Vidyut Niyamtran Bhavan, G.T.S. Colony, Kalyan Nagar, Hyderabad 500 045

**Dated 28 .03. 2026**

**Present**

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

**O.P.No.67 of 2025**

**BETWEEN**

Telangana Power Generation Corporation Limited

**... Applicant**

**AND**

1. Southern Power Distribution Company of Telangana Limited,  
Corporate Office, 6-1-50, Mint Compound, Hyderabad 500 004.
2. Northern Power Distribution Company of Telangana Limited  
H.No.2-5-31/2, Corporate Office, Vidyut Bhavan,  
Nakkalagutta, Hanumakonda, Warangal 506 001.
3. ESCOMs of Karnataka State –  
BESCOM, Bangalore Electricity Supply Company Limited, KR Circle, Bangalore 560 001.  
MESCOM, Mangalore Electricity Supply Company Limited, Paradigm Plaza, AB Shetty circle, Mangalore 575 004.  
CESC, Chamundeshwari Electricity Supply Company Limited, Hinkal, Mysore 570 017.  
HESCOM, Hubli Electricity Supply Company Limited, Hubli 580 025.  
GESCOM, Gulbarga Electricity Supply Company Limited, Kalaburagi 585 102;

**... Respondents**

Telangana Power Generation Corporation Limited (hereinafter referred as “TGGENCO or Petitioner or Applicant”) filed a petition on 29.11.2025 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 truing-up of generation tariff from 1<sup>st</sup> April 2024 to 31st March 2025 and revised tariff petition for FY 2026-27 for the existing thermal & hydel stations of TGGENCO.

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****THE COMMISSION**

- 1.1.1 Telangana Electricity Regulatory Commission was constituted by the Government of Telangana (GoT) in terms of the provisions of Schedule XII(C)(3) of the A.P. Reorganisation Act of 2014, read with Section 82(1) of the Electricity Act, 2003 vide G.O.Ms.No.3, (Energy) (Budget) Department, dated 26.07.2014. Of late, the Government of Telangana issued G.O.Ms.No.12, Energy (HR. A1) Department, dated 31.05.2024 for change of nomenclature and amended the expression and abbreviation as 'Telangana Electricity Regulatory Commission (TGERC).
- 1.1.2 This Commission having been established u/s 82(1) of the Act, 2003 is required to exercise the powers and functions vested in it in terms of Section 86(1)(a) and Section 62(1) of the Act, 2003 to determine the tariff for supply of electricity by a generating company to a distribution licensee.

**1.2 TGGENCO**

- 1.2.1 Consequent upon formation of the state of Telangana and its coming into being with effect from 02.06.2014, the Telangana Power Generation Corporation Limited was established as a company registered under Companies Act 2013 on 19.05.2014 upon coming into force of the Andhra Pradesh Reorganization Act, 2014.
- 1.2.2 Pursuant to the Reorganisation Act, the then APGenCo was demerged and the assets & liabilities pertaining to the generating stations in Telangana were transferred to TGGENCO in terms of the transfer scheme notified in G.O.Ms.No.29 dated 31.05.2014. The provisional valuation of assets and liabilities are based on the accounts as on 31.03.2014, pending finalisation of valuation of assets and liabilities as on 01.06.2014.
- 1.2.3 In exercise of the powers conferred under schedule XII(c)(3) of AP Reorganization Act, 2014 under Section 92 of A.P. Reorganization Act, 2014, read with Section 82 of the Electricity Act, the Government of Telangana (GoT) has constituted Telangana Electricity Regulatory Commission (TGERC) vide G.O.Ms. No.3, Energy (Budget), dated 26.07.2014, which came into existence on 03.11.2014.
- 1.2.4 In the wake of the State Government issuing U.O. Note No.4634/Genl, L&C/ 2024, dated 17.05.2024 to replace all references to "TS" with "TG" in the nomenclature of all State PSUs, Agencies, Autonomous Institutions and other government bodies, the TSGENCO has been replaced the abbreviated form of the company from TSGENCO to

TGGENCO and also to use the revised logo in all official documents.

### 1.3 STATUTORY PROVISIONS

1.3.1 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.

1.3.2 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 TGGENCO is required to file a petition for true-up of generation tariff for the existing thermal & hydel stations for FY 2024-25, ARR and revised tariff for FY 2026-27. Relevant 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.

### 1.4 APPROVAL OF TRUE UP FOR FY 2022-23 AND MULTI YEAR TARIFF (MYT) FOR FY 2024-25 TO FY 2028-29.

1.4.1 The Commission passed order dated 28.10.2024 in O.P.No.19 of 2024 & I.A. No 18 of 2024, for approval of True up for FY 2022-23 and MYT For FY 2024-25 to FY 2028-29 for TGGENCO.

### 1.5 APPROVAL OF TRUE UP FOR FY 2023-24

1.5.1 The Commission passed order in O.P.No.43 of 2025, for approval of True up for FY 2023-24.

### 1.6 PRESENT PETITIONS

1.6.1 TGGENCO has filed the present petition on 29.11.2025 with the following prayers:

- a) Accept and take on record the Application for Annual Tariff Petition for FY 2026-27 for the existing thermal & hydel stations of TGGENCO for the Generation Business containing True-up of FY 2024-25 and proposal of Revised Tariff of FY

- 2026-27 under MYT tariff framework under section 62/64 and 86 (1)(a) of the Electricity Act, 2003 read with Telangana Electricity Regulatory Commission (Multi Year Tariff) Regulation No. 2 of 2023;*
- b) To consider the impact of PRC-2022 in 5th Control Period (FY 2024-25 to FY 2028-29);*
  - c) To review the reduction in base rate of Return on Equity at 4% for FY 2024-25 and for True-up of FY 2022-23 by condoning the delay in submission of the petitions;*
  - d) The Commission may please permit to claim any additional capital expenditure to be incurred for meeting the Renewable Generation obligation as per the Ministry of Power resolution dated. 27th February 2023 on Renewable Generation Obligation as per Revised Tariff Policy, 2016;*
  - e) Permit to claim expenditure involved by conducting modeling studies for flexible operation of units as per CERC (IEGC) Regulations 2023 dated. 11th July, 2023;*
  - f) Allow the recovery of filing fees as & when paid to the Hon'ble Commission and the publication expenses from the beneficiaries;*
  - g) The Commission may permit to file separate petition for True-up of FY 2024-25 and Revised tariff of FY 2026-27 for YTPS;*
  - h) The Commission may permit to file separate petition for determination of Input price of coal from Integrated Mine i.e., Tadicherla-I coal mine.*
  - i) Pay Revision-2026 impact may be allowed extra at actual;*
  - j) Water Charges, Security Expenses, Ash Transportation Expenses, Energy Conservation charges, Cyber Security Expenses, Fire Protection Services may be allowed extra at actuals as per clause 36(6) of CERC' 2024 Regulation;*
  - k) Condone any error/ Omission and to give opportunity to rectify the same;*
  - l) To grant suitable opportunity to TGGENCO within reasonable time frame to file additional material information, if any;*
  - m) To pass such order, as the Commission may deem fit and proper in the facts and circumstances of the case.*

## **1.7 ADMISSION OF PETITION**

1.7.1 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.67 of 2025.

## **1.8 ADDITIONAL INFORMATION**

1.8.1 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.

## 1.9 PUBLIC NOTICE

1.9.1 The petitioner, as directed by the Commission, published a Public Notice in two (2) English, two (2) Telugu and One (1) Urdu daily newspapers on 20.12.2025 (**Annexure-I**). The Public Notice was to inform stakeholders and the general public at large that TGGENCO has filed petition before the Commission in respect of True-up of FY 2024-25 and Revised ARR and tariff of FY 2026-27 for the existing thermal & hydro generating stations of TGGENCO. It was also notified in the Public Notice that, objections/suggestions/Comments on the filings may be filed with the petitioner by 10.01.2026 with a copy marked to the Commission Secretary. In the Public Notice it was also indicated that the venue of Public Hearing to be held on 22.01.2026 from 11:00 hours onwards is Court Hall of the Commission, 'Vidyut Nyantran Bhavan', G.T.S. Colony, Kalyan Nagar, Hyderabad 500 045.

## 1.10 RESPONSE TO PUBLIC NOTICE

1.10.1 In response to the Public Notice, objections/ suggestions/ comments were received from Seven (7) stakeholders. The details of stakeholders who submitted objections/ suggestions/ comments is enclosed as **Annexure-II**.

1.10.2 The petitioner was directed to arrange responses to written objections/ suggestions/ comments received from the stakeholders by 21.01.2026. It was also directed to post replies on the TGGENCO website.

1.10.3 The filings of the TGGENCO along with the additional information, objections/suggestions/comments, replies submitted by TGGENCO were posted on the official website of TGGENCO as well as on the website of the Commission.

## 1.11 PUBLIC HEARING

1.11.1 The Commission has conducted the Public Hearing on 22.01.2026 at TGERC Court Hall. During the Public Hearing, the TGGENCO has made brief presentation on their filings and then the Commission heard the objectors desiring to be heard in person. Out of 7 objectors who filed objections, five objectors were present in public hearing. At the end, as directed by the Commission, the Petitioner responded to the issues raised during the Public Hearing. The List of the stakeholders who attended the Public Hearing is enclosed at **Annexure-III**.

**CHAPTER-2 SUMMARY OF FILINGS****TRUE UP FOR FY 2024-25****2.1 PETITIONER'S SUBMISSIONS**

- 2.1.1 The petitioner filed the petition for True-up of FY 2024-25 and Revised tariff of FY 2026-27 for existing thermal and hydel stations. The Summary of the filings is detailed below:
- 2.1.2 As per Clause No. 6.2 (d) of TGERC Regulation No. 2 of 2023 the Annual tariff Petition shall comprise of the following:
- i. True-up of preceding year for Generation business (FY 2024-25);
  - ii. True-up of preceding year for integrated mine (FY 2024-25);
  - iii. Proposal of Revised Tariff for ensuing year of the Control Period for generation business (FY: 2026-27);
  - iv. Proposal of Revised Input Price of coal supplied from integrated mine for the ensuing year of the Control Period (FY: 2026-27).
- 2.1.3 In accordance with the regulation, the True-up of FY 2024-25 and Revised tariff of FY 2026-27 for Generation Business of existing Thermal &Hydel Stations of TGGENCO filed on 29.11.2025.
- 2.1.4 The entire energy availability (100%) of Thermal and Hydel Stations have been allocated to the TGDISCOMs except Priyadarshini Jurala HES (6x39MW).
- 2.1.5 In respect of Priyadarshini Jurala HES the PPA has been entered between the erstwhile APDISCOMs and ESCOMs of Karnataka and erstwhile APGENCO separately. The energy generated and the fixed charges shall be shared in the ratio of 50:50 among TGDISCOMs and ESCOMs of Karnataka.
- 2.1.6 The status of Power Purchase Agreements entered is submitted in the petition.

**2.2 CAPITAL COST**

- 2.2.1 The Petitioner submitted that the opening Gross Fixed Assets (GFA) as on 1.04.2022 is considered as approved by the Commission in MTR Order dated 23.03.2023. The opening GFA of FY 2024-25 is considered by addition of approved additional capitalization of FY 2022-23 in True-up and MYT Order dated. 28.10.2024 and audited annual accounts of FY 2023-24. Further, the additional capitalization for FY 2024-25 is

claimed as per the annual accounts of FY 2024-25.

2.2.2 The GFA and additional capitalization for FY 2023-24 to FY 2024-25 is tabulated below.

**Table 2-1: GFA & Additional Capitalisation claimed for FY 2024-25**  
(Rs. Crore)

Sl. No	Station	GFA as on 1.04.2023	Additions for FY 2023-24 (Annual Accounts)	GFA as on 1.04.2024	Additions for FY 2024-25 (Annual Accounts)
1	KTPS-V	2,269.87	0.17	2,270.04	11.55
2	KTPS-VI	2,473.23	-	2,473.23	2.80
3	KTPS-VII	5,094.40	14.73	5,109.13	3.44
4	RTS-B	127.04	0.04	127.08	
5	KTPP-I	2,548.83	0.14	2,548.97	0.26
6	KTPP-II	3,761.27	8.19	3,769.46	3.61
7	BTPS	7,259.12	186.16	7,445.28	95.06
8	Nagarjuna Sagar Complex	1,920.80	2.66	1,923.46	2.37
9	Srisailam LB	3,375.71	8.50	3,384.21	16.22
10	Small Hydel	121.89	0.05	121.94	0.04
11	Mini Hydel	31.23	0.04	31.27	
12	Pochampad- II	29.74	-	29.74	
13	Priyadarshini Jurala	690.68	1.82	692.50	0.03
14	Lower Jurala	1,631.58	4.23	1,635.81	8.43
15	Pulichintala	440.72	0.04	440.76	
	<b>Total</b>	<b>31,776.11</b>	<b>226.77</b>	<b>32,002.88</b>	<b>143.81</b>

2.2.3 The additions of FY 2024-25 are claimed as per the Annual accounts. Against the claimed additions of Rs.143.81Cr, the additional capitalization claimed for KTPS-V Stage, BTPS and SLBHES is of Rs.11.55Cr, 95.06 Crs and Rs.16.22 Crs respectively.

2.2.4 The details of approved additional capital cost for FY 2024-25 in True-up for FY 2022-23 and Multi Year Tariff (MYT) Order dated. 28.10.2024 and TGGENCO claimed additional capitalisation details are as below.

**KTPS-V:** The Commission in Business Plan and Capital Investment Plan for MYT 5th Control Period for FY 2024-25 to FY 2028-29 Order dt. 29.12.2023 approved the additional capitalisation of Rs. 8 Crs. The additional capitalisation claimed as per Audited Annual Accounts is of Rs. 11.55 Crs.

**BTPS:** The Commission in Business Plan and Capital Investment Plan for MYT 5th Control Period for FY 2024-25 to FY 2028-29 Order dt.29.12.2023 approved the additional capitalisation for the works which are under original project scope

is of Rs. 346.66 Crs. The additional capitalisation claimed as per Annual Accounts is of Rs. 95.06 Crs.

**SLBHES:** The Commission in Business Plan and Capital Investment Plan for MYT 5th Control Period for FY 2024-25 to FY 2028-29 Order dt. 29.12.2023 approved the additional capitalisation of Rs. 95 Crs. The additional capitalisation claimed as per Audited Annual Accounts is of Rs. 16.22 Crs.

**NSHES:** The Commission in Business Plan and Capital Investment Plan for MYT 5th Control Period for FY 2024-25 to FY 2028-29 Order dt. 29.12.2023 approved the additional capitalisation of Rs. 66.5 Crs. The additional capitalisation claimed as per Annual Accounts is of Rs. 2.37Crs.

**LJHES:** The Commission in Business Plan and Capital Investment Plan for MYT 5th Control Period for FY 2024-25 to FY 2028-29 Order dt. 29.12.2023 approved the additional capitalisation of Rs. 10 Crs. The additional capitalisation claimed as per Annual Accounts is of Rs. 8.43 Crs.

2.2.5 The summary of component-wise, AFC and other charges claimed by the petitioner for FY 2024-25 is shown below:

**Table 2-2: Component-wise Fixed Charges claimed for FY 2024-25  
(Rs. Crores)**

Sl. No.	Stations	O & M	Dep.	I&FC	IoWC	RoE	Less: NTI	AFC
<b>A</b>	<b>Thermal</b>	<b>2,098.62</b>	<b>607.56</b>	<b>733.42</b>	<b>303.39</b>	<b>1,471.90</b>	<b>68.37</b>	<b>5,146.52</b>
1	KTPS V	285.65	29.19	-	36.45	141.36	8.35	484.30
2	KTPS VI	285.65	22.51	-	36.29	153.76	8.35	489.86
3	KTPS VII	536.74	174.74	220.61	62.76	317.57	12.92	1,299.50
4	RTS	23.78	3.32	-	1.23	1.39	1.80	27.92
5	KTPP I	234.28	17.50	-	34.41	158.40	9.90	434.69
6	KTPP II	281.14	113.12	114.23	45.72	234.32	11.89	776.64
7	BTPS	451.38	247.18	398.58	86.53	465.10	15.16	1,633.61
<b>B</b>	<b>Hydel</b>	<b>602.25</b>	<b>166.90</b>	<b>138.78</b>	<b>32.67</b>	<b>537.65</b>	<b>10.02</b>	<b>1,468.23</b>
8	NSHES	187.91	58.92	5.68	8.60	127.30	1.60	386.81
9	SLBHES	189.13	58.72	41.45	11.81	224.31	7.38	518.04
10	Small Hydel	56.30	1.04	-	1.47	8.07	0.14	66.74
11	Mini Hydel	8.89	0.34	0.06	0.26	1.94	0.02	11.47
12	Pochampad- II	8.73	0.58	0.89	0.27	1.97	0.02	12.42
13	PJHES	53.61	11.14	15.59	2.80	43.03	0.31	125.86
14	LJHES	54.10	27.02	52.07	5.25	101.87	0.31	240.00
15	PCHES	43.58	9.14	23.04	2.21	29.16	0.24	106.89

Sl. No.	Stations	O & M	Dep.	I&FC	IoWC	RoE	Less: NTI	AFC
<b>C=A+B</b>	<b>Total</b>	<b>2,700.87</b>	<b>774.46</b>	<b>872.20</b>	<b>336.06</b>	<b>2,009.55</b>	<b>78.39</b>	<b>6,614.75</b>
D	Additional Pension Liability							1,669.60
E	Water charges							35.38
<b>F</b>	<b>Total (C+D+E)</b>							<b>8,319.73</b>

The summary of the station-wise, AFC and other charges claimed by the TGGENCO for FY 2024-25 are shown below:

**Table 2-3: Station-wise Fixed Charges claimed for FY 2024-25**  
(Rs. Crores)

Sl. No.	Station	MYT (a)	Claimed (b)	Variance
1	KTPS V	331.98	484.3	152.32
2	KTPS VI	390.67	489.86	99.19
3	KTPS VII	1205.8	1299.5	93.7
4	RTS	19.84	27.92	8.08
5	KTPP I	388.92	434.69	45.77
6	KTPP II	611.68	776.64	164.96
7	BTPS	1288.17	1633.61	345.44
8	NSHES	284.05	386.81	102.76
9	SLBHES	344.47	518.04	173.57
10	Small Hydel	51.68	66.74	15.06
11	Mini Hydel	9.87	11.47	1.6
12	Pochampad- II	9.66	12.42	2.76
13	PJHES	90.41	125.86	35.45
14	LJHES	198.1	240	41.9
15	PCHES	86.32	106.89	20.57
<b>A</b>	<b>Fixed Charges</b>	<b>5,311.39</b>	<b>6614.75</b>	<b>1303.36</b>
<b>B</b>	Additional Pension Liability	1,367.73	1,669.60	301.87
<b>C</b>	Water Charges	33.47	35.38	1.91
<b>D=A+B+C</b>	<b>Total</b>	<b>6,712.59</b>	<b>8,319.73</b>	<b>1607.14</b>

## 2.3 ENERGY CHARGES FOR THE PERIOD FY 2024-25

2.3.1 Energy Charges have been computed in accordance with Clause No. 46(B) Regulation No. 2 of 2023. The actual values of Coal rate, oil rate, GCV and Normative operating parameters viz., Auxiliary consumption, Gross Station Heat Rate and Secondary Fuel Consumption are considered for computation of Normative Energy charge rate.

**Table 2-4: Energy Charges claimed for FY 2024-25****(Rs. Crores)**

Description	Unit	Energy Charge Rate (Rs. /kWh)					
		KTPS-V	KTPS-VI	KTPS-VII	KTPP-I	KTPP-II	BTPS
ECR	Rs. /kWh	4.070	3.818	3.456	3.700	3.750	3.958

2.3.2 The True-up claimed for FY 2024-25 is tabulated below.

**Table 2-5: True up claimed for FY 2024-25****(Rs. Crores)**

Sl. No	Component	MYT	Claimed	Variation
		(a)	(b)	(c)=(b)-(a)
1	Fixed Charges	5,311.39	6614.75	1303.36
2	Additional Pension Liability	1,367.73	1,669.60	301.87
3	Water Charges	33.47	35.38	1.91
	<b>Total</b>	<b>6712.59</b>	<b>8319.73</b>	<b>1607.14</b>

2.3.3 The Petitioner claimed the true-up for FY 2024-25 amounting to Rs. 1,607.14 Crore.

## REVISED ARR AND TARIFF FOR FY 2026-27

### 2.4 CAPITAL COST

2.4.1 TGGENCO submitted that the Opening Gross Fixed Assets (GFA) for FY 2024-25 is considered based on the Closing GFA as on 31.03.2024 as considered in true up sections above

2.4.2 The GFA and additional Capital Cost proposed for the period from FY 2025-26 to FY 2026-27 is tabulated below

**Table 2-6: GFA & Additional Capitalisation claimed for FY 2026-27****(Rs. Crores)**

Sl. No.	Station	GFA as on 01.04.2025	Additions in FY 2025-26 (Estimated)	GFA as on 01.04.2026	Additions for FY 2026-27 (Projected)
1	KTPS-V	2,281.59		2,281.59	27.08
2	KTPS-VI	2,476.03	0.18	2,476.21	27.08
3	KTPS-VII	5,112.57		5,112.57	4.97
4	KTPP-I	2,549.23	8.32	2,557.55	-
5	KTPP-II	3,773.07	5.20	3,778.27	93.00
6	BTPS	7,540.34	39.22	7,579.56	889.13
7	Nagarjuna Sagar Complex	1,925.83		1,925.83	
8	Srisailem LB	3,400.67		3,400.67	

Sl. No.	Station	GFA as on 01.04.2025	Additions in FY 2025-26 (Estimated)	GFA as on 01.04.2026	Additions for FY 2026-27 (Projected)
9	Small Hydel	121.94		121.94	
10	Mini Hydel	31.27		31.27	
11	Pochampad- II	29.78		29.78	
12	Priyadarshini Jurala	692.53		692.53	
13	Lower Jurala	1,644.24		1,644.24	12.60
14	Pulichintala	440.76		440.76	
	<b>Total</b>	<b>32,019.85</b>	<b>52.92</b>	<b>32,072.77</b>	<b>1,053.86</b>

2.4.3 The additions of FY 2024-25 are claimed as per the Annual accounts. Against the claimed additions of Rs.143.81Cr, the additional capitalization claimed for KTPS-V Stage, BTPS and SLBHES is of Rs.11.55Cr, 95.06 Crs and Rs.16.22 Crs respectively.

2.4.4 The details of approved additional capital cost for FY 2024-25 in True-up for FY 2022-23 and Multi Year Tariff (MYT) Order dated. 28.10.2024 and the petitioner claimed additional capitalisation details as below:

**KTPS-V& VI:** At KTPS V&VI Stages, capital cost of Rs. 50.65 Crore towards raising of Ash Pond bund is proposed and petition for approval of capital cost has been submitted to the Commission. At BTPS, some of the non-EPC civil works which are under original project scope are proposed to be carried out. The capital cost of Rs. 766.69 crore is proposed during FY 2025-26 and FY 2026-27.

**BTPS:** At BTPS it is proposed to construct Coal storage shed for stocking coal for utilization of Coal during Monsoon to avoid Oil Consumption. The expenditure of Rs. 141.33 Cr. is proposed during the FY 2026-27 is within the Original Project Cost. The petition for approval of additional capital cost has been submitted to the Commission.

**FGD System:** The capital cost of FGD in respect of KTPS-VII Stage and BTPS are not considered in determination of tariff for FY 2026-27. The Commission has given in-principle approval in MYT order dated 22.03.2022 for the installation of FGD system and deferred the admittance of capital cost till the truing up of the relevant year, post commissioning of the same.

2.4.5 The summary of component-wise, AFC and other charges claimed by the petitioner for FY 2026-27 is shown below:

**Table 2-7: Component-wise Fixed Charges claimed for FY 2026-27****(Rs. Crores)**

Sr. No.	Stations	O & M	Dep.	I&FC	IoWC	RoE	Less: NTI	AFC	
<b>A</b>	<b>Thermal</b>	<b>2,277.90</b>	<b>635.02</b>	<b>679.76</b>	<b>282.89</b>	<b>1,503.24</b>	<b>73.16</b>	<b>5,305.65</b>	
1	KTPS V	312.97	34.56	-	34.49	142.36	9.44	514.94	
2	KTPS VI	312.97	23.86	-	36.50	154.54	9.44	518.43	
3	KTPS VII	588.67	174.95	188.83	62.19	317.78	14.25	1,318.17	
4	RTS	-	-	-	-	-	-	-	
5	KTPP I	257.50	18.31	-	29.28	158.84	10.73	453.20	
6	KTPP II	308.99	116.31	95.21	37.46	237.10	12.87	782.20	
7	BTPS	496.80	267.03	395.72	82.97	492.62	16.43	1,718.71	
<b>B</b>	<b>Hydel</b>	<b>681.24</b>	<b>167.77</b>	<b>113.98</b>	<b>33.55</b>	<b>538.69</b>	<b>12.53</b>	<b>1,522.70</b>	
8	NSHES	207.74	59.07	-	8.82	127.36	1.76	401.23	
9	SLBHES	210.31	59.13	30.08	11.96	224.75	8.01	528.22	
10	Small Hydel	64.18	1.04	-	1.61	8.07	0.56	74.34	
11	Mini Hydel	9.67	0.34	-	0.27	1.94	0.10	12.12	
12	Pochampad- II	9.51	0.58	0.78	0.28	1.97	0.10	13.02	
13	PJHES	65.63	11.14	13.37	2.97	43.03	1.38	134.76	
14	LJHES	66.16	27.33	48.64	5.40	102.41	0.35	249.59	
15	PCHES	48.04	9.14	21.11	2.24	29.16	0.27	109.42	
<b>C=A+B</b>	<b>Total</b>	<b>2,959.14</b>	<b>802.79</b>	<b>793.74</b>	<b>316.44</b>	<b>2,041.93</b>	<b>85.69</b>	<b>6,828.35</b>	
D	Additional Pension Liability								1,902.23
E	Water charges								53.48
<b>F=C+D+E</b>	<b>Total</b>							<b>8,784.06</b>	

2.4.6 The summary of the station-wise, AFC and other charges claimed by the TGGenco for FY 2026-27 are shown below:

**Table 2-8: Station-wise Fixed Charges claimed for FY 2026-27****(Rs. Crores)**

Sl. No.	Station	MYT (a)	Claimed (b)	Variance
1	KTPS V	392.37	514.94	122.57
2	KTPS VI	454.53	518.43	63.90
3	KTPS VII	1,310.13	1,318.17	8.04
4	KTPP I	449.30	453.20	3.90
5	KTPP II	668.34	782.20	113.86
6	BTPS	1,414.26	1,718.71	304.45
7	NSHES	323.47	401.23	77.76
8	SLBHES	375.70	528.22	152.52
9	Small Hydel	55.28	74.34	19.06
10	Mini Hydel	11.24	12.12	0.88
11	Pochampad- II	10.56	13.02	2.46

Sl. No.	Station	MYT	Claimed	Variance
12	PJHES	88.85	134.76	45.91
13	LJHES	212.33	249.59	37.26
14	PCHES	94.39	109.42	15.03
<b>A</b>	<b>Fixed Charges</b>	<b>5,860.75</b>	<b>6,828.35</b>	<b>967.60</b>
<b>B</b>	Additional Pension Liability	1,617.06	1,902.23	285.17
<b>C</b>	Water Charges	33.84	53.48	19.64
<b>D=A+B+C</b>	<b>Total</b>	<b>7,511.65</b>	<b>8,784.06</b>	<b>1,272.41</b>

## 2.5 ENERGY CHARGES FOR FY 2026-27

2.5.1 The Energy Charge Rate for FY 2026-27 computed considering the reduced coal prices by M/s SCCL by Rs. 741/- per MT w.e.f 07.09.2025 for all Grades of coal and revision of GST from 5% to 18% on coal prices and freight charges w.e.f 22.09.2025 and net reduction in landed cost of coal is around Rs.600/- per MT. The Normative operating Parameters viz., Auxiliary consumption, Gross Station Heat Rate and Secondary Fuel Consumption are considered and weighted average coal price reduced by Rs.600/- per MT and oil price and GCV of 3 months is considered. The Coal price and Secondary fuel oil price escalated @2% for FY 2026-27. The Energy Charge Rate (ECR) for FY 2026-27 is tabulated below. have been computed in accordance with Clause No. 46(B) of Regulation No. 2 of 2023. The actual values of Coal rate, oil rate, GCV and Normative operating parameters viz., Auxiliary consumption, Gross Station Heat Rate and Secondary Fuel Consumption are considered for computation of Normative Energy charge rate

**Table 2-9:Energy Charges claimed for FY 2026-27**

**(Rs. Crores)**

Description	Unit	Energy Charge Rate (Rs. /kWh)					
		KTPS-V	KTPS-VI	KTPS-VII	KTPP-I	KTPP-II	BTPS
ECR	Rs. /kWh	3.737	3.853	3.434	2.921	2.737	3.677

## CHAPTER-3 OBJECTIONS OF STAKEHOLDERS, REPLIES OF PETITIONER AND ANALYSIS & FINDINGS OF THE COMMISSION

### TRUE-UP FOR 2024-25

#### 3.1 OBJECTIONS/SUGGESTIONS/COMMENTS MADE ON FILINGS

3.1.1 Seven (7) stakeholders have filed objections/suggestions/comments on the filings made by the petitioner on True-up of FY 2024-25 and Revised ARR and tariff of FY 2026-27 for the existing thermal & hydro generating stations of TGGENCO in O.P. No 67 of 2025. The Commission has considered all the objections/ suggestions/comments of the stakeholders made in writing as well as objections raised during the course of Public Hearing and the responses to them by the petitioner. For the sake of brevity, the objections/suggestions/ comments raised by the stakeholders and responses of the petitioner have been consolidated and summarised issue-wise. In case any suggestion is not specifically elaborated, it does not mean that the same has not been considered.

#### 3.2 CAPITAL COST

##### *Petitioner's Claim*

3.2.1 The petitioner has submitted that the opening Gross Fixed Assets (GFA) as on 1.04.2022 is considered as approved by Commission in MTR Order dated 23.03.2023. The opening GFA of FY 2024-25 is considered by addition of approved additional capitalization of FY 2022-23 in True-up and MYT Order dated. 28.10.2024 and audited annual accounts of FY 2023-24. Further, the additional capitalization for FY 2024-25 is claimed as per the annual accounts of FY 2024-25.

3.2.2 The additions of FY 2024-25 are claimed as per the Annual accounts. Against the claimed additions of Rs.143.81Cr, the additional capitalization claimed for KTPS-V Stage, BTPS and SLBHES is of Rs.11.55Cr, 95.06 Crs and Rs.16.22 Crs respectively.

3.2.3 The details of approved additional capital cost for FY 2024-25 in True-up for FY 2022-23 and MYT Order dated. 28.10.2024 and claimed additional capitalisation as below.

**KTPS-V:** The Commission in Business Plan and Capital Investment Plan for MYT 5<sup>th</sup> Control Period for FY 2024-25 to FY 2028-29 Order dt. 29.12.2023 approved the additional capitalisation Rs. 8 Crs. The additional capitalisation claimed as per Audited Annual Accounts is of Rs. 11.55 Crs.

**BTPS:** The Commission in Business Plan and Capital Investment Plan for MYT 5<sup>th</sup> Control Period for FY 2024-25 to FY 2028-29 Order dt.29.12.2023 approved

the additional capitalisation for the works which are under original project scope is of Rs. 346.66 Crs. The additional capitalisation claimed as per Annual Accounts is of Rs. 95.06 Crs.

**SLBHES:** The Commission in Business Plan and Capital Investment Plan for MYT 5<sup>th</sup> Control Period for FY 2024-25 to FY 2028-29 Order dt. 29.12.2023 approved the additional capitalisation of Rs. 95 Crs. The additional capitalisation claimed as per Audited Annual Accounts is of Rs. 16.22 Crs.

**NSHES:** The Commission in of Business Plan and Capital Investment Plan for MYT 5<sup>th</sup> Control Period for FY 2024-25 to FY 2028-29 Order dt. 29.12.2023 approved the additional capitalisation of Rs. 66.5 Crs. The additional capitalisation claimed as per Annual Accounts is of Rs. 2.37Crs.

**LJHES:** The Commission in Business Plan and Capital Investment Plan for MYT 5<sup>th</sup> Control Period for FY 2024-25 to FY 2028-29 Order dt. 29.12.2023 approved the additional capitalisation of Rs. 10 Crs. The additional capitalisation claimed as per Annual Accounts is of Rs. 8.43 Crs.

3.2.4 The GFA and additional capitalization for FY 2023-24 to FY 2024-25 is tabulated below.

**Table 3-1: GFA & Additional Capitalisation claimed for FY 2024-25**

(Rs. Crore)

Sl. No.	Station	GFA as on 01.04.2023	Additions for FY 2023-24 (Annual Accounts)	GFA as on 01.04.2024	Additions for FY 2024-25 (Annual Accounts)
1	KTPS-V	2,269.87	0.17	2,270.04	11.55
2	KTPS-VI	2,473.23	-	2,473.23	2.80
3	KTPS-VII	5,094.40	14.73	5,109.13	3.44
4	RTS-B	127.04	0.04	127.08	
5	KTPP-I	2,548.83	0.14	2,548.97	0.26
6	KTPP-II	3,761.27	8.19	3,769.46	3.61
7	BTPS	7,259.12	186.16	7,445.28	95.06
8	Nagarjuna Sagar Complex	1,920.80	2.66	1,923.46	2.37
9	Srisaïlam LB	3,375.71	8.50	3,384.21	16.22
10	Small Hydel	121.89	0.05	121.94	0.04
11	Mini Hydel	31.23	0.04	31.27	
12	Pochampad- II	29.74	-	29.74	
13	Priyadarshini Jurala	690.68	1.82	692.50	0.03
14	Lower Jurala	1,631.58	4.23	1,635.81	8.43
15	Pulichintala	440.72	0.04	440.76	

Sl. No.	Station	GFA as on 01.04.2023	Additions for FY 2023-24 (Annual Accounts)	GFA as on 01.04.2024	Additions for FY 2024-25 (Annual Accounts)
	<b>Total</b>	<b>31,776.11</b>	<b>226.77</b>	<b>32,002.88</b>	<b>143.81</b>

### ***Stakeholder's submissions***

3.2.5 The stakeholder raised objections on the claims for Additional Capitalization, which amount to Rs. 144 Crore for the True-up of FY 2024-25 and submitted that the Commission had already approved plant-wise additional capitalization plan totalling Rs. 541 Crore in the MYT Order dated 28.10.2024. While the Petitioner's overall claim for FY 2024-25 falls within this total, certain individual power plants have claimed amounts higher than the station-wise limits set by the Commission. The stakeholder insisted that any claim exceeding the pre-approved station-wise limits must be disallowed unless supported by proper justification and documentary evidence, which the petitioner has failed to provide. The stakeholder has assessed allowable additional capitalization as Rs. 130.08 Crore for FY 2024-25

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

3.2.6 The petitioner replied that it has claimed the additional capitalisation for FY 2023-24 and FY 2024-25 which is under original scope of the project.

### ***Commission's Analysis and Findings***

3.2.7 The Commission in accordance with clause 22 of Regulation 2 of 2023, approved the additional capitalisation, the relevant clauses are reproduced below.

*"22.1 The capital expenditure, actually incurred or projected to be incurred, on the following counts within the original scope of work, after the date of commercial operation and up to the cut-off date, may be admitted by the Commission subject to prudence check:*

*(i) Undischarged liabilities recognized to be payable at a future date;*

*(ii) Works deferred for execution*

*; (iii) Procurement of initial capital spares within the original scope of work, in accordance with the provisions of clause 21.8;*

*(iv) Liabilities to meet award of arbitration or for compliance of directions or order of any statutory authority or order or decree of any court of law; and*

*(v) Change in law or compliance of any existing law; and*

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

*22.2 The capital expenditure incurred or projected to be incurred in respect of a new Project on the following counts within the original scope of work after the cut-off date may be admitted by the Commission, subject to prudence check:*

*(i) Liabilities to meet award of arbitration or for compliance of directions or order of any statutory authority or order or decree of any court of law;*

*(ii) Change in law or compliance of any existing law;*

*(iii) Deferred works in the original scope of work, up to a maximum period of 2 years after cut-off date, on case-to-case basis;*

*(iv) Deferred works relating to ash pond or ash handling system in the original scope of work;*

*(v) Any liability for works executed prior to the cut-off date, after prudence check of the details of such undischarged liability, total estimated cost of package, reasons for such withholding of payment and release of such payments, etc.;*

*(vi) Force majeure events;*

*(vii) Liability for works admitted by the Commission after the cut-off date to the extent of discharge of such liabilities by actual payments; and*

*(viii) Raising of ash dyke as a part of ash disposal system:*

*Provided that in case of replacement of assets deployed under the original scope of the existing project after cut-off date, the additional capitalization may be admitted by the Commission, subject to prudence check on the following grounds:*

*a) The useful life of the assets is not commensurate with the useful life of the project and such assets have been fully depreciated in accordance with the provisions of this Regulation;*

*b) The replacement of the asset or equipment is necessary on account of change in law or Force Majeure conditions;*

*c) The replacement of such asset or equipment is necessary on account of obsolescence of technology; and*

*d) The replacement of such asset or equipment has otherwise been allowed by the Commission*

*22.3 The capital expenditure, in respect of existing generating Station or the transmission system, incurred or projected to be incurred on the following counts beyond the original scope, may be admitted by the Commission, subject to prudence check:*

*(i) Liabilities to meet award of arbitration or for compliance of the order or directions of any statutory authority or order or decree of any court of law;*

*(ii) Change in law or compliance of any existing law*

*(iii) Force majeure events;*

*(iv) Need for higher security and safety of the plant as advised or directed by appropriate Indian Government Instrumentality or statutory authorities responsible for national or internal security;*

*(v) Deferred works relating to ash pond or ash handling system in addition to the original scope of work, on case-to-case basis;*

*(vi) Usage of water from sewage treatment plant in thermal generating station:*

*Provided that any expenditure, which has been claimed under Renovation and Modernisation or repairs and maintenance under O&M expenses, shall not be claimed under this Regulation."*

3.2.8 The Commission has approved the Capital Investment Plan and additional capitalisation for the control period FY 2024-25 to FY 2028-29 in the Order dated 29.12.2023 on Business Plan, & Capital Investment Plan.

3.2.9 Further, the Commission has approved additional capitalisation in the MYT Order dated 28.10.2024 in line with that approved in the Order dated 29.12.2023.

3.2.10 The petitioner has submitted station-wise, item-wise additional capitalization details for FY 2024-25 and the Commission has verified the same with the Audited Annual Accounts of FY 2024-25 and has restricted the additional capitalisation claim to that approved in the MYT Order dated 28.10.2024 as shown in table below.

**Table 3-2: Additional Capitalisation claimed and approved for FY 2024-25****(Rs Crores)**

Sl. No	Station	MYT	Claimed	Approved
1	KTPS V	8.00	11.55	8.00
2	KTPS VI	-	2.80	-
3	KTPS VII	-	3.44	-
4	RTS	-	-	-
5	KTPP I	-	0.26	-
6	KTPP II	-	3.61	-
7	BTPS	346.66	95.06	95.06
8	NSHES	66.50	2.37	2.37
9	SLBHES	95.00	16.22	16.22
10	Small Hydel	-	0.04	-
11	Mini Hydel	-	-	-
12	Pochampad- II	-	-	-
13	PJHES	-	0.03	-
14	LJHES	10.00	8.43	8.43
15	PCHES	15.00	-	-
	<b>Total</b>	<b>541.16</b>	<b>143.81</b>	<b>130.08</b>

3.2.11 Based on the above, the details of the Opening GFA, additional capitalisation and Closing GFA for the FY 2024-25 are shown as below:

**Table 3-3: GFA approved for FY 2024-25****(Rs. Crores)**

Sl. No	Station	Opening GFA	Additional Capitalisation	Closing GFA
1	KTPS V	2,269.87	8.00	2,277.87
2	KTPS VI	2,473.23	-	2,473.23
3	KTPS VII	5,109.13	-	5,109.13
4	RTS	127.04	-	127.04
5	KTPP I	2,548.83	-	2,548.83
6	KTPP II	3,769.46	-	3,769.46
7	BTPS	7,445.28	95.06	7,540.34
8	NSHES	1,920.80	2.37	1,923.17
9	SLBHES	3,375.71	16.22	3,391.93
10	Small Hydel	121.89	-	121.89
11	Mini Hydel	31.23	-	31.23
12	Pochampad- II	29.74	-	29.74
13	PJHES	690.68	-	690.68
14	LJHES	1,635.81	8.43	1,644.24
15	PCHES	440.76	-	440.76
	<b>Total</b>	<b>31,989.46</b>	<b>130.08</b>	<b>32,119.54</b>

### 3.3 OPERATION AND MAINTENANCE EXPENSES(O&M)

#### *Petitioner's Claim*

3.3.1 The petitioner has submitted that the O&M expenses comprise of (i) Employee cost, (ii) Repair & Maintenance expenses and (iii) Administrative & General expenses. True-up of O&M expenses have been arrived based on the annual accounts of FY 2024-25. The O&M expenses approved in the MYT Order dated 28.10.2024 and actual expenses for FY 2024-25 is tabulated below

**Table 3-4: O&M expenses claimed for FY 2024-25**

(Rs. Crores)

Sl. No.	Station	MYT	Claim	Variance
1	KTPS-V	206.99	285.65	78.66
2	KTPS-VI	206.97	285.65	78.68
3	KTPS-VII	483.04	536.74	53.7
4	RTS-B	17.48	23.78	6.3
5	KTPP-I	180.28	234.28	54
6	KTPP-II	204.77	281.14	76.37
7	BTPS	189.59	451.38	261.79
8	Nagarjuna Sagar Complex HES	117.51	187.91	70.4
9	Srisailam LBHES	100.18	189.13	88.95
10	Small Hydel	42.19	56.3	14.11
11	Mini Hydel	7.27	8.89	1.62
12	Pochampad- II HES	6.99	8.73	1.74
13	Priyadarshini Jurala HES	33.54	53.61	20.07
14	Lower Jurala HES	33.68	54.1	20.42
15	Pulichintala HES	38.55	43.58	5.03
	<b>Total</b>	<b>1869.03</b>	<b>2700.87</b>	<b>831.84</b>

3.3.2 The petitioner has submitted the following reasons for variation in O&M expenses

3.3.3 a. Employee Expenses: PRC was implemented to the TGGENCO Employees during FY 2022-23. The impact of PRC-2022 was not factored in approved O&M Charges for FY 2024-25 to FY 2028-29. The Commission in True-up and MYT Order dated 28.10.2024 specified that the impact of PRC-2022 has not been considered due to complete details of station wise PRC not submitted in the filings and will be considered the impact of PRC-2022 as part of truing up at the end of 4th control period subject to prudence check of the station wise actual PRC effect in employee cost.

Further, in respect of BTPS the Commission has considered the actual employee's

expenses of FY 2020-21 & FY 2021-22, during the period the station was not fully operational to its full capacity.

Further, in respect of BTPS, Unit-IV (Last Unit) of BTPS was commissioned on 09.01.2022 (i.e., FY 2021-22). Hence all the four Units of the station are operationalized from FY 2022-23.

In the initial years, the expenditure was low as the unit was under warranty period. Subsequently, the Commission has allowed O&M expenses based on initial years actual expenditure. Hence the allowed O&M expenditure was very less. In True-up of FY 2024-25, actual expenditure as per audited accounts is claimed.

**b. A&G Expenses:** The variation in actual A&G Expenses and approved in MYT Order, Dt.28.10.2024 for FY 2024-25 is due to the increase in security guard charges due to implementation of Pay Revision by Government of Telangana and also due to increase in electricity charges towards colony consumption (earlier colony consumption was included in auxiliary consumption). The security expenses shall be allowed separately in accordance with CERC Regulations.

3.3.4 The details of Actual Employee expenses, Administrative & General Expenses and Repair & Maintenance Expenses as per Annual Accounts of FY 2024-25 is tabulated below.

**Table 3-5: Employee, A&G & R&M expenses claimed for FY 2024-25**

**(Rs. Crores)**

Sl. No.	Station	Employee Expenses	Repair & Maintenance Expenses	Administrative & General Expenses
1	KTPS-V	239.06	33.26	13.33
2	KTPS-VI	239.06	33.26	13.33
3	KTPS-VII	482.08	32.88	21.78
4	RTS-B	22.6	0.42	0.76
5	KTPP-I	189.16	38.25	6.87
6	KTPP-II	227	45.9	8.24
7	BTPS	354.74	76.94	19.7
8	Nagarjuna Sagar Complex	168.02	9.7	10.19
9	Srisaillam LB	153.99	24.55	10.59
10	Small Hydrel	52.52	2.3	1.48
11	Mini Hydrel (Peddapally HES)	8.37	0.29	0.23
12	Pochampad- II	8.23	0.28	0.22

Sl. No.	Station	Employee Expenses	Repair & Maintenance Expenses	Administrative & General Expenses
13	Priyadarshini Jurala	47.36	4.28	1.97
14	Lower Jurala	47.82	4.29	1.99
15	Pulichintala	38.34	3.89	1.35
	<b>Total</b>	<b>2,278.35</b>	<b>310.49</b>	<b>112.03</b>

### *Stakeholder's submissions*

- 3.3.5 Some of the stakeholders stated that O&M claims under True-up should be normative, not based on actual expenditure.
- 3.3.6 One of the stakeholders objected that the actual O&M (Rs.2700.87 Cr.) is substantially higher than the MYT-approved normative (Rs.1869.03 Cr.) and that the PRC-2022 impact is claimed retrospectively.
- 3.3.7 The Observations made by the stakeholders on the O&M expenses claimed are Inflated Claims Compared to Benchmarks, excessively high expenses compared to the normative standards set by the CERC & MERC, indicating a lack of prudence, and petitioner is not providing documentary evidence to substantiate the pay revision impact, approving actual expenses now would deviate from the established regulatory practice of allowing expenses on a normative basis. Stakeholders have requested to disallow the claim and approve normative O&M expenses as per the MYT Order
- 3.3.8 One of the stakeholders requested data on cadre-wise, wing-wise, and plant-wise details of TGGENCO manpower, data on the number of employees and associated costs at RTPP since its closure. sought clarification on the procedure for apportioning corporate office manpower costs to generating stations, data on station-wise manpower deployment, cost per MW, benchmark norms, and initiatives for optimal utilization.
- 3.3.9 One of the stakeholders submitted that the Recovery of filing fees and publication expenses from beneficiaries is not permissible, as these are procedural costs incurred by the generator for complying with regulatory requirements and do not contribute to power generation, efficiency improvement, or any direct benefit to consumers. Such expenses are part of the normal administrative overheads of the generator, for which provision already exists under A& G expenses, and there is no provision in the MYT Regulations allowing their separate recovery through tariff. Allowing these costs to be passed on would place an unnecessary and avoidable burden on consumers, contrary to

the intent of Section 61(d) of the Electricity Act, 2003; therefore, the same shall be disallowed in full.

- 3.3.10 One of the stakeholders submitted that the company has not computed the Operation and Maintenance (O&M) expenses in accordance with the applicable Regulations and has instead claimed the same based on the audited accounts of the Priyadarshini Jurala Project. Further, the Company has reflected a major expenditure towards gratuity, which pertains to retirement benefits. In this regard, detailed data and justification are required for such a substantial payment made during the year. Additionally, the Company has considered the same gratuity amount for the subsequent year, for which a detailed computation and supporting rationale are also required.

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

- 3.3.11 The petitioner, in response to the query about O&M breakup comparing as filed, approved, and actual O&M and stated that TGGENCO claimed O&M charges for Rs. 2620.10 crore for the FY 2024-25 in MYT petition for 5th control period (FY 2024-25 to 2028-29). However, the Commission has approved O&M charges of Rs. 1869.03 crore. The Commission has not considered PRC-2022 impact, while approving the employee cost. TGGENCO now claimed Rs. 2700.87 crore in True-up petition for FY 2024-25, there is only 3% increase in O&M charges when compared to the O&M charges claimed for FY 2024-25 in MYT filings.
- 3.3.12 Regarding claim not on normative basis, petitioner stated that it has claimed O&M expenses at actuals, detailed explanations along with justifications, especially in the case of BTPS, KTPS VII Stage and pending approval of PRC 2022 commitments were submitted in the filings, for favourable consideration of the Commission.
- 3.3.13 Regarding actual O&M greater than MYT, petitioner, stated that the reasons for variation of the actual O&M expenses and the approved O&M Expenses are a. Employee Expenses: PRC was implemented to the TGGENCO Employees during FY 2022-23. The impact of PRC-2022 was not factored in approved O&M Charges for FY 2024-25 to FY 2028-29. The Commission in True-up and MYT Order dated 28.10.2024 specified that the impact of PRC-2022 has not been considered due to complete details of station wise PRC not submitted in the filings and the impact of PRC-2022 will be considered as part of truing up at the end of 4th control period subject to prudence check of the station wise actual PRC effect in employee cost for FY 2022-23. Further, in

respect of BTPS the Commission has considered the actual employee's expenses of FY 2020-21 & FY 2021- 22 and during the period the station was not fully operational to its capacity.

b. A&G Expenses: The variation in projected A&G Expenses and approved in MYT Order for FY 2026-27 is due to the increase in security guard charges due to implementation of Pay Revision by Government of Telangana and also due to increase in electricity charges towards colony consumption (earlier colony consumption was included in auxiliary consumption).

3.3.14 The Petitioner submitted that PRC 2022 pertains to the 4<sup>th</sup> Control period FY 2019-24. As per the direction of the Commission station-wise details were furnished by TGGENCO in the petition for the trueing up for FY 2023-24 and the Tariff determination is in process. Hence, the PRC 2022 impact of around Rs.350 Crs. is considered in the True-up for FY 2024-25

3.3.15 The Petitioner in response to O&M Claims high compared to CERC Norms submitted that, CERC approves, the O&M expenses station specific based on ageing viz., for Tanda TPS Unit-1 O&M expenses approved @ 42.52 Lakh/MW. Further, for new units commissioned after 01.04.2024, TGGENCO claimed O&M expenses in accordance with CERC, 2024 Regulations.

3.3.16 The Petitioner, in response to the query related to manpower allocation, stated that cadre wise allocation is done based on the requirements of the posts in Head Quarters, manpower cost is apportioned to stations in MW ratio and to meet the plant routine activities and station-wise man power details are provided.

3.3.17 Regarding recovery of filing fee, the petitioner in response to the query stated that TGERC 1 of 2019, specified in clause No. 19.6 that, *"Any expenditure on account of license fee, initial or renewal, fee for determination of tariff and audit fee shall be allowed on actual basis, over and above the A&G expenses approved by the Commission"*. Accordingly, requested to allow the recovery of filing fees as & when paid and the publication expenses from the beneficiaries. Further, CERC 2024 regulations also allows recovery of the application filing fee and the expenses incurred on publication of notices in the application for approval of tariff by the generating company, directly from the beneficiaries.

3.3.18 The Petitioner in response to O&M expenses claimed actuals not on normative basis,

submitted that the petitioner has claimed O&M expenses on actuals and detailed explanation along with justification, especially in case of BTPS, KTPS-VII Stage and pending approval of PRC-2022 commitments were submitted in the filings. Further, True-up shall be a comparison of operational and financial performance vis-à-vis the approved forecast for the respective year and clause 45.4 of Regulation 2 of 2023 specified that, the actual expenses incurred at the time of true-up shall be considered.

### ***Commission's Analysis and Findings***

3.3.19 The Commission has noted the objections raised by the stakeholders and has evaluated the replies submitted by the petitioner. 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 which is extracted below:

*“45.1 The O&M expenses for each generating station shall comprise of:*

- *Employee cost including unfunded past liabilities of pension and gratuity;*
- *Repairs and Maintenance (R&M) expenses; and*
- *Administrative and General (A&G) expenses.*

*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:*

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

*Where,*

- *O&M<sub>n</sub> – Operation and Maintenance expense for the nth year;*
- *EMP<sub>n</sub> – Employee Costs for the nth year;*
- *R&M<sub>n</sub> – Repair and Maintenance Costs for the nth year;*
- *A&G<sub>n</sub> – Administrative and General Costs for the nth year;*

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

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

$$R\&M_n = K \times (GFAn) \times (\text{WPI Inflation}) \text{ and}$$

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

*Where,*

- *EMP<sub>n-1</sub> – Employee Costs for the (n-1)th year;*
- *“K” is a constant specified by the Commission in %. Value of K for each year of the control period shall be determined by the Commission in the MYT order based on generating entity's filing, benchmarking of repair and*

*maintenance expenses, approved repair and maintenance expenses vis-à-vis GFA approved by the Commission in past and any other factor considered appropriate by the Commission;*

- *GFA<sub>n</sub> - Opening Gross Fixed Asset of the generating station for the nth year;*
- *A&G<sub>n-1</sub> – Administrative and General Costs for the (n-1)th year;*
- *CPI Inflation – is the point to point change in the Consumer Price Index (CPI) for Industrial Workers (all India) as per Labour Bureau, Government of India; in case CPI Inflation is negative, the escalation/change shall be 0%;*
- *WPI Inflation – is the point to point change in the Wholesale Price Index (WPI) as per the Office of Economic Advisor of Government of India: Provided that the employee cost and A&G expenses for the first year of the Control Period shall be worked out considering the average of the trued-up expenses after adding/deducting the share of efficiency gains/losses, for the immediately preceding Control Period, excluding abnormal expenses, if any, subject to prudence check by the Commission and duly escalating the same for 3 years with CPI Inflation for employee costs and WPI Inflation for A&G expenses.*

*45.4 Provisioning of expenses shall not be considered as actual expenses at the time of true-up, and only expenses as actually incurred shall be considered.*

*45.5 The O&M expenses of new generating stations that have achieved COD during the Control Period shall be approved based on the norms specified by the Central Electricity Regulatory Commission in its Multi Year Tariff Regulations prevailing during the subject Control Period.”*

### **3.4 EMPLOYEE EXPENSES**

- 3.4.1 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 3-6: Revised Normative Employee Cost for FY 2024-25**

Sl. No.	Particulars	Employee Cost for FY 2023-24	CPI Inflation	Revised Normative Employee cost for FY 2024-25
		(a)	(b)	c=a*(1+b)
1	KTPS-V	159.48	3.39%	164.89
2	KTPS-VI	159.48	3.39%	164.89
3	KTPS-VII	414.72	3.39%	428.77
4	RTS-B	80.72	3.39%	14.41*
5	KTPP-I	143.21	3.39%	148.07
6	KTPP-II	163.13	3.39%	168.66
7	BTPS	335.00	3.39%	346.35
8	Nagarjuna Complex	92.71	3.39%	95.85
9	Srisailam LB	78.27	3.39%	80.92
10	Small Hydel	39.06	3.39%	40.38
11	Mini Hydel	6.63	3.39%	6.85
12	Pochampad II	6.14	3.39%	6.34
13	Priyadarshini Jurala	27.74	3.39%	28.68
14	Lower Jurala	28.42	3.39%	29.38
15	Pulichintala	31.33	3.39%	32.39
	<b>Total</b>	<b>1,766.03</b>		<b>1,756.82</b>

\*RTS-B Expenses are worked out till 03.06.2025(date of closure)

### 3.5 REPAIR AND MAINTENANCE EXPENSES

3.5.1 In accordance with Clause 45.3 of the MYT Regulations, 2023, the Commission has computed the Repairs and Maintenance (R&M) expenses for FY 2024-25.

3.5.2 The Commission has derived the K factor for each generating station as the percentage of the approved R&M cost (post sharing) of FY 2023-24 divided by the opening Gross Fixed Asset (GFA) of FY 2023-24.

3.5.3 The K factor so determined has been multiplied by the opening GFA of FY 2024-25 and escalated by actual Wholesale Price Index (WPI) inflation to account for price escalation during the year.

**Table 3-7: Revised normative R&M expenses for FY 2024-25**

Sl. No.	Particulars	K Factor	GFA	WPI Inflation	Revised Normative R&M Expenses for 2024-25
		(a)	(b)	(c)	a*b*(1+c)
1	KTPS-V	1.28%	2,269.87	2.27%	29.76
2	KTPS-VI	1.15%	2,473.23	2.27%	29.17
3	KTPS-VII	0.53%	5,109.13	2.27%	27.92
4	RTS-B	7.05%	127.04	2.27%	1.58*
5	KTPP-I	0.98%	2,548.83	2.27%	25.49
6	KTPP-II	0.77%	3,769.46	2.27%	29.60
7	BTPS	0.80%	7,445.28	2.27%	61.25
8	Nagarjuna Complex	0.46%	1,920.80	2.27%	9.10
9	Srisailam LB	0.29%	3,375.71	2.27%	10.02
10	Small Hydel	1.18%	121.89	2.27%	1.47
11	Mini Hydel	0.94%	31.23	2.27%	0.30
12	Pochampad II	0.68%	29.74	2.27%	0.21
13	Priyadarshini Jurala	0.25%	690.68	2.27%	1.77
14	Lower Jurala	0.16%	1,635.81	2.27%	2.71
15	Pulichintala	0.19%	440.76	2.27%	0.86
	<b>Total</b>				<b>231.21</b>

\*RTS-B Expenses are worked out till 03.06.2025(date of closure)

### 3.6 ADMINISTRATIVE AND GENERAL EXPENSES

3.6.1 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 3-8: Revised normative A&G expenses for FY 2024-25**

(Rs. Crores)

Sl. No.	Particulars	A&G Expenses for FY 2023-24	WPI	Revised Normative A&G Expenses for FY 2024-25
		(a)	(b)	c=a*(1+b)
1	KTPS-V	12.21	2.27%	12.49
2	KTPS-VI	12.21	2.27%	12.49
3	KTPS-VII	31.08	2.27%	31.79
4	RTS-B	6.18	2.27%	1.09*

Sl. No.	Particulars	A&G Expenses for FY 2023-24	WPI	Revised Normative A&G Expenses for FY 2024-25
		(a)	(b)	c=a*(1+b)
5	KTPP-I	4.47	2.27%	4.57
6	KTPP-II	5.02	2.27%	5.13
7	BTPS	15.28	2.27%	15.63
8	Nagarjuna Complex	7.91	2.27%	8.09
9	Srisailam LB	7.51	2.27%	7.68
10	Small Hydel	0.91	2.27%	0.93
11	Mini Hydel	0.15	2.27%	0.16
12	Pochampad II	0.14	2.27%	0.15
13	Priyadarshini Jurala	1.45	2.27%	1.48
14	Lower Jurala	1.73	2.27%	1.77
15	Pulichintala	0.59	2.27%	0.60
	<b>Total</b>	<b>106.85</b>		<b>104.05</b>

\*RTS-B Expenses are worked out till 03.06.2025(date of closure)

### O&M Expenses:

3.6.2 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:*

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

3.6.3 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.

3.6.4 Pay revision for 2026, if any, shall be dealt with at the time of true-up for FY 2026-27

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

**Table 3-9 Employee Expenses claimed and approved for FY 2024-25****(Rs. Crores)**

Sl. No.	Particulars	MYT Order	Claimed	Revised Normative	Gain/Loss	Sharing of Gain/Loss	Approved in True up
1	KTPS-V	162.94	239.06	164.89	74.17	24.72	189.61
2	KTPS-VI	164.21	239.06	164.89	74.17	24.72	189.61
3	KTPS-VII	442.27	482.08	428.77	53.31	17.77	446.54
4	RTS-B*	14.90	22.6	14.41	8.19	2.73	17.14
5	KTPP-I	146.19	189.16	148.07	41.09	13.70	161.76
6	KTPP-II	166.12	227	168.66	58.34	19.45	188.11
7	BTPS	169.07	354.74	346.35	8.39	2.80	349.15
8	Nagarjuna Complex	98.59	168.02	95.85	72.17	24.06	119.90
9	Srisailam LB	81.61	153.99	80.92	73.07	24.36	105.27
10	Small Hydel	39.50	52.52	40.38	12.14	4.05	44.43
11	Mini Hydel	6.69	8.37	6.85	1.52	0.51	7.36
12	Pochampad II	6.42	8.23	6.34	1.89	0.63	6.97
13	Priyadarshini Jurala	30.16	47.36	28.68	18.68	6.23	34.91
14	Lower Jurala	29.23	47.82	29.38	18.44	6.15	35.53
15	Pulichintala	36.87	38.34	32.39	5.95	1.98	34.37
	<b>Total</b>	<b>1594.76</b>	<b>2278.35</b>	<b>1,756.82</b>	<b>521.53</b>	<b>173.84</b>	<b>1,930.66</b>

\*RTS-B Expenses are worked out till 03.06.2025(date of closure)

**Table 3-10: R&M Expenses claimed and approved for FY 2024-25****(Rs Crores)**

Sl. No.	Particulars	MYT Order	Claimed	Revised Normative	Gain/Loss	Sharing of Gain/Loss	Approved in True up
1	KTPS-V	31.84	33.26	29.76	3.50	1.17	30.93
2	KTPS-VI	30.45	33.26	29.17	4.09	1.36	30.54
3	KTPS-VII	25.84	32.88	27.92	4.96	1.65	29.57
4	RTS-B	1.49	0.42	1.58	-1.16	-0.77	0.81
5	KTPP-I	29.62	38.25	25.49	12.76	4.25	29.74
6	KTPP-II	33.65	45.9	29.60	16.30	5.43	35.03
7	BTPS	10.43	76.94	61.25	15.69	5.23	66.48
8	Nagarjuna Complex	10.77	9.7	9.10	0.60	0.20	9.30
9	Srisailam LB	10.87	24.55	10.02	14.53	4.84	14.87
10	Small Hydel	1.69	2.3	1.47	0.83	0.28	1.74
11	Mini Hydel	0.32	0.29	0.30	-0.01	-0.01	0.29
12	Pochampad II	0.31	0.28	0.21	0.07	0.02	0.23

Sl. No.	Particulars	MYT Order	Claimed	Revised Normative	Gain/Loss	Sharing of Gain/Loss	Approved in True up
13	Priyadarshini Jurala	1.80	4.28	1.77	2.51	0.84	2.61
14	Lower Jurala	2.82	4.29	2.71	1.58	0.53	3.23
15	Pulichintala	0.89	3.89	0.86	3.03	1.01	1.87
	<b>Total</b>	<b>192.76</b>	<b>310.49</b>	<b>231.21</b>	<b>79.28</b>	<b>26.04</b>	<b>257.25</b>

\*RTS-B Expenses are worked out till 03.06.2025(date of closure)

**Table 3-11: A&G Expenses claimed and approved for FY 2024-25**

(Rs. Crores)

Sl. No.	Particulars	MYT Order	Claimed	Revised Normative	Gain/Loss	Sharing of Gain/Loss	Approved in True up
1	KTPS-V	12.21	13.33	12.49	0.84	0.28	12.77
2	KTPS-VI	12.31	13.33	12.49	0.84	0.28	12.77
3	KTPS-VII	14.93	21.78	31.79	-10.01	-6.67	25.12
4	RTS-B	1.08	0.76	1.09	-0.33	-0.22	0.87*
5	KTPP-I	4.48	6.87	4.57	2.30	0.77	5.34
6	KTPP-II	5.00	8.24	5.13	3.11	1.04	6.17
7	BTPS	10.09	19.7	15.63	4.07	1.36	16.98
8	Nagarjuna Complex	8.16	10.19	8.09	2.10	0.70	8.79
9	Srisailem LB	7.70	10.59	7.68	2.91	0.97	8.65
10	Small Hydel	1.00	1.48	0.93	0.55	0.18	1.11
11	Mini Hydel	0.27	0.23	0.16	0.07	0.02	0.18
12	Pochampad II	0.27	0.22	0.15	0.07	0.02	0.17
13	Priyadarshini Jurala	1.58	1.97	1.48	0.49	0.16	1.64
14	Lower Jurala	1.63	1.99	1.77	0.22	0.07	1.85
15	Pulichintala	0.79	1.35	0.60	0.75	0.25	0.85
	<b>Total</b>	<b>81.51</b>	<b>112.03</b>	<b>104.05</b>	<b>7.98</b>	<b>-0.79</b>	<b>103.26</b>

\*RTS-B Expenses are worked out till 03.06.2025(date of closure)

**Table 3-12: O&M Expenses claimed and approved for FY 2024-25**

(Rs Crores)

S. No.	Particulars	MYT Order	Claimed	Revised Normative	Gain/Loss	Sharing of Gain/Loss	Approved in True up
1	KTPS-V	206.99	285.65	207.14	78.51	26.17	233.31
2	KTPS-VI	206.97	285.65	206.55	79.10	26.37	232.92
3	KTPS-VII	483.04	536.74	488.48	48.26	12.75	501.23
4	RTS-B	17.48	23.78	17.08	6.70	1.74	18.81*
5	KTPP-I	180.28	234.28	178.13	56.15	18.72	196.85

S. No.	Particulars	MYT Order	Claimed	Revised Normative	Gain/Losses	Sharing of Gain/Losses	Approved in True up
6	KTPP-II	204.77	281.14	203.39	77.75	25.92	229.31
7	BTPS	189.59	451.38	423.23	28.15	9.38	432.61
8	Nagarjuna Complex	117.51	187.91	113.04	74.87	24.96	137.99
9	Srisailem LB	100.18	189.13	98.62	90.51	30.17	128.79
10	Small Hydel	42.20	56.30	42.78	13.52	4.51	47.29
11	Mini Hydel	7.27	8.89	7.31	1.58	0.52	7.83
12	Pochampad II	6.99	8.73	6.70	2.03	0.68	7.38
13	Priyadarshini Jurala	33.54	53.61	31.93	21.68	7.23	39.16
14	Lower Jurala	33.68	54.10	33.86	20.24	6.75	40.61
15	Pulichintala	38.55	43.58	33.84	9.74	3.25	37.09
	<b>Total</b>	<b>1869.03</b>	<b>2700.87</b>	<b>2,092.08</b>	<b>608.79</b>	<b>199.09</b>	<b>2,291.17</b>

\*RTS-B Expenses are worked out till 03.06.2025(date of closure)

### 3.7 DEPRECIATION

#### *Petitioner's Claim*

3.7.1 The petitioner has submitted that depreciation is computed annually based on straight line method on the basis of the expected useful life of asset as per the clause No. 28 of Regulation No. 2 of 2023. The salvage value of the asset considered at ten per cent of the allowable capital cost and depreciation considered up to a maximum of ninety per cent of the allowable capital cost of the asset. The capital cost admitted by the Commission along with additional capitalization claimed is considered as value base for calculation of depreciation. In respect of RTS-B and KTPS-V Stage, the useful life is considered up to 03.06.2024 and 31.03.2029 respectively as per the consent issued by the Commission vide order dated 22.10.2024.

3.7.2 The Depreciation approved in MYT Order dated 28.10.2024 and Depreciation Actual for FY 2024-25 is tabulated below.

**Table 3-13: Depreciation claimed for FY 2024-25**

Sl. No.	Station	MYT	Claimed	Variance
1	KTPS-V	1.44	29.19	27.75
2	KTPS-VI	45.25	22.51	-22.74
3	KTPS-VII	186.42	174.74	-11.68
4	RTS-B	1.18	3.32	2.14
5	KTPP-I	88.68	17.5	-71.18
6	KTPP-II	127.75	113.12	-14.63

Sl. No.	Station	MYT	Claimed	Variance
7	BTPS	274.31	247.18	-27.13
8	Nagarjuna Sagar Complex	87.97	58.92	-29.05
9	Srisaialam LB HES	86.43	58.72	-27.71
10	Small Hydel	4.04	1.04	-3
11	Mini Hydel (Peddapally HES)	0.90	0.34	-0.56
12	Pochampad- II HES	0.72	0.58	-0.14
13	Priyadarshini Jurala HES	20.11	11.14	-8.97
14	Lower Jurala HES	51.31	27.02	-24.29
15	Pulichintala HES	10.22	9.14	-1.08
	<b>Total</b>	<b>986.74</b>	<b>774.46</b>	<b>-212.27</b>

### *Stakeholder's submissions*

- 3.7.3 The stakeholder has submitted that the depreciation charges decreased for all the stations of GENCO, except KTPS-V and RTS-B, by Rs.212.27 crore from Rs.986.73 crore approved to Rs.774.47 crore makes it clear that the projections were made and approvals given were unrealistic. That the variation is 27.41% would give rise to the question as to what kind of parameters are being followed and how additional capital expenditures are being allowed, especially for the old stations of GENCO.
- 3.7.4 Another stakeholder submitted that the capital cost allowed by the Commission is Rs 690.68 crore for Priyadarshini Jurala out of which 30% is treated as equity and the balance is treated as the loan component. The depreciation recovered up to 31.03.2024 amounts to Rs 344.59 crore. After accounting for the accumulated depreciation, the balance loan outstanding works out to Rs 138.89 crore. The aforesaid amount is recoverable by way of depreciation over the useful life of the project. Accordingly, the depreciation recoverable over a period of 20 years works out to Rs 6.95 crore per annum.

### *Petitioner's Replies*

- 3.7.5 The Petitioner submitted that in MYT filings (FY 2024-29), TGGENCO has claimed depreciation for Rs. 779.74 Crore and the Commission has approved Rs. 986.73 Crs in MYT order dated. 28.10.2024. The Petitioner has claimed actual depreciation of Rs. 774.46 crore in True-up of FY 2024-25 and the claims are in line with Regulation 2 of 2023

### *Commission's Analysis and Findings*

- 3.7.6 The Commission has noted the objections raised by the stakeholders and has evaluated

the replies submitted by the petitioner.

3.7.7 The Relevant Clause on depreciation is reproduced as under

*“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 up to a maximum of ninety per cent of the allowable capital cost of the asset:*

*Provided that the generating entity or Licensee or SLDC shall submit certification from the Statutory Auditor for the capping of depreciation at ninety per cent of the allowable capital cost of the asset: Provided further that the salvage value of Information Technology equipment and computer software shall be considered at zero per cent of the allowable capital cost.*

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

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

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

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

*28.5 Depreciation allowed for each year of the Control Period shall be deemed to be equal to the loan repayment, up to the ceiling of seventy five percent (75% of asset*

*cost or actual debt component used for funding such asset in case the debt funding is higher than seventy five percent (75%) of the asset cost:*

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

- 3.7.8 The Commission has observed that the petitioner has not shown depreciation separately for assets added up to 31.03.2024 and assets added on or after 01.04.2024 as per Clause 28.4 of Regulation No.2 of 2023
- 3.7.9 The station-wise opening Gross Fixed Asset (GFA) for FY 2024-25 has been arrived at by taking the closing GFA approved in the True-up Order for FY 2023-24 and adding the approved additional capitalisation for FY 2024-25. Assets have been segregated into two categories: existing assets (up to 31.03.2024) and new additions from 01.04.2024.
- 3.7.10 For assets existing as on 01.04.2024, the balance depreciable value (90% of the opening GFA less accumulated depreciation admitted up to 01.04.2024 except IT equipment) has been spread over the remaining useful life of each asset class. Depreciation has been capped at 90% of the original asset cost as per clause 28.1(c).
- 3.7.11 For assets added during FY 2024-25, depreciation has been calculated based on the useful life specified in Annexure I of Regulation 2 of 2023.
- 3.7.12 The Commission has segregated the depreciation into debt repayment and equity reduction components based on the 75% threshold. Wherever the accumulated depreciation exceeded 75% of the total plant GFA, such excess has been treated as repayment of equity. Depreciation up to 75% has been treated as repayment of debt.
- 3.7.13 The total depreciation for FY 2024-25 has been arrived at as the sum of depreciation on existing assets and new additions.
- 3.7.14 The depreciation claimed and approved is detailed below:

**Table 3-14: Depreciation as claimed and approved for FY 2024-25**

**(Rs. Crores)**

Sl. No.	Station	Claimed	Approved	Repayment of Debt	Repayment of Equity
1	KTPS-V	29.19	5.78	-	5.78
2	KTPS-VI	22.51	45.64	45.64	-
3	KTPS-VII	174.74	170.39	170.39	-

Sl. No.	Station	Claimed	Approved	Repayment of Debt	Repayment of Equity
4	RTS-B	3.32	-0.34*	-0.34	-
5	KTPP-I	17.5	51.57	51.57	-
6	KTPP-II	113.12	112.99	112.99	-
7	BTPS	247.18	239.15	239.15	-
8	Nagarjuna Sagar Complex	58.92	49.54	49.54	-
9	Srisailam LB HES	58.72	63.91	63.91	-
10	Small Hydel	1.04	1.16	0.60	0.57
11	Mini Hydel	0.34	0.21	0.21	-
12	Pochampad- II HES	0.58	0.48	0.48	-
13	Priyadarshini Jurala HES	11.14	9.32	9.32	-
14	Lower Jurala HES	27.02	26.26	26.26	-
15	Pulichintala HES	9.14	8.62	8.62	-
	<b>Total</b>	<b>774.46</b>	<b>784.68</b>	<b>778.34</b>	<b>6.35</b>

\*Depreciation has turned negative as the asset (RTS-B) was over-depreciated in previous years. Accordingly, depreciation is now being restricted to 90%, resulting in a reversal to that extent.

### 3.8 INTEREST AND FINANCE CHARGES ON LOAN

#### *Petitioner's Claim*

- 3.8.1 The petitioner has submitted that the Debt-Equity ratio of 70:30 is considered for the Gross Fixed Assets as on 01.04.2024 for respective station and Debt-Equity ratio of 75:25 is considered for the additions after 01.04.2024 in accordance with clause 27 of Regulation 2 of 2023.
- 3.8.2 The station-wise opening loan balance has been computed by considering 70% of opening GFA of FY 2024-25 and subtracting the accumulated depreciation. The depreciation has been considered as normative loan repayment. The station-wise weighted average interest rate of the actual loan portfolio has been considered as the rate of interest on loan as per the clause No.31 of Regulation 2 of 2023. Further where there is no actual loan for a particular year but normative loan is still outstanding the last available weighted average rate of interest has been considered. The interest on loan has been calculated on the normative loan balance for the year by applying the weighted average rate of interest.
- 3.8.3 The interest and finance charges approved by the Commission in MYT Order dt.28.10.2024 and claimed for true-up for FY 2024-25 is tabulated below.

**Table 3-15: Interest and Finance Charges on Loan claimed for FY 2024-25****(Rs. Crores)**

Sl. No.	Station	MYT	Claimed	Variation
1	KTPS-V	0.23	-	-0.23
2	KTPS-VI	-	-	-
3	KTPS-VII	242.01	220.61	-21.40
4	RTS-B	-	-	-
5	KTPP-I	-	-	-
6	KTPP-II	96.93	114.23	17.30
7	BTPS	387.89	398.58	10.69
8	Nagarjuna Sagar Complex HES	-	5.68	5.68
9	Srisaialam LB HES	24.01	41.45	17.44
10	Small Hydel	-	-	-
11	Mini Hydel	-	0.06	0.06
12	Pochampad- II HES	0.65	0.89	0.24
13	Priyadarshini Jurala HES	11.10	15.59	4.49
14	Lower Jurala HES	46.89	52.07	5.18
15	Pulichintala HES	19.21	23.04	3.83
	<b>Total</b>	<b>828.92</b>	<b>872.20</b>	<b>43.28</b>

3.8.4 The variation in interest and finance charges approved in MYT Order dated 28.10.2024 and True-up for FY 2024-25 is due to the variation in Gross Fixed Assets (GFA) considered in MYT order and claimed.

#### ***Stakeholder's submissions***

3.8.5 The stakeholder submitted that GENCO has claimed an additional amount of Rs.43.28 crore increase in interest and finance charges on loan and Rs.44.81 crore as increase in interest on working capital. While depreciation charges decreased, interest and finance charges on loan are being shown as increased due to the variation in GFA considered in MYT order. Whether GFA increased as considered in the MYT order needs to be examined and subjected to prudence check. If interest on working capital is permitted on normative basis, higher cost would be impermissible. The petitioner should try to avail itself of available opportunities for swapping existing loans with new loans with lower rates of interest

3.8.6 Other stakeholder has submitted that interest should only be allowed on normative debt, and interest from excess debt or project delays must not be passed on.

3.8.7 For Priyadarshini Jurala, one of the stakeholders submitted that the cumulative depreciation recovered as at the end of FY 2023-24 works out to Rs 344.59 crore against the normative loan amount of Rs. 483.476 crore. Accordingly, the loan balance available

at the beginning of FY 2024-25 is Rs 138.88 crore. If the weighted average rate of interest is applied to the aforesaid loan amount, the interest works out to Rs 13.82 crore, as against the claimed amount of Rs 15.59 crores for FY 2024-25. The same methodology may also be considered for the subsequent years.

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

- 3.8.8 Regarding additional claim in IFC, the petitioner stated that TGGENCO rating got reduced from A+ to A, due to lower depreciation than loan repayment, disallowed 4% ROE etc. Interest rate got increased. Hence, the interest on working capital increased. Further, due to the exposure issues, major Banks, Financial Institutions viz., PFC, REC, SBI are only able to lend to TGGENCO, which requires very high value loan amounts. However, the petitioner is regularly addressing the PFC & REC for reducing the interest rates, at the same time pursuing prosperous lenders like HUDCO, NABARD etc. In the MYT order dated 28.10.2024, Commission has not specified the rate of interest approved. However, petitioner claimed actual rate of interest in the True-up filings for FY 2024 - 25 are lower in comparison with MYT Petition for 5th Control Period (2024-25 to FY 2028-29).
- 3.8.9 The Petitioner replied that the Debt-Equity ratio of 70:30 is considered for the Gross Fixed Assets as on 01.04.2024 for respective station and Debt-Equity ratio of 75:25 is considered for the additions after 01.04.2024 in accordance with clause 27 of Regulation 2 of 2023. The station-wise opening normative loan balance has been computed by considering 70% of opening GFA of FY 2024-25 and subtracting the accumulated normative depreciation. The normative depreciation has been considered as normative loan repayment. This is not equal to actual loan as depreciation norm far lower than loan repayment amount.

### ***Commission's Analysis and Findings***

- 3.8.10 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 drawl 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.”*

3.8.11 The Commission has noted the objections raised by the stakeholders and replies submitted by the petitioner

3.8.12 The Commission computed the gross normative loan, which is based on the loan component of assets put to use. The closing balance of the normative loan approved in the True-up Order for FY 2023-24 is taken opening balance for FY 2024-25,

3.8.13 In respect of additional capitalisation during the year, the Commission sought detailed information from the petitioner regarding the source of funding for each asset addition. Based on the petitioner's submission, the following treatment was adopted:

- (a) Where the asset was funded through **equity**, only 25% of the asset cost was considered as equity contribution, and any amount beyond this limit was treated as normative loan.
- (b) Where the source of funding was **loan**, the higher of 75% of the asset cost or the actual loan amount availed was considered as the normative loan component and added to the loan base.

3.8.14 In accordance with clause 31.3, the Commission has considered the loan repayment for FY 2024-25 to be equal to the depreciation allowed for the year. This repayment is subject to the ceiling of 75% of the asset cost or the actual debt component, whichever is higher

3.8.15 The closing balance of the normative loan for FY 2024-25 was arrived at by taking the opening balance, adding the normative loan component of new capitalisations, and deducting the deemed loan repayment for the year.

3.8.16 Regarding the applicable interest rate, the Commission after prudence check of the documentary evidence substantiating considered the interest rate on loan for computation.

3.8.17 The weighted average rate of interest is applied to the average balance of the normative loan (average of opening and closing balances) to compute the interest and finance charges for FY 2024-25.

3.8.18 In cases where the generating station did not have an actual long-term loan portfolio during the year, the Commission, in line with the clause 31.5 of the Regulation No 2 of 2023, has considered the last available weighted average rate of interest.

3.8.19 Based on the above methodology, the interest and finance charges on loan approved by the Commission is shown in the table below:

**Table 3-16: I&FC on Loan as claimed and approved for FY 2024-25**

(Rs. Crores)

Sl. No.	Station	MYT	Claimed	Approved
1	KTPS-V	0.23	0.00	0.29
2	KTPS-VI	-	0	-
3	KTPS-VII	242.01	220.61	213.89
4	RTS-B	-	0	0.00
5	KTPP-I	-	0	-

Sl. No.	Station	MYT	Claimed	Approved
6	KTPP-II	96.93	114.23	95.93
7	BTPS	387.89	398.58	326.04
8	Nagarjuna Sagar Complex HES	-	5.68	-
9	Srisailam LB HES	24.01	41.45	32.04
10	Small Hydel	-	0	-
11	Mini Hydel	-	0.06	-
12	Pochampad- II HES	0.65	0.89	0.76
13	Priyadarshini Jurala HES	11.10	15.59	13.59
14	Lower Jurala HES	46.89	52.07	46.74
15	Pulichintala HES	19.21	23.04	18.26
	<b>Total</b>	<b>828.92</b>	<b>872.20</b>	<b>747.55</b>

### 3.9 INTEREST ON WORKING CAPITAL (IOWC)

#### *Petitioner's Claim*

3.9.1 The petitioner has submitted that the Interest on Working Capital is computed in accordance with clause No. 33 of TGERC Regulation 2 of 2023 considering the following.

#### a. Coal-fired thermal generating stations

- i. Cost of coal towards stock, for 20 days of non-pit head generating stations corresponding to target availability or the maximum coal 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 month corresponding to target availability.
- iv. Operation & Maintenance expenses for one month.
- v. Maintenance spares at one percent (1%) of the opening Gross Fixed Assets for year;
- vi. Receivable for sale of electricity equivalent to forty-five (45) days of the sum of annual fixed charges and energy charges computed at target availability: minus
- vii. Payables for fuel (including oil and secondary fuel oil) to the extent of thirty (30) days of the fuel computed at target availability.

#### b. Hydro Power Generating Stations

- i. Operation & Maintenance expenses for one month.
- ii. Maintenance spares at one percent (1%) of the opening Gross Fixed Assets for year;
- iii. Receivable for sale of electricity equivalent to forty-five (45) days of the annual fixed charges.
- iv. The interest on working capital is considered as 10.41% considering weighted average Base Rate prevailing during the FY 2024-25 @ 8.91% plus 150 basis points.

3.9.2 The interest on working capital approved by the Commission in MYT Order dated 28.10.2024 and claimed for FY 2024-25 is tabulated below.

**Table 3-17: Interest on Working Capital (IoWC) claimed for FY 2024-25**  
(Rs. Crores)

Sl. No.	Station	MYT Order	Claimed	Variance
1	KTPS-V	33.74	36.45	2.71
2	KTPS-VI	32.96	36.29	3.33
3	KTPS-VII	61.34	62.76	1.42
4	RTS-B	0.20	1.23	1.03
5	KTPP-I	30.45	34.41	3.96
6	KTPP-II	37.36	45.72	8.36
7	BTPS	70.14	86.53	16.39
8	Nagarjuna Sagar Complex HES	6.50	8.60	2.10
9	Srisailam LB HES	8.58	11.81	3.23
10	Small Hydel	1.13	1.47	0.34
11	Mini Hydel (Peddapally HES)	0.22	0.26	0.04
12	Pochampad- II HES	0.21	0.27	0.06
13	Priyadarshini Jurala HES	2.12	2.80	0.68
14	Lower Jurala HES	4.44	5.25	0.81
15	Pulichintala HES	1.86	2.21	0.35
	<b>Total</b>	<b>291.25</b>	<b>336.06</b>	<b>44.81</b>

3.9.3 The reason for variation in Interest on working capital is due to the variation in interest rate i.e., considering weighted average bank rate prevailing during FY 2024-25 plus 150 basis points (SBI MCLR – 8.91% + 150 basis points) @10.41% as per clause No. 33.6 of Regulation 2 of 2023. Further the Commission has not considered the PRC -2022 effect in computation of O&M expenses.

### **Stakeholder's submissions**

3.9.4 The stakeholder has requested for explanation for high variation (over Rs. 16 Cr.) in

IOWC for BTPS. The methodology for computing IoWC is inconsistent with Regulation No 2 of 2023 leading to exaggerated claims.

- 3.9.5 The Stakeholder has submitted that the petitioner has computed coal costs based on actual operational parameters, such as actual Auxiliary Energy Consumption and actual Specific Oil Consumption, rather than the normative values prescribed in the regulations, and coal costs must be computed using normative parameters to ensure prudence.
- 3.9.6 Further, the Stakeholder has stated that second proviso of clause 33(1)(a) of Regulation No 2 of 2023, requires that coal cost shall be based on the lower of scheduled generation or target availability. However, the Petitioner used target availability, which is higher than the actual scheduled generation for most plants, further inflating the claim.
- 3.9.7 The petitioner has computed receivables based on Annual Fixed Charges and energy charges at normative generation, whereas, the fourth proviso to clause 33 requires receivables to be based on actual revenue from the sale of electricity, pro-rated to 45 days, which should be adopted instead.
- 3.9.8 On the rate of interest, the stakeholder has submitted that the petitioner has claimed a rate of 10.41% for FY 2024-25, however, by applying clause 33.6, which mandates that the rate be the weighted average of the 1-year SBI MCLR prevailing during the year, plus 150 basis points. Based on month-wise MCLR data, the Stakeholder has calculated the rate as 10.38% for FY 2024-25. Based on the above, the stakeholder recommends that the allowable Interest on Working Capital be significantly reduced from the petitioner's claims restricting it to Rs. 267.31 Crore for FY 2024-25.

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

- 3.9.9 The petitioner has submitted that the reason for variation in IoWC is due to the variation in interest. Further, there is an overall increase in the base amount for calculation of IoWC, i.e., increase in Gross Fixed Assets, increase in various components of fixed costs. The IoWC is computed in accordance with Regulation 2 of 2023.

#### ***Commission's Analysis and Findings***

- 3.9.10 The Commission has noted the objections raised by the stakeholders and replies submitted by the petitioner and computed the working capital requirement for FY 2024-

25 in accordance with clause 33 of Regulation No.2 of 2023.

3.9.11 The Clause is reproduced as below:

*"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;*

*(b) In case of Hydro power Generating Stations including pumped storage hydel electric generating Station, working capital shall cover:*

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

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

*(iii) Receivables for sale of electricity equivalent to forty-five (45) days of the annual fixed charges, approved in the Tariff Order, excluding incentive, if any:*

*Provided 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;"*

3.9.12 The commission has considered the following for working capital computation.

- Lower of scheduled generation and the generation at target availability has been adopted as the basis for computing working capital components linked to generation (i.e., coal cost, fuel oil cost).
- Revised normative O&M expenses approved for FY 2024-25 in this true-up order.
- The actual revenue from sale of electricity (excluding incentive) as verified from audited accounts, other components (maintenance spares, receivables, payables) based on the values approved in this true-up order, before effecting any sharing of efficiency gains or losses.
- The petitioner has claimed the interest rate as 10.41% considering actual SBI MCLR rate of 8.91% during FY 2024-25 plus 150 basis points. The Commission on a prudent check has considered the rate of interest of 10.38% in accordance with clause 33.6 of Regulation No.2 of 2023.

3.9.13 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.

3.9.14 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 dated 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)

3.9.15 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 for each station.

3.9.16 The Interest on Working Capital as recomputed by the Commission, along with the petitioner's original claim is tabulated below:

**Table 3-18: IoWC claimed and Revised normative for FY 2024-25**

**(Rs. Crores)**

Sl. No.	Station	Claimed	Revised Normative
1	KTPS-V	36.45	28.02
2	KTPS-VI	36.29	30.73
3	KTPS-VII	62.76	59.52
4	RTS-B	1.23	0.52
5	KTPP-I	34.41	27.84
6	KTPP-II	45.72	35.49
7	BTPS	86.53	57.88
8	Nagarjuna Sagar Complex HES	8.60	6.71
9	Srisaïlam LB HES	11.81	8.82
10	Small Hydel	1.47	1.17
11	Mini Hydel (Peddapally HES)	0.26	0.25
12	Pochampad- II HES	0.27	0.21
13	Priyadarshini Jurala HES	2.80	2.24
14	Lower Jurala HES	5.25	4.53
15	Pulichintala HES	2.21	0.79
	<b>Total</b>	<b>336.06</b>	<b>264.71</b>

3.9.17 The actual values of fuel prices and calorific values as incurred by the petitioner during FY 2024-25 have been considered and approved.

3.9.18 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. 266.48 Crore, after sharing of gain/loss as shown in table below:

**Table 3-19: Interest on Working Capital claimed and approved after sharing of gain/loss for FY 2024-25****(Rs. Crores)**

S. No.	Particulars	MYT	Claimed	Actual	Normative	Gain/Loss	Sharing of Gain/Loss	Approved after sharing gain/loss
1	KTPS-V	33.74	36.45	28.44	28.02	0.42	0.14	28.16
2	KTPS-VI	32.96	36.29	31.01	30.73	0.28	0.09	30.82
3	KTPS-VII	61.34	62.76	59.66	59.52	0.14	0.05	59.57
4	RTS-B	0.20	1.23	0.60	0.52	0.08	0.03	0.55
5	KTPP-I	30.45	34.41	28.19	27.84	0.36	0.12	27.96
6	KTPP-II	37.36	45.72	36.55	35.49	1.07	0.36	35.84
7	BTPS	70.14	86.53	58.74	57.88	0.86	0.29	58.16
8	Nagarjuna Complex	6.50	8.60	7.38	6.71	0.67	0.22	6.94
9	Srisaillam LB	8.58	11.81	9.64	8.82	0.82	0.27	9.09
10	Small Hydel	1.13	1.47	1.29	1.17	0.12	0.04	1.21
11	Mini Hydel	0.22	0.26	0.26	0.25	0.01	0.00	0.25
12	Pochampad II	0.21	0.27	0.23	0.21	0.02	0.01	0.21
13	Priyadarshini Jurala	2.12	2.80	2.44	2.24	0.20	0.07	2.31
14	Lower Jurala	4.44	5.25	4.72	4.53	0.19	0.06	4.59
15	Pulichintala	1.86	2.21	0.88	0.79	0.09	0.03	0.82
	<b>Total</b>	<b>291.25</b>	<b>336.06</b>	<b>270.03</b>	<b>264.71</b>	<b>5.31</b>	<b>1.77</b>	<b>266.48</b>

**3.10 RETURN ON EQUITY (ROE)*****Petitioner's Claim***

3.10.1 The petitioner has submitted that in accordance with clause 27 of Regulation 2 of 2023, if any fixed asset is capitalized on account of capital expenditure project prior to 01.04.2024, the debt-equity ratio allowed by the Commission for determination of tariff for the period ending 31.03.2024 shall be considered. Accordingly, the Debt-Equity ratio of 70:30 is considered for the opening GFA of FY 2024-25 for the existing stations of TGGENCO. The debt-equity ratio of 75:25 is considered for additional capitalization of FY 2024-25.

3.10.2 The petitioner is following new tax regime as per section 115 BAA of the Income Tax Act 1961. Since FY 2020-21 Effective tax rate is 25.168% and the Commission vide order dated. 28.10.2024 has allowed effective tax rate of 25.17% to compute net return on equity.

3.10.3 The rate of RoE as approved in order dated 28.10.2024 has been considered @20.713% for thermal stations and run-of river stations and 22.049% for hydel stations with

pondage by grossing up the base rate of 15.5% and 16.5% with the applicable Corporate Tax rate of 22% with applicable Surcharge and CESS of 10% and 4% respectively.

3.10.4 Further submitted that the petitioner has filed the True-up for FY 2022-23 and MYT for 5th Control Period (FY 2024-25 to FY 2028-29) along with delay condonation petition and penal fees of Rs. 22.1 Lakhs for delay in filing of Petition. The Commission has admitted the delay condonation petition vide I.A. No. 18 of 2024. The Commission has reduced the base rate of return on equity by 4% for FY 2024-25 and True-up of FY 2022-23.

3.10.5 The petitioner has requested to condone the delay and not to reduce the base rate of return of equity for the FY 2024-25 and FY 2022-23. The RoE approved in MYT Order dated 28.10.2024 and True-up claimed for FY 2024-25 is tabulated below.

**Table 3-20: Return on Equity claimed for FY 2024-25**  
(Rs. Crores)

Sl. No.	Station	MYT	Claimed	Variance
1	KTPS-V	104.80	141.36	36.56
2	KTPS-VI	114.02	153.76	39.74
3	KTPS-VII	243.82	317.57	73.75
4	RTS-B	1.03	1.39	0.36
5	KTPP-I	117.51	158.40	40.89
6	KTPP-II	174.77	234.32	59.55
7	BTPS	377.86	465.10	87.24
8	Nagarjuna Sagar Complex HES	73.07	127.30	54.23
9	Srisailam LB HES	128.07	224.31	96.24
10	Small Hydel	4.57	8.07	3.50
11	Mini Hydel (Peddapally HES)	1.57	1.94	0.37
12	Pochampad- II HES	1.12	1.97	0.85
13	Priyadarshini Jurala HES	23.83	43.03	19.20
14	Lower Jurala HES	61.95	101.87	39.92
15	Pulichintala HES	16.99	29.16	12.17
	<b>Total</b>	<b>1,444.98</b>	<b>2,009.55</b>	<b>564.57</b>

3.10.6 The major reason for variation in the approved RoE and True-up claimed is on account of change in the rate of tax considered for grossing up of the applicable rate of RoE. The Commission specified that Return on equity for FY: 2024-25 has allowed net allowable base rate of 11.50% for thermal Generating stations and 12.50% for Hydro Generating stations by reducing the base rate of equity by 4.0% @ 0.5% for per month (~Approx 8 months delay).

3.10.7 The Petitioner has submitted that the MYT petition is to be filed in accordance with

Regulation 2 of 2023 which supersedes Regulation No 1 of 2019 and accordingly TGGENCO has to make Multi Year Tariff Petition by 31.01.2024 for the Generation Business.

3.10.8 In this regard the clause No. 1.5 of TGERC Regulation 2 of 2023 is reproduced below.

*“1.5 This Regulation shall come into force from the date of its publication in Official Gazette:*

*Provided that for all purposes, including review matters pertaining to the period till 31.03.2024, the issues relating to determination of Aggregate Revenue Requirement and tariff shall be governed by the provisions of the Regulations and Guidelines in force during the relevant period.”*

3.10.9 The Petitioner has filed the Interlocutory Application (I.A) for condonation of delay in filing the petition specifying the reasons for delay in filing the MYT tariff petition before the due date and the Commission has admitted the petition. The Commission has reduced the base rate of return on equity of 4% (0.5% per month) and requested to review the reduction in base rate of return on equity @ 4% and approve the base rate of return as filed.

#### **Stakeholder's submissions**

3.10.10 The Stakeholder has submitted that the plant level audited reports of GFA, accumulated depreciation are required to calculate the equity portion and return on equity for different plants and furnish reasons for high RoE variation for plants Nagarjuna sagar, Srisailam LB, Lower jurala HES.

3.10.11 One of the stakeholders submitted that the revised RoE claim is impermissible. The rate of RoE, once determined in the MYT Order, cannot be revised, as the MYT Order is expected to draw the norms. Further, since no tax has actually been paid during FY 2024-25 (current tax is NIL) as per accounts, tax on RoE shall be NIL, consistent with MYT Regulations.

3.10.12 Further the stakeholder has submitted that the Commission has reduced the base rate of return on equity by 4% for the year 2024-25 due to delay in filing and allowing increased RoE claimed by the petitioner would also lead to imposition of additional burden of proportionate corporate tax thereon, thereby doubly burdening the consumers.

3.10.13 Based on these submissions, the stakeholder recommends that the allowable Return

on Equity be significantly reduced from the Petitioner's claims, restricting it to Rs. 1,019.77 Crore for FY 2024-25.

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

- 3.10.14 The Petitioner provided explanation that the RoE reduction was a penalty for late filing, which the petitioner has pleaded to reset. Regarding tax, it explained the use of the Section 115BAA tax rate for grossing up as per regulations, and that nil current tax is due to higher depreciation under tax laws, resulting in a deferred tax liability.
- 3.10.15 The Petitioner submitted that though the Commission can take Suo-Moto Petition, has not taken up but penalized the petitioner with 4% reduction in base ROE for FY 2024-25. This reduction affected utility, loose rating and increase in interest rate. Further submitted that SERCs are to be guided by CERC Regulations and national Tariff Policy for Generating stations as per Section 61 of Electricity Act, 2003. None of these guidelines' stipulate penalization for late filing. This had double whammy effect on the petitioner and requested to review the reduction as it is, one-sided double penalty.
- 3.10.16 The Petitioner in response to Tax on Return on Equity - A life-cycle Income Tax assessment for YTPS Unit-II has been carried out in accordance with the provisions of Income Tax Act. The analysis shows NIL tax in the initial years and higher tax incidence in later years, with deferred tax being only a timing difference and revenue-neutral over the project life. Adoption of a uniform effective Income Tax rate of 25.168% ensures regulatory compliance, tariff stability, and smooth life-cycle cost recovery.

In view of the above, requested to approve for adoption of the uniform effective Income Tax rate of 25.168% for computation of RoE. Detailed justification and calculations for adoption of the effective Income Tax rate for RoE computation are enclosed. The procedure is in line with the CERC Regulation 2024.

### ***Commission's Analysis and Findings***

- 3.10.17 The Commission has noted the objections raised by the stakeholders and replies submitted by the petitioner and has approved Return on Equity in accordance with Clause 29 of the Regulation No. 2 of 2023 based on GFA approved station wise. The Extract of the regulation is as under

**Return on Equity**

*“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;*

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

*“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”*

**Tax on Return on Equity**

*“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"*

3.10.18 The Request of the Petitioner to condone the delay in filing of 5<sup>th</sup> MYT Tariff petitions and to allow ROE 15.50% for thermal stations and run of the river hydel stations, and 16.50% for storage typed hydro generating stations instead of 11.50% and 12.50% respectively is not considered by this Commission as the delay was not considered in order dated 28.10.2024 and that orders were not challenged before the concerned authorities and it has become final and also the petitioner has not placed new points for consideration. In view of the above, the Commission has considered the ROE for FY 2024-25 as 11.5% for thermal stations and run of the river hydel stations and 12.5% for storage typed hydro generating stations as approved in MYT order dated 28.10.2024.

3.10.19 The Commission has taken the Equity Closing balance as approved in the True-up Order for FY 2023-24 as the opening equity base for FY 2024-25. In respect of Gross Fixed Asset additions during the year, the Commission has examined the source of funding and restricted the equity component to a maximum of 25% of the asset cost, with the remaining 75% (or actual loan component, whichever higher) treated as normative loan. This equity portion of additions has been added to the opening base. Further, in accordance with Clause 28, the accumulated depreciation on each asset class beyond 75% (or actual loan component, whichever higher) of the asset cost has been treated as repayment of equity. This equity repayment has been deducted from the opening base. The closing equity base as on March 31, 2025 has been arrived at after considering these additions and deletions.

3.10.20 Pursuant to 4<sup>th</sup> proviso of clause 30.1, Commission has verified the effective tax paid through the ITR filings of Genco and ascertained that no tax has been paid by the company and Effective tax rate is taken as NIL.

3.10.21 Whenever the petitioner pays tax over and above the actual tax liability due to deferment, such additional tax paid will be allowed in true up of that year subject to prudence check.

3.10.22 The Return on Equity claimed and approved is detailed in Table below:

**Table 3-21: Return on Equity claimed and approved for FY 2024-25**  
(Rs. Crores)

Sl. No.	Station	ROE	Claimed	Post tax ROE Approved
1	KTPS-V	11.50%	141.36	46.03
2	KTPS-VI	11.50%	153.76	85.33
3	KTPS-VII	11.50%	317.57	176.27
4	RTS-B	11.50%	1.39	0.38
5	KTPP-I	11.50%	158.40	87.93
6	KTPP-II	11.50%	234.32	130.05
7	BTPS	11.50%	465.10	256.86
8	Nagarjuna Sagar Complex HES	12.50%	127.30	72.07
9	Srisailem LB HES	12.50%	224.31	126.84
10	Small Hydel	12.50%	8.07	4.54
11	Mini Hydel (Peddapally HES)	11.50%	1.94	1.08
12	Pochampad- II HES	12.50%	1.97	1.12
13	Priyadarshini Jurala HES	11.50%	43.03	23.83
14	Lower Jurala HES	11.50%	101.87	56.56
15	Pulichintala HES	12.50%	29.16	16.53
	<b>Total</b>		<b>2,009.55</b>	<b>1,085.38</b>

### 3.11 NON-TARIFF INCOME

#### *Petitioner's Claim*

3.11.1 The Petitioner claimed the actual Non-tariff Income for FY 2024-25 is tabulated below:

**Table 3-22: Non- Tariff Income claimed for FY 2024-25**  
(Rs. Crores)

Sl. No.	Station	MYT	Claimed	Variance
1	KTPS-V	15.22	8.35	-6.87
2	KTPS-VI	8.53	8.35	-0.18
3	KTPS-VII	10.83	12.92	2.09
4	RTS-B	0.26	1.80	1.54
5	KTPP-I	28.00	9.90	-18.10
6	KTPP-II	29.90	11.89	-18.01

Sl. No.	Station	MYT	Claimed	Variance
7	BTPS	11.62	15.16	3.54
8	Nagarjuna Sagar Complex HES	1.00	1.60	0.60
9	Srisaialam LB HES	2.81	7.38	4.57
10	Small Hydel	0.26	0.14	-0.12
11	Mini Hydel (Peddapally HES)	0.09	0.02	-0.07
12	Pochampad- II HES	0.03	0.02	-0.01
13	Priyadarshini Jurala HES	0.29	0.31	0.02
14	Lower Jurala HES	0.17	0.31	0.14
15	Pulichintala HES	0.50	0.24	-0.26
	<b>Total</b>	<b>109.51</b>	<b>78.39</b>	<b>-31.12</b>

### *Stakeholder's submissions*

3.11.2 The stakeholder stated that there is a significant reduction in actual NTI for FY 2024-25, and mismatch between claimed NTI and audited figures and requested for a prudence check.

### *Petitioner's Replies*

3.11.3 The Petitioner stated that Non - Tariff Income projected for the 5th control period FY 2024 - 29, considering the actuals of previous years NTI. Non-Tariff Income claimed for FY 2024-25 is as per audited accounts. As per Audited Annual report the Non -Tariff Income is Rs.80.37 Crs. Which includes Notional Income (Ind AS Provisions) Rs.1.94 Crs. and Rs.0.04 Crs. pertaining to YTPS. After adjusting the above Non - Tariff Income of Rs.78.39 Crs. passed on the TGDISCOMS and Karnataka ESCOMS. During the FY 2024 -- 25 TGGENCO has passed on the complete Gross Non - Tariff Income Rs.78.39 Crs."

### *Commission's Analysis and Findings*

3.11.4 The Commission has noted the objections raised by the stakeholders and has evaluated the replies submitted by the petitioner and sought details of the Delayed Payment Surcharge received during the FY 2024-25. The petitioner submitted that Delayed Payment Surcharge was not collected from the beneficiaries for FY 2024-25.

3.11.5 The Commission after prudent check of audited accounts and in terms of clause 43 of Regulation No.2 of 2023 approved the NTI as shown in table below:

**Table 3-23: Non-Tariff Income approved for FY 2024-25****(Rs. Crores)**

Sl. No	Station Name	MYT	Claimed	Approved
1	KTPS V	15.22	8.35	8.35
2	KTPS VI	8.53	8.35	8.35
3	KTPS VII	10.83	12.92	12.92
4	RTS-B	0.26	1.80	1.80
5	KTPP I	28.00	9.90	9.90
6	KTPP II	29.90	11.89	11.89
7	BTPS	11.62	15.16	15.16
8	NSHES	1.00	1.60	1.60
9	SLBHES	2.81	7.38	7.38
10	Small Hydel	0.26	0.14	0.14
11	Mini Hydel	0.09	0.02	0.02
12	Pochampad-II	0.03	0.02	0.02
13	PJHES	0.29	0.31	0.31
14	LJHES	0.17	0.31	0.31
15	PCHES	0.50	0.24	0.24
	<b>Total</b>	<b>109.51</b>	<b>78.39</b>	<b>78.39</b>

**3.12 ADDITIONAL PENSION LIABILITIES & WATER CHARGES*****Petitioner's Claim***

3.12.1 The petitioner submitted that Commission in MYT approved additional Pension Liabilities and Water Charges for FY 2024-25 to FY 2028-29. In this regard, The Commission specified as below.

3.12.2 “The Additional Interest on pension and gratuity bonds is not a part of employee cost or O&M expenses. In the MYT Order for previous control periods i.e., 2014-19 and 2019-24, Commission has allowed separately. Further prior to 2014 (Before formation of Telangana) erstwhile APERC also allowed the additional interest on pension bonds as a separate item independent of Annual Fixed Charges (AFC). Considering the fact that the actual additional pension liability is not only pertaining to TGGENCO employees but also pertains to TGTRANSCO, TGSPDCL and TGNDCL and the liability transferred to TGGENCO during bifurcation of state. The Commission allows the same as claimed by TGGENCO subject to True-up at actuals based on prudence check”.

3.12.3 Accordingly, TGGENCO claimed True-up of additional pension liabilities of FY 2024-25 as per the Annual Accounts of FY 2024-25. The Commission is requested to consider and approve the actual additional Pension liability of FY 2024-25 Rs. 1669.60 Cr.

3.12.4 Further, the water charges in respect of thermal and hydel stations were claimed based on the actual usage of water for thermal generation and Hydel generation.

3.12.5 The water charges at actual as per annual accounts claimed for FY 2024-25 is of Rs. 35.38 Cr.

### ***Stakeholder's submissions***

3.12.6 The stakeholder stated that there is variance in claimed vs. approved water charges and submitted that Water Charges require prudence review. Water consumption charges should be limited to the normative levels prescribed by MOEF&CC and TGGENCO should furnish details of actual specific water consumption to enable regulatory prudence.

3.12.7 Another stakeholder stated regarding the quantum and nature of the claim. They highlighted that the claimed Additional Pension Liability of Rs.1902.23 Crore is significantly higher than the amount approved in the Multi-Year Tariff (MYT) order and submitted that related expenses, such as those for security and ash transport, should not be treated as pass-through expenses and must be excluded from the claim.

3.12.8 Some of the stakeholders objected against admissibility of the Additional Pension Liability and stated that financial burden should not be placed on the utilities or consumers and instead must be borne directly by the State Government, as it pertains to legacy liabilities.

3.12.9 One of the stakeholders submitted that allowing this continuous and mounting burden, now proposed at Rs.1902.23 Crore for 2026-27, is a regulatory failure and urged the Commission to issue appropriate directions to stop this practice.

3.12.10 Some of the stakeholders made objection against the substantial claims of Rs.1,669 Crore for FY 2024-25 and Rs 1,902 Crore for FY 2026-27 towards Additional Pension Liabilities. The stakeholder maintained that these are legacy liabilities from the undivided APSEB era, which, according to the original transfer scheme, were intended to be the State Government's responsibility, not a cost to be recovered from consumers. Allowing such recovery was described as unfairly penalizing consumers for historical administrative failures.

3.12.11 The stakeholder further highlighted that the Commission had previously directed the petitioner to pursue with the Government of Telangana to take over these costs.

However, the Petitioner has failed to demonstrate any progress on this front and continues to seek recovery through tariffs. Drawing a parallel with Karnataka, where the KERC rejected a similar attempt to shift pension liabilities to consumers, the stakeholder requested the Commission not to admit these claims and instead direct the utilities to seek reimbursement from the State Government.

### *Petitioner's Replies*

- 3.12.12 The petitioner replied that additional Pension Liabilities discharged by TGGENCO includes the Pension liabilities payable to the pensioners as on 01.02.1999 and employees who are in service as on 01.02.1999 in respect of TGGENCO, TGTRANSCO, TGSPDCL & TGNPDCL. The proposed values for MYT (FY 2024-29) were prepared based on the estimates received from the respective companies only. For the MYT filings (FY 2024-29), the projections were made based on the FY 2022-23 actuals and escalated thereon and the additional pension liability claimed in the Annual Tariff Petition for FY 2026-27, the projections were made based on the actuals for FY 2024-25 and the requisitions received from the TGDISCOMS & TGTRANSCO. The increase in additional pension liability for the FY 2026-27 is mainly due to increase in number of retirements in four companies after March 2024. However, the amounts projected are subject to true-up based on actuals.
- 3.12.13 The petitioner submitted that consequent to the unbundling of APSEB in 1999 into 6 corporations APGENCO, APTRANSCO & APDISCOMS, the assets of APGENCO were revalued and the corresponding liability was created and the liability of Additional Pension Liability was allocated to the then APGENCO vide Govt. of AP Energy Power (III) G.O.Ms.. No. 9 dated 29.01.1999 read with G.O.Ms NO. 11 dated 31.01.2000. To meet the above pension liability APGENCO has floated 2 bonds maturing one in 2029 and the other in 2033. As the provision created in 1999 was not sufficient to meet the pension liabilities of the pensioners, subsequently, in 2003 APERC has allowed the additional pension liability over and above scheduled principal & interest on bonds as a pass through in tariff. In all the subsequent orders, the Commission has allowed the additional pension liability as a pass through in tariff. Consequent to the state bifurcation in 2014, liability as on 01.06.2014 was divided between the APGENCO and newly formed TGGENCO in the population's ratio, vide G.O.Ms.No.29 dated. 31.05.2014, based on the provisions of A.P. Reorganisation Act, 2014. Subsequently, the Commission has also approved the additional pension liability

for the 5th control period i.e., FY 2024-29, as pass through in tariff. A tripartite agreement was entered in 1999, between the employee unions and the Government and consequent corporations to protect the pensioner's pension liability to be borne by APGENCO and TGGENCO. The additional pension liability claimed by the petitioner is of the pensionary commitments of all the four companies TGGENCO, TGTRANSCO, TGSPDCL & TGNPDCL being discharged by the petitioner. The same methodology is being followed by Andhra Pradesh also. Hence, at this juncture the liabilities cannot be passed on to the government.

- 3.12.14 The petitioner replied that unfunded liability of pensions was considered as financial asset to be amortized up to 2029 & 2033 by previous regulatory Commissions. It remains as unfunded liability never a part of capital cost of any utility.
- 3.12.15 Further, the petitioner requested to allow claim towards security expenses, ash transportation expenses, energy conservation, and cyber security expenses and fire protection expenses that are mandatory for running the plants efficiently, in line with the Commission and CERC Regulations. As the claims of the petitioner are in line with the Regulation 2 of 2023, The Commission is requested to allow for pass-through in tariff.
- 3.12.16 The petitioner submitted that Commission has approved the water charges of Rs. 33.47 Crore for FY 2024-25 and has claimed actual water charges of Rs. 35.38 Crores in True-up 2024-25. Sustainability practices are followed in TGGENCO.
- 3.12.17 The Petitioner, in response to KERC precedent stated that KERC did not allow for pass through of pension liabilities mentioned that, KERC did not accept the claim of KPTCL for pension and Gratuity payment through tariff. However, in terms of the order of the Hon'ble High Court of Karnataka dated 25.02.2024 mandating the Commission (KERC) to necessarily include the government's portion of pension and gratuity contributions in the consumer tariff. Accordingly, KERC vide Order dated. 18.03.2025 has allowed the Government portion of Pension and Gratuity contribution in the retail supply tariff, for the control period FY 2025-26 to FY 2027-28.

### ***Commission's Analysis and Findings***

- 3.12.18 The Commission has duly noted the objections raised by the stakeholders and has evaluated the explanations submitted by the petitioner and as part of additional

information sought documentary evidence for the Water Charges and additional pension liability claimed for the FY 2024-25.

3.12.19 The petitioner in its reply has submitted the audited accounts for the FY 2024-25 which substantiate the claim for FY 2024-25 and additional interest on pension and gratuity bonds issued to Master Trust cannot be claimed under employee cost, since it is actual pension and gratuity paid to employees, pensioners of the erstwhile APSEB for services rendered prior to 01.02.1999, over and above the scheduled repayment as per the terms of the Pension and Gratuity bonds.

3.12.20 The Commission after prudence check allows the Water Charges and additional pension liabilities as claimed by the petitioner as detailed below:

**Table 3-24: Other Charges approved for FY 2024-25**

(Rs. Crores)

Particulars	MYT	Claimed	Approved
Additional pension Liability	1,367.73	1,669.60	1,669.60
water charges	33.47	35.38	35.38
<b>Total</b>	<b>1,401.20</b>	<b>1,704.98</b>	<b>1,704.98</b>

### 3.13 SUMMARY OF ANNUAL FIXED CHARGES FOR FY 2024-25

#### *Petitioner's Claim*

3.13.1 The summary of Annual Fixed Charges claimed by the petitioner for FY 2024-25 is tabulated below:

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

(Rs. Crores)

Sl.No.	Station	MYT Order	Claimed	Variation
1	KTPS-V	331.98	484.30	152.32
2	KTPS-VI	390.67	489.86	99.19
3	KTPS-VII	1,205.80	1,299.50	93.70
4	RTS-B	19.84	27.92	8.08
5	KTPP-I	388.92	434.69	45.77
6	KTPP-II	611.68	776.64	164.96
7	BTPS	1,288.17	1,633.61	345.44
8	Nagarjuna Complex HES	284.05	386.81	102.76
9	Srisailem LB HES	344.47	518.04	173.57
10	Small Hydel	51.68	66.74	15.06
11	Mini Hydel (Peddapally HES)	9.87	11.47	1.60
12	Pochampad- II HES	9.66	12.42	2.76
13	Priyadarshini Jurala HES	90.41	125.86	35.45
14	Lower Jurala HES	198.10	240.00	41.90

Sl.No.	Station	MYT Order	Claimed	Variation
15	Pulichintala HES	86.32	106.89	20.57
	<b>Fixed Charges</b>	<b>5,311.39</b>	<b>6,614.75</b>	<b>1,303.36</b>
	Additional Pension Liability	1,367.73	1,669.60	301.87
	Water Charges	33.47	35.38	1.91
	<b>Total</b>	<b>6,712.59</b>	<b>8,319.73</b>	<b>1,607.14</b>

### *Stakeholder's submissions*

3.13.2 The stakeholder submitted that for FY 2024-25, the petitioner has sought a true-up of Rs.1607.13 crore, claiming that total fixed charges for the year increased to Rs.8319.73 crore against Rs.6712.60 crore approved by the Commission. Except depreciation charges, it has shown increase in all the components of fixed charges. The additional fixed charges work out to 23.94% of what were approved by the Commission. When expenditures under different heads of various components of fixed charges exceed what are determined on normative basis, additional claims become questionable and impermissible. Compared to the total fixed charges of Rs.8784.06 crore proposed for the FY 2026-27, the rate of increase in fixed charges for 2024-25 becomes more questionable. It also indicates that the rate of increase in fixed costs for 2025-26 might be lesser than that for 2024-25.

3.13.3 One of the stakeholders requested for details on repair status, costs, running hours, energy generated, and units lost for the burnt generator at Srisailem HES, details on the Srisailem HES fire impact, loss quantification, and preventive measures, the date of failure, replacement, units lost, and associated cost for the GT failure at BTPS, details on the BTPS transformer failure repair timeline, generation loss, and cost recovery plan.

### *Petitioner's Replies*

3.13.4 The petitioner submitted that the Fixed charges claimed for FY 2024-25 are as per audited Annual Accounts. The variance in actual fixed charges and approved fixed charges in MYT order dated 28.10.2024 is majorly due to effect of non-approval of PRC for 4th control period from FY 2019- 20 to FY 2023-24 by the Commission in MYT Order and ruled that the same shall be claimed based on the actual either during the Mid-term Review or during Truing up at the end of 4th control period. Though PRC-2022 was acknowledged, it was not compensated and amount was part of O&M expenses for the FY 2024-25.

3.13.5 O&M Expenditure for BTPS was considered as part of 5th control period was on calculation of actuals of first year operation and outlier date. O&M norms for this capacity charges are higher in all thermal stations, and the petitioner requested to correct the error in computation.

3.13.6 Difference in ROE is on account of considering the Base rate of ROE by the petitioner as 15.5% and 16.5%, whereas the Commission has reduced the rate to 11.5% & 12.5%, on late submission of petition. The Commission is requested to reset the ROE to 15.5% and 16.5% for Thermal & Hydel Stations as penalty is not having any logical basis for reduction and ultra vires.

3.13.7 In Additional Pension Liability projections received from the beneficiaries has not considered the retirements which began from March 2024. After March, 2024 approximately 500 employees retired and new pensioners were added, resulting in increase in Additional Pension Liability.

3.13.8 The petitioner in response to the query related to the Srisailam HES generator, has provided the details of repair costs, running costs, running hours and energy generated post-repair & impact of fire accident

3.13.9 The petitioner in response to the query related to the BTPS GT failure, submitted as below:

- i. Generator Transformer -1 failed on 29.06.2024 @ 19:26 Hrs.
- ii. Generator transformer-1 taken in to service on 13.04.2025 @ 15:43Hrs.
- iii. Total outage of the unit - 287 days.
- iv. Generation loss considering the normative availability factor as 85% is 5.508 MU per day.
- v. Due to the outage of the unit during the above-mentioned period, the availability of the station (4 x 270 MW) reduced and accordingly the fixed charges were claimed.
- vi. During the outage period reduction in Fixed Charges is - Rs.245 Crs(approx.).
- vii. Insurance claim made.

### ***Commission's Analysis and Findings***

3.13.10 The Commission has verified from the audited annual accounts of the petitioner for FY 2024-25 with reference to repairs and maintenance of BTPS and it is noted that a

fire accident occurred at BTPS on 29.06.2024 and effected Generator Transformer (GT) of unit-I. An amount of Rs.3.00 crores (provisional) was received from Reliance General Insurance Co. Ltd as against expenditure incurred of Rs.Rs.9.57 crores upto 31.03.2025 for repair of the transformer and the Commission has considered charges incurred net of insurance claim in R&M cost.

3.13.11 The Component-wise Annual Fixed Charges (AFC) and other charges approved by the Commission is as shown in the table below:

**Table 3-26: AFC as approved in MYT for FY 2024-25**

(Rs. Crores)

S. No.	Particulars	MYT						Less: NTI	AFC
		O & M	Dep.	I&FC	IoWC	RoE			
1	KTPS-V	206.99	1.44	0.23	33.74	104.80	15.22	331.98	
2	KTPS-VI	206.97	45.25	-	32.96	114.02	8.53	390.67	
3	KTPS-VII	483.04	186.42	242.01	61.34	243.82	10.83	1,205.80	
4	RTS-B	17.48	1.18	-	0.20	1.03	0.26	19.84	
5	KTPP-I	180.28	88.68	-	30.45	117.51	28.00	388.92	
6	KTPP-II	204.77	127.75	96.93	37.36	174.77	29.90	611.68	
7	BTPS	189.59	274.31	387.89	70.14	377.86	11.62	1,288.17	
8	Nagarjuna Complex	117.51	87.97	-	6.50	73.07	1.00	284.05	
9	Srisailam LB	100.18	86.43	24.01	8.58	128.07	2.81	344.47	
10	Small Hydel	42.19	4.04	-	1.13	4.57	0.26	51.68	
11	Mini Hydel	7.27	0.90	-	0.22	1.57	0.09	9.87	
12	Pochampad II	6.99	0.72	0.65	0.21	1.12	0.03	9.66	
13	Priyadarshini Jurala	33.54	20.11	11.10	2.12	23.83	0.29	90.41	
14	Lower Jurala	33.68	51.31	46.89	4.44	61.95	0.17	198.10	
15	Pulichintala	38.55	10.22	19.21	1.86	16.99	0.50	86.32	
	<b>Sub Total</b>	<b>1,869.03</b>	<b>986.74</b>	<b>828.93</b>	<b>291.23</b>	<b>1,444.97</b>	<b>109.51</b>	<b>5,311.39</b>	
	Additional Pension Liabilities							1,367.73	
	Water charges							33.47	
	<b>Grand Total</b>							<b>6,712.59</b>	

**Table 3-27: AFC as claimed for FY 2024-25**

(Rs. Crores)

S. No.	Particulars	Claim						Less: NTI	AFC
		O & M	Dep.	I&FC	IoWC	RoE			
1	KTPS-V	285.65	29.19	-	36.45	141.36	8.35	484.30	
2	KTPS-VI	285.65	22.51	-	36.29	153.76	8.35	489.86	
3	KTPS-VII	536.74	174.74	220.61	62.76	317.57	12.92	1,299.50	
4	RTS-B	23.78	3.32	-	1.23	1.39	1.80	27.92	
5	KTPP-I	234.28	17.50	-	34.41	158.40	9.90	434.69	

S. No.	Particulars	Claim						
		O & M	Dep.	I&FC	IoWC	RoE	Less: NTI	AFC
6	KTPP-II	281.14	113.12	114.23	45.72	234.32	11.89	776.64
7	BTPS	451.38	247.18	398.58	86.53	465.10	15.16	1,633.61
8	Nagarjuna Complex	187.91	58.92	5.68	8.60	127.30	1.60	386.81
9	Srisailam LB	189.13	58.72	41.45	11.81	224.31	7.38	518.04
10	Small Hydel	56.30	1.04	-	1.47	8.07	0.14	66.74
11	Mini Hydel	8.89	0.34	0.06	0.26	1.94	0.02	11.47
12	Pochampad II	8.73	0.58	0.89	0.27	1.97	0.02	12.42
13	Priyadarshini Jurala	53.61	11.14	15.59	2.80	43.03	0.31	125.86
14	Lower Jurala	54.10	27.02	52.07	5.25	101.87	0.31	240.00
15	Pulichintala	43.58	9.14	23.04	2.21	29.16	0.24	106.89
	<b>Sub Total</b>	<b>2,700.87</b>	<b>774.46</b>	<b>872.20</b>	<b>336.06</b>	<b>2,009.55</b>	<b>78.39</b>	<b>6,614.75</b>
	Additional Pension Liabilities							1,669.60
	Water charges							35.38
	<b>Grand Total</b>							<b>8,319.73</b>

Table 3-28: AFC approved for FY 2024-25

(Rs. Crores)

S. No.	Particulars	Approved						
		O & M	Dep.	I&FC	IoWC	RoE	Less: NTI	AFC
1	KTPS-V	233.31	5.78	0.29	28.16	46.03	8.35	305.21
2	KTPS-VI	232.92	45.64	-	30.82	85.33	8.35	386.36
3	KTPS-VII	501.23	170.39	213.89	59.57	176.27	12.92	1,108.43
4	RTS-B	18.81	-0.34	0.00	0.55	0.38	1.80	17.61
5	KTPP-I	196.85	51.57	-	27.96	87.93	9.90	354.41
6	KTPP-II	229.31	112.99	95.93	35.84	130.05	11.89	592.22
7	BTPS	432.61	239.15	326.04	58.16	256.86	15.16	1,297.67
8	Nagarjuna Complex	137.99	49.54	-	6.94	72.07	1.60	264.93
9	Srisailam LB	128.79	63.91	32.04	9.09	126.84	7.38	353.29
10	Small Hydel	47.29	1.16	-	1.21	4.54	0.14	54.06
11	Mini Hydel	7.83	0.21	-	0.25	1.08	0.02	9.35
12	Pochampad II	7.38	0.48	0.76	0.21	1.12	0.02	9.92
13	Priyadarshini Jurala	39.16	9.32	13.59	2.31	23.83	0.31	87.89
14	Lower Jurala	40.61	26.26	46.74	4.59	56.56	0.31	174.44
15	Pulichintala	37.09	8.62	18.26	0.82	16.53	0.24	81.08
	<b>Sub Total</b>	<b>2,291.17</b>	<b>784.68</b>	<b>747.55</b>	<b>266.48</b>	<b>1,085.38</b>	<b>78.39</b>	<b>5,096.87</b>
	Additional Pension Liabilities							1,669.60
	Water charges							35.38
	<b>Grand Total</b>							<b>6,801.85</b>

### 3.14 OPERATING NORMS

#### *Stakeholder's submissions*

##### **Station Heat Rate**

3.14.1 Some of the stakeholders requested details and explanation for excess SHR in KTPS-VII and BTPS and secondary fuel oil consumption as approved versus actual, including financial impact.

##### **Auxiliary Energy Consumption**

3.14.2 Some of the stakeholders requested data on station-wise auxiliary energy consumption as approved versus actual and the extra cost due to higher consumption along with financial impact.

3.14.3 The stakeholder has suggested to approve auxiliary energy consumption, gross station heat rate and second fuel oil consumption on normative basis.

3.14.4 The stakeholder has submitted that the petitioner has sought permission from the Commission to allow actual auxiliary consumption to compensate for low-load operation of thermal units (down to 55%) as per CEA flexible operation regulations, for truing up FY 2024–25 and requested the commission not to allow the same.

3.14.5 The stakeholder has submitted that the claim of the petitioner for permitting it to claim any additional capital expenditure to be incurred for meeting the renewable generation obligation (RGO) as per the resolution dated 27.2.2023 of the Ministry of Power, GoI, the revised tariff policy, 2016 and subsequent clarification issued by the Ministry on 7.8.2025 is highly objectionable and requested the Commission to reject the vague and sweeping claim of the petitioner for claiming “any additional capital expenditure to be incurred for meeting the Renewable Generation obligation” from the DISCOMs and their consumers of power.

##### **Landed Price of Primary Fuel**

3.14.6 The stakeholder requested data on station-wise landed cost of coal per ton, and sought justification for Tadicherla coal price vs SCCL and IDC impact from delays, blending ratio for SCCL/Tadicherla coal and an ECR sensitivity analysis, details of correspondence with SCCL to reduce coal costs and any escalation to the State Government. Further sought an explanation for the higher cost per unit compared to

NTPC/STPP and measures to reduce costs and whether State Government issued any directions U/s Section 108 to the Commission on SCCL pricing.

- 3.14.7 The Stakeholder presented an analysis of the Coal Cost to Gross Calorific Value (GCV) ratio for KTPS-V station, based on sample data from Form 11. Typically, coal supplied by SCCL is expected to be of G-10 grade (around 4450 kCal/kg), and even allowing for a normal grade slippage of 1-2 grades (about 300 kCal per grade), the normative coal cost to GCV ratio should reasonably lie in the range of Rs. 1.03 to Rs. 1.15 per kCal. However, the data submitted by the petitioner shows this ratio ranging from Rs. 1.30 to as high as Rs. 1.47 per kCal. This significant distortion indicates that consumers are being burdened with coal costs that are substantially higher than what is justified.
- 3.14.8 The Stakeholder notes that the price of coal from SCCL includes components like royalty, taxes, and duties. Despite this, the deviation observed in petitioner's claims points to a lack of prudence in coal procurement and cost reporting. Based on this inflated coal cost, the Energy Charge Rate becomes artificially high, forcing consumers to bear excessive fuel cost charges.
- 3.14.9 The Stakeholder also highlighted that petitioner has failed to comply with clause 46.5 of the tariff regulation, which mandates that generating companies display month-wise details of coal bills, GCV, blending ratios, and fuel prices on their websites for at least three months. This lack of transparency prevents stakeholders from conducting any meaningful scrutiny of the fuel costs being passed through. The stakeholder raised questions regarding the verification of GCV at the sending end, mechanisms to flag variations, and exploration of alternative long-term coal contracts to optimize costs and protect consumers from undue financial burden and requested the Commission to undertake a thorough and detailed assessment of coal procurement practices.
- 3.14.10 Few other stakeholders requested details on coal inspection at loading points (mines) and unloading points:
- i) Number of deviations noticed against the Coal Supply Agreement (CSA) and actual supply quantity.
  - ii) Quantity slippage (actual vs. as per agreement). Action taken by the petitioner against the coal supplier.
  - iii) Whether any third-party agency was engaged; if so, provide details of the agency, their inspection reports, and deviation notes.

- iv) Debit/credit quantities adjusted due to quality deviations
- v) Station-wise breakdown of sampling charges and their impact on ECR.

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

#### **Station Heat Rate**

- 3.14.11 The Petitioner provided details of Station-wise specific heat Rate, secondary fuel oil consumption as approved by the Commission along with actual consumption for the FY 2024-25. ECR is computed based on the normative operating parameters approved by the Commission. However, gains/losses on account of higher/lower Specific Oil consumption or Station Heat rate against the normative shall be passed on to the beneficiaries as per the sharing mechanism stipulated in the regulation.
- 3.14.12 The Petitioner provided that Station wise SHR (actual vs normative). The actual SHR in respect of KTPS-VII Stage is 2077 kcal/kwh against normative of 2151 kCal/kWh is lower than normative in respect of KTPS-VII. In respect of BTPS the actual SHR is 2379 kcal/kWh against the normative of 2314.8 kCal/kWh due to partial loading.
- 3.14.13 In response to the query about burden on consumers, the petitioner stated that the Commission modified the operating parameters in Regulation 2 of 2023 and MYT Order dated 28.10.2024 as detailed below:

Station	Station Heat Rate		Auxiliary Consumption	
	Reg.1 of 2019	Reg.2of 2023	Reg.1 of 2019	Reg.2of 2023
KTPS-V	2500	2500	9.00	9.30
KTPS-VI	2450	2450	7.50	5.25
KTPS-VII	2151	2151	5.25	5.25
KTPP – I	2450	2450	7.50	5.25
KTPP – II	2400	2300	7.00	5.25
BTPS	2273	2318.40	8.50	8.50

- 3.14.14 The Commission has also reduced the Secondary Fuel Oil consumption from 2 ml/kwh to 0.50 ml/kwh. Availability factor in respect of all the stations was raised to 85%, irrespective of capacity or vintage of assets. Fixed charges for the generating stations/units of TGGENCO are claimed as per the normative availability. Fixed charges will also be reduced in pro rata basis in case of lower availability of the station. ECR of the station is claimed as per the formula prescribed in the regulations considering the normative operating parameters.

3.14.15 Even after the reduction in the Normative Operating parameters, TGGENCO stations are effectively running the units and the actual operating parameters are well below the norm in most of the stations and marginally higher in BTPS and KTHP-II due to partial loading. The variations are mainly due to the frequent ramp-up/ramp-down of the units to maintain the grid stability as per the directions of SLDC in view of renewable integration in solar hours. In fact, for operating below norms savings are passed on to consumers as per the Commission's orders. Observation of the petitioner as inefficient is not correct given the flexibilization of the units.

#### **Auxiliary Energy Consumption**

3.14.16 The Petitioner submitted that the Station wise auxiliary energy consumption as approved by the Commission and actual consumption. ECR is computed based on the normative operating parameters approved by the Commission. However, gains/losses on account of higher/lower auxiliary consumption against the normative shall be passed on to beneficiaries as per the sharing mechanism stipulated in the regulation.

3.14.17 The Petitioner has requested the Commission to compensate the degraded operating parameters of Auxiliary Energy consumption, Gross station heat Rate and Secondary Fuel Oil consumption due to part load/ Reserve Shut Down in line CERC Terms and Conditions of tariff first amended Regulation' 2025 dated 4th Feb' 2025. The petitioner has not claimed/projected compensation on degraded operating parameters for FY 2026-27.

3.14.18 The Petitioner replied that in this petition no additional expenditure towards modelling studies is proposed and clarification Dt.07.08.2025, provides Voluntary RGO. In this petition no additional capital expenditure towards RGO is proposed.

#### **Landed Price of Primary Fuel**

3.14.19 The Petitioner provided the station -wise Landed cost of coal per MT for the FY 2024-25. Landed Cost of Tadicherla coal (inclusive of all taxes duties and levies of grade G8 is Rs. 5741/- per MT. The SCCL coal cost for the corresponding grade of G8 is Rs. 6444/- per MT. The landed cost of coal from Tadicherla-I coal mine is less than SCCL coal price for the year 2024-25. Further, the Petitioner has achieved all project milestones and obtained the required statutory permissions within 28 months from the date of allotment by the Ministry of Coal, as against the stipulated period of 44 months. Consequently, there has been no avoidable delay attributable to the Petitioner, and hence no adverse IDC impact on account of delays.

- 3.14.20 In response to the query about blending ratio, the petitioner stated that Tadicherla-I coal block was allotted by Ministry of Coal GOI, to meet the coal requirement of KTHP-Stage-II (600 MW) with the annual production capacity of 2.5 MT. KTHP-I (500 MW) is linked to SCCL for a quantity of 2.16 MT per annum as per the linkage sanctioned by Ministry of Coal. Since both the KTHP Units are having common coal handling and storage system the coal is being utilised in blend. The weighted average cost of coal is considered for computation of energy charge rate for KTHP I & II Stages.
- 3.14.21 In response to the query about correspondence with SCCL, stated that the Petitioner has taken up the issue of higher coal prices with SCCL from time to time and requested to reduce the price of coal. SCCL has reduced the price of coal for all Grades by Rs. 650/- per MT w.e.f. Dt.7.09.2025.
- 3.14.22 In response to the query about higher cost vs NTPC/STPP, the petitioner stated that as per the linkage sanctioned by Ministry of Coal, GOI, SCCL is supplying coal from their cluster of Mines (Ramagundam area, Mancherial and Kothagudem area Mines) distance ranging from 30Km to 300Km involving higher freight charges. Further, SCCL is supplying coal of Grades from G17 to G7 Grades and the price of G8 and above Grades is in the range of Rs.6420 to 7665 per MT. Hence the weighted average GCV of coal as received at power station and weighted average landed cost will be varied based on the grade mix received during the month. Whereas, STPP and NTPC are receiving majority of coal from nearby Mines and Grade of coal is comparatively higher than the supply Grades to TGGENCO thermal Stations. Hence Generation cost of STPP and NTPC cannot be compared.
- 3.14.23 As per the FSA between M/s. SCCL & TGGENCO, M/s. SCCL shall raise regular bills for coal supply at the applicable price (Incl. of all taxes, levies and duties) for the declared grade for the quantity as recorded at loading points. On receipt of analysis reports, SCCL shall issue debit/credit notes to the petitioner for grade variation along with applicable taxes and duties etc. The petitioner has appointed third-party sampling agencies as per the empanelment by Power Finance Corporation through tendering system. viz., Quality Council of India, Quality services and solutions Ltd. Third party agreement was entered between TGGENCO, M/s. SCCL & Third-party sampling agencies (TPSA). Based on the analysis reports furnished by TPSA, credit/debit notes are issued by M/s. SCCL for the deviations.

- 3.14.24 For FY 2024-25, coal bills were adjusted (recovered) for an amount of Rs. 357 Crore through credit notes for the grade variations.
- 3.14.25 TGGENCO, in response to the query about absence of discussion, stated that the Present petitions filed are for True-up of Fixed charges for FY 2024-25 and Annual Fixed Charges for FY 2026-27 for thermal and hydel stations. The landed cost of coal for computation of ECR will be actual procurement cost of coal incurred by the petitioner after adjusting the debit/credit notes towards quality variations in line with the Regulation 2 of 2023. The details of GCV and landed cost of coal are furnished in Format-11 of filings.
- 3.14.26 The petitioner has appointed third party sampling agencies for carrying out sampling and analysis of coal being supplied by SCCL as per the provisions of FSA.
- 3.14.27 The sampling charges as per the PFC guidelines are Rs. 2.97 per MT which shall be shared by TGGENCO and SCCL in 50:50 ratio. The share of the sampling charges for TGGENCO is Rs. 1.48 per MT and the total expenditure will be around Rs. 2.2 Crore per annum for all the existing TGGENCO thermal stations.

#### ***Commission's Analysis and Findings***

- 3.14.28 The Commission has verified the actuals operational parameters submitted in the petition with the cost audit report of FY 2024-25. The Commission has approved the normative operational parameters such as AUX, GSHR, SFC in the MYT order dated 28.10.2024 and the norms approved in MYT are considered for calculation of ECR and passed the gain/loss in IoWC as per regulation.
- 3.14.29 Some of the stakeholders raised objections on Coal cost, Quality grade slippages and sampling charges and in this regard the following relevant clauses of regulation are extracted here under

*“Landed Coal Cost” means the total cost of coal delivered at the unloading point of the generating station and shall include the base price or input price, washery charges wherever applicable, transportation cost (overseas or inland or both) and handling cost, charges for third party sampling and applicable statutory charges;*

*Proviso to 46.4 Provided further that the landed cost of fuel shall mean the total cost of coal delivered to the generating station and shall include the base price of fuel corresponding to the grade/quality/calorific value of fuel inclusive of*

*royalty, taxes and duties as applicable, washery charges as applicable, transportation cost by rail/road or any other means, charges for third-party sampling, and, for the purpose of computation of energy charges, shall be arrived at after considering normative transit and handling losses as percentage of the quantity of fuel dispatched by the fuel supply company during the month:*

3.14.30 Regarding the landed cost of coal, The Commission has sought and obtained coal bills raised by the SCCL to the TGGENCO and upon verification, it is observed that coal price is charged as per the price notifications issued from time to time by SCCL. Such Cost also includes Base price plus all other charges including transportation and sampling charges.

3.14.31 Regarding the grade slippage with respect to the billed quality of coal, the Petitioner has submitted that Rs.357 Crores were received as credit notes from SCCL for grade variation and same was considered by the Commission in calculation of LPPF.

The Commission has observed a significant variation in the GCV of coal as billed vis-à-vis as received for KTHPP-I and KTHPP-II stations, notwithstanding that the coal is procured from the Tadicherla mine, a captive coal source. The Commission directs TGGENCO to collect samples and measure the GCV of coal sourced from the Tadicherla Integrated Mine separately at both the mine end and the receiving end at KTHPP, prior to blending with SCCL coal, and to maintain separate records of GCV measurements for coal received from the Tadicherla Integrated Mine and SCCL respectively, for KTHPP-I and KTHPP-II.

### 3.15 ENERGY CHARGES

#### *Petitioner's Claim*

3.15.1 The Energy Charge Rate has been computed in accordance with clause No. 46(B) of Regulation No. 2 of 2023. The actual values of Coal rate, oil rate, GCV and Normative operating parameters viz., Auxiliary consumption, Gross Station Heat Rate and Secondary Fuel Consumption are considered for computation of Normative Energy charge rate. The Actual Energy charge rate computed is shown in table below.

**Table 3-29: Energy charge rate claimed of FY 2024-25**

Energy Charge Rate (Rs. /kWh)					
KTHPS-V	KTHPS-VI	KTHPS-VII	KTHPP-I	KTHPP-II	BTHPS
4.07	3.818	3.456	3.7	3.75	3.958

***Stakeholder's submissions***

3.15.2 The stakeholder submitted that different energy charge rates shown by GENCO for the five units of KTPS lack justifiability and they should be subjected to prudence check by the Commission. If unjust claims are allowed, it will make a mockery of the normative basis on which the Commission has been determining ECRs. It will also absolve the petitioner of its responsibility to maintain efficiency in running its power stations. Allowing such questionable claims would impose unjust and avoidable burden on the consumers. Therefore, the Commission is requested to reject the claims of the petitioner and direct it to adhere to what have been determined by the Commission on normative basis.

***Petitioner's Replies***

3.15.3 The petitioner has claimed Normative Energy Charge Rate (ECR) computed considering normative values of Auxiliary Energy Consumption, Gross Station Heat Rate and Secondary Fuel Oil Consumption as approved in MYT Order dated. 28.10.2024. of Further, requested the Commission to compensate the degraded operating parameters of Auxiliary Energy consumption, Gross station heat Rate and Secondary Fuel Oil consumption due to part load/ Reserve Shut Down in line with CERC Terms and Conditions tariff first amended Regulation 2025, which allows variations in parameters with respect to loading factor. Loading factor and parameters characteristics are followed Laws of Physics. However, gains/losses on account of higher/lower Specific Oil consumption or Station Heat rate against the normative shall be passed on to beneficiaries as per the sharing mechanism stipulated in the regulation.

***Commission's Analysis and Findings***

3.15.4 Clauses 44 and 46 of the Regulation No. 2 of 2023 stipulates the provisions for determination of ECR. The Auxiliary Consumption, Gross Station Heat Rate, Secondary Fuel oil consumption 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 and calorific value of secondary fuel are uncontrollable factors and considered on actuals basis. In accordance with the norms specified in the MYT Order dated 28.10.2024, the Commission has computed the Energy Charge Rate (ECR) for FY 2024-25.

3.15.5 The Commission has applied the following formula to compute the Energy Charge Rate:

$$ECR = \{(GSHR - SFC \times CVSF) \times LPPF / CVPF\} + (SFC \times LPSFi) \times 100 / (100 - AUX)$$

Where,

*AUX = Normative Auxiliary Energy Consumption in percentage;*

*CVPF = Weighted average Gross Calorific Value of coal as received in kcal/kg less 85 kcal/kg on account of variation during storage at generating station; in case of blending of fuel from different sources, the weighted average Gross Calorific Value of primary fuel shall be arrived in proportion of blending ratio;*

*CVSF = Calorific value of secondary fuel, in kcal/ml;*

*GSHR = Normative Gross Station Heat Rate, in kcal/kWh;*

*LPPF = Weighted average landed price of primary fuel, in Rs./kg, as applicable, during the month; in case of blending of fuel from different sources, the weighted average landed price of primary fuel shall be arrived in proportion of blending ratio;*

*SFC = Normative Secondary Fuel Oil Consumption, in ml/kWh;*

*LPSFi = Weighted average landed price of secondary fuel in Rs./ml during the month;*

3.15.6 The Commission has verified the actual landed prices of coal and secondary fuel oil, as well as the actual calorific values, from the documentary evidence submitted by the petitioner. The normative parameters are as approved in the MYT Order. Based on the above, the Energy Charge Rate for FY 2024-25 is approved as follows.

**Table 3-30: Energy Charge rate (Rs/kwh) approved for FY 2024-25**

Particulars	KTPS V	KTPS VI	KTPS VII	RTS	KTPP I	KTPP II	BTPS
Auxiliary Consumption	9.30	5.25	5.25	10.00	5.25	5.25	8.50
Gross Station Heat Rate	2,500	2,450	2,151	3,000	2,450	2,300	2,318
Secondary Fuel oil consumption	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Calorific Value of Secondary Fuel	9,819	9,819	9,819	9,381	9,390	9,390	9,819
Landed Price of Secondary Fuel	0.06	0.06	0.07	0.08	0.07	0.07	0.07
Wt. Avg. Gross Calorific Value of Coal	2,857	3,574	3,846	3,575	3,888	3,872	3,148
Landed Price of Coal	4.42	5.69	6.09	5.28	5.73	5.72	4.69
Specific Coal Consumption	0.87	0.68	0.56	0.84	0.63	0.59	0.73
Coal Cost/kWh	4.26	4.11	3.59	4.92	3.80	3.58	3.77

Particulars	KTPS V	KTPS VI	KTPS VII	RTS	KTPP I	KTPP II	BTPS
Secondary Fuel oil Cost/kWh	0.03	0.03	0.03	0.04	0.04	0.04	0.04
<b>Energy Charge Rate (ECR) (Rs. /kWh)</b>	<b>4.292</b>	<b>4.141</b>	<b>3.620</b>	<b>4.963</b>	<b>3.840</b>	<b>3.613</b>	<b>3.806</b>

**Table 3-31: Energy Charge rate (Rs/kwh) as approved in MYT, claimed and approved for FY 2024-25**

Station	MYT	Claim	Approved
KTPS-V	4.190	4.070	4.292
KTPS-VI	3.740	3.818	4.141
KTPS-VII	3.620	3.456	3.620
KTPP-I	3.370	3.700	3.840
KTPP-II	3.160	3.750	3.613
BTPS	3.340	3.958	3.806

### 3.16 SUMMARY OF TRUE UP FOR FY 2024-25

#### *Petitioner's Claim*

3.16.1 The petitioner has claimed Rs 1607.13 Crores as True-up for FY 2024-25 as shown in table below:

**Table 3-32: True up claimed for FY 2024-25**

**(Rs. in Crore)**

Sl. No	Component	MYT	Claimed	Variance
1	Fixed Charges	5,311.40	6,614.75	1,303.35
2	Additional Pension Liability	1,367.73	1,669.60	301.87
3	Water Charges	33.47	35.38	1.91
	<b>Total</b>	<b>6,712.60</b>	<b>8,319.73</b>	<b>1,607.13</b>

#### *Stakeholder's submissions*

3.16.2 The stakeholder has submitted that the claim for carrying cost or holding cost is impermissible and should be rejected. Without submitting required information at the appropriate time and seeking substantial amounts under true-up later, the petitioner should not be allowed to impose avoidable burden on the consumers for its failures of commission and omission.

#### *Petitioner's Replies*

3.16.3 The petitioner has replied that, in accordance with clause No. 34 of Regulation 2 of 2023, TGGENCO has requested Commission to allow carrying cost. In this petition TGGENCO has not claimed carrying cost.

**Commission's Analysis and Findings**

3.16.4 The Commission has taken note on the submission of the stakeholder on disallowing the carrying cost. since, the petitioner has not prayed for allowing carrying cost the Commission is not inclined to allow carrying cost on true up for FY 2024-25. Based on the analysis in the previous sections, the summary of the True up charges claimed and approved for FY 2024-25 is as shown in the Table below:

**Table 3-33: Summary of True up Charges claimed and approved for FY 2024-25**  
(Rs. Crores)

Sl. No.	Component	MYT	Claimed	Approved	True Up/ (True Down)
1	Fixed Charges	5,311.40	6,614.75	5,096.87	(214.52)
2	Additional Pension Liability	1,367.73	1,669.60	1,669.60	301.87
3	Water Charges	33.47	35.38	35.38	1.91
	<b>Total</b>	<b>6,712.60</b>	<b>8,319.73</b>	<b>6,801.85</b>	<b>89.26</b>

**3.17 BILLING TO BENEFICIARIES**

- 3.17.1 The Commission directs the Petitioner to bill the beneficiaries to pass through the AFC and other charges after sharing the gains/losses approved in this order for FY 2024-25.
- 3.17.2 Considering all the above, Commission directs the petitioner to bill the beneficiaries, the differential amount between already recovered based on MYT Order dated 28.10.2024 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 submitted that Opening Gross Fixed Assets (GFA) for FY 2024-25 is considered based on the closing GFA as on 31.03.2024 in true up sections above.
- 4.1.2 It is proposed to construct Coal storage shed for stocking coal for utilization of Coal during Monsoon to avoid Oil Consumption at BTPS. The expenditure of Rs. 141.33 Cr. is proposed during FY 2026-27 is within the original project cost. The petition for approval of additional capital cost was submitted to the Commission. Some of the non-EPC civil works which are under original project scope are proposed to be carried out and the capital cost of Rs. 766.69 crore is proposed during FY 2025-26 and FY 2026-27.
- 4.1.3 Capital cost of Rs. 50.65 Crore towards raising of Ash Pond bund at KTPS V&VI stages, is proposed and petition for approval of capital cost was submitted to the Commission.
- 4.1.4 The capital cost of FGD in respect of KTPS-VII Stage and BTPS are not considered in determination of tariff for FY 2026-27. The Commission has given in-principle approval in MYT order for the installation of FGD system and deferred the admittance of capital cost till the truing up of the relevant year, post commissioning of the same. The same was specified in order on Business Plan and Capital Investment Plan for MYT 5th Control period (FY 2024-25 to FY 2028-29).
- 4.1.5 The GFA and additional Capital Cost proposed for the period from FY 2025-26 to FY 2026-27 is tabulated below.

**Table 4-1: GFA & Additional Capitalisation claimed for FY 2026-27****(Rs. Crores)**

Sl. No.	Station	GFA as on 01.04.2025	Additions in FY 2025-26	GFA as on 01.04.2026	Additions in FY 2026-27
1	KTPS-V	2,281.59		2,281.59	27.08
2	KTPS-VI	2,476.03	0.18	2,476.21	27.08
3	KTPS-VII	5,112.57		5,112.57	4.97
4	KTPP-I	2,549.23	8.32	2,557.55	-
5	KTPP-II	3,773.07	5.20	3,778.27	93.00
6	BTPS	7,540.34	39.22	7,579.56	889.13
7	Nagarjuna Sagar Complex	1,925.83		1,925.83	
8	Srisailem LB	3,400.67		3,400.67	

Sl. No.	Station	GFA as on 01.04.2025	Additions in FY 2025-26	GFA as on 01.04.2026	Additions in FY 2026-27
9	Small Hydel	121.94		121.94	
10	Mini Hydel (Peddapally HES)	31.27		31.27	
11	Pochampad- II	29.78		29.78	
12	Priyadarshini Jurala	692.53		692.53	
13	Lower Jurala	1,644.24		1,644.24	12.60
14	Pulichintala	440.76		440.76	
	<b>Total</b>	<b>32,019.85</b>	<b>52.92</b>	<b>32,072.77</b>	<b>1,053.86</b>

### *Stakeholder's submissions*

- 4.1.6 One of the stakeholder has raised objections on the petitioner's claims for Additional Capitalization, which amount to Rs. 1,054 Crore for the proposal for FY 2026-27. The cut-off date for BTPS, as per the MYT Regulations 2019, is March 31, 2025 and the massive claim of Rs. 889 Crore for BTPS beyond FY 2024-25 is untenable and should be restricted to the levels already approved in the MYT Order and provided their own assessment of allowable additional capitalization and recommends restricting the claim to Rs. 251.60 Crore for FY 2026-27 and recompute other components of AFC
- 4.1.7 Another stakeholder objected that the proposed coal shed at BTPS does not fall under the admissible cases in Clause 22.3 of the TGERC regulation and requested an item-wise cost breakup and comparable costs from other plants.
- 4.1.8 Further submitted that construction of quarters at KTPS VII need not be allowed as it exceeds the 2-year period for deferred works post the cut-off date as per Clause 22.2 of Regulation 2 of 2023.

### *Petitioner's Replies*

- 4.1.9 The Petitioner has submitted that the last unit of the BTPS (4X270 MW) was commissioned on 09.01.2022 and the cutoff date is 31.03.2025 and the Commission has approved Rs.138.76 Crs and Rs.1466.57 Crs under the common works, E&M and civil in Mid -Term Review Order dt.23.03.2023.
- 4.1.10 The proposed expenditure shown below is within the original project cost approved by the Commission.

Description of the work	Amount in Rs. Cr.
Construction of Space frame structure raw coal storage shed	115.06
New conveying system	20.81
	<b>135.87</b>

- 4.1.11 Similar type of raw coal storage sheds are available at KTHP, KTHP Stage-VII ICHP In APGENCO, there is a covered coal shed at Sri Damodaram Sanjeevaiah Thermal Power station. It is also mentioned in CPCB coal handling storage guidelines, Covered storage. In performance audit of power stations by CAG observed need of coal storage shed.
- 4.1.12 The proposal for construction of quarters at KTHP VII was filed before the Commission in MYT Petition for 5th control period FY 2024-29 and the Commission in the MYT Order Dt.28.10.2024 has not approved the proposal stating that the work was not supported by documentary evidence. TGGENCO further submitted that the cost towards construction of quarters is within the original scope and original cost of the project. In view of the above, requested the Commission to approve the capital cost along with necessary documentary evidence and justification.

#### ***Commission's Analysis and Findings***

- 4.1.13 The petitioner has filed petitions for approval of additional capital cost towards Raising of Additional Ash Pond Bunds at KTHP-V&VI Stages and additional capital cost towards New Conveying System and Construction of Space frame structure for raw coal storage shed at BTHP which were taken on record in OP No. 75 of 2025, OP No. 74 of 2025 respectively. The Commission has approved additional capitalisation for raising of Additional Ash Pond bunds at KTHP V&VI Stages vide order dated 10.03.2026 in OP 75 of 2025 for an amount of Rs. 50.65 Crores and the same has been considered for FY 2026-27.
- 4.1.14 The present proposal for additional capitalisation at BTHP for Rs. 889.13 Crores includes Rs.135.87 crores for construction of Space frame structure for raw coal storage shed, and Rs.753.26 Crores for Township & Landscaping, Colony STP. The Commission has not approved the capital cost towards Construction of Space frame structure for raw coal storage shed at BTHP for an amount of Rs.135.87 Crores vide order dated 10.03.2026 in OP No. 74 of 2025 and hence not considered for FY 2026-27.
- 4.1.15 The Balance additional capitalisation proposed for of Rs.753.26 Crores for Township & Landscaping, Colony STP is within the original scope of BTHP. The total approved capital cost for BTHP vide MTR order dated 23.03.2023 is Rs.8817.99 Crores out of which Rs. 7540.35 Crores was capitalised up to 2024-25 leaving a balance of

Rs.1277.64 Crores.

- 4.1.16 Clause 22.2 (iii) of the Regulation 2 of 2023 specifies that “Deferred works in the original scope of work, up to to a maximum period of 2 years after cut-off date, on case-to-case basis.”
- 4.1.17 The cut-off date of BTPS is 31.03.2025 and in accordance with clause 22.2 (iii) of the Regulation 2 of 2023, the Commission approves Rs. 753.26 crores towards Township & Landscaping, Colony STP and the actual expenditure incurred for BTPS for Township & Landscaping, Colony STP during FY 2026–27 shall only be considered for allowance at the time of true-up for FY 2026–27, as the period of two years from the cut-off date extends up to the said financial year.
- 4.1.18 The additional capitalization claimed and approved for FY 2026-27 is tabulated below.

**Table 4-2: Additional Capitalization claimed and approved for FY 2026-27**  
(Rs. Crores)

Sl. No.	Station	Claimed	Approved
1	KTPS-V	27.08	25.325
2	KTPS-VI	27.08	25.325
3	KTPS-VII	4.97	0
4	KTPP-I	0	0
5	KTPP-II	93	0
6	BTPS	889.13	753.26
7	Nagarjuna Sagar Complex	0	0
8	Srisailam LB	0	0
9	Small Hydel	0	0
10	Mini Hydel	0	0
11	Pochampad- II	0	0
12	Priyadarshini Jurala	0	0
13	Lower Jurala	12.6	0
14	Pulichintala	0	0
	<b>Total</b>	<b>1053.86</b>	<b>803.91</b>

## 4.2 OPERATION AND MAINTENANCE EXPENSES FOR FY 2026-27

### *Petitioner's Claim*

- 4.2.1 The Petitioner has submitted that the O&M expenses comprise of (i) Employee cost, (ii) Repair & Maintenance expenses and (iii) Administrative & General expenses. The Revised O&M expenses have been arrived based on the projected expenses of FY 2026-27. The O&M expenses approved in the MYT Order dated 28.10.2024 and Revised expenses proposed for FY 2026-27 is tabulated below.

**Table 4-3: O&M Expenses claimed for FY 2026-27****(Rs. Crores)**

Sl. No	Station	MYT	Claimed	Variance
1	KTPS-V	230.98	312.97	81.99
2	KTPS-VI	230.86	312.97	82.11
3	KTPS-VII	539.87	588.67	48.80
4	KTPP-I	201.15	257.50	56.35
5	KTPP-II	228.47	308.99	80.52
6	BTPS	212.30	496.80	284.50
7	Nagarjuna Sagar Complex HES	131.58	207.74	76.16
8	Srisaillam LBHES	112.12	210.31	98.19
9	Small Hydel	47.18	64.18	17.00
10	Mini Hydel	8.13	9.67	1.54
11	Pochampad- II HES	7.81	9.51	1.70
12	Priyadarshini Jurala HES	37.48	65.63	28.15
13	Lower Jurala HES	37.63	66.16	28.53
14	Pulichintala HES	43.14	48.04	4.90
	<b>Total</b>	<b>2068.71</b>	<b>2959.14</b>	<b>890.44</b>

4.2.2 The reasons for variation of the actual O&M expenses and the approved O&M Expenses are as below:

**a. Employee Expenses:** PRC was implemented to the TGGENCO Employees during FY 2022-23. The impact of PRC-2022 was not factored in approved O&M Charges for FY 2024-25 to FY 2028-29. The Commission at Para no 4.1.40 of True-up and MYT Order dated 28.10.2024 specified that the impact of PRC-2022 has not been considered due to complete details of station wise PRC not submitted in the filings and will be considered the impact of PRC-2022 as part of trueing up at the end of 4th control period subject to prudence check of the station wise actual PRC effect in employee cost for FY 2022-23.

Further, in respect of BTPS the Commission has considered the actual employee's expenses of FY 2020 – 21 & FY 2021 – 22, during the period the station was not fully operational to its full capacity.

**b. A&G Expenses:** The variation in projected A&G Expenses and approved in MYT Order for FY 2026-27 is due to the increase in security guard charges due to implementation of Pay Revision by Government of Telangana and also due to increase in electricity charges towards colony consumption (earlier colony consumption was included in auxiliary consumption).

4.2.3 The details of Projected Employee expenses, Administrative & General Expenses and Repair & Maintenance Expenses for FY 2026-27 is tabulated below.

**Table 4-4: Employee, A&G & R&M Expenses Claimed for FY 2026-27**

(Rs Crores)

Sl. No.	Station	Employee Expenses	A&G Expenses	R&M Expenses
1	KTPS-V	260.47	15.09	37.41
2	KTPS-VI	260.47	15.09	37.41
3	KTPS-VII	524.46	27.21	37.00
4	KTPP-I	206.50	7.98	43.02
5	KTPP-II	247.81	9.57	51.61
6	BTPS	387.81	22.47	86.52
7	Nagarjuna Sagar Complex	185.06	11.72	10.96
8	Srisailem LB	169.98	12.68	27.65
9	Small Hydel	57.03	1.68	5.47
10	Mini Hydel (Peddapally HES)	9.09	0.26	0.32
11	Pochampad- II	8.93	0.26	0.32
12	Priyadarshini Jurala	52.12	2.28	11.23
13	Lower Jurala	52.63	2.29	11.24
14	Pulichintala	41.93	1.54	4.57
	<b>Total</b>	<b>2,464.29</b>	<b>130.12</b>	<b>364.73</b>

### Commission's Analysis and Findings

4.2.4 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 28.10.2024. The details are shown in table below:

**Table 4-5: Employee Costs approved for FY 2026-27**

(Rs. Crore)

S. No.	Particulars	Approved Emp Cost 2024-25	CPI Approved in MYT	Employee cost for 25-26	CPI Approved in MYT	Employee cost for 26-27
		<b>a</b>	<b>b</b>	<b>c=a*(1+b)</b>	<b>d</b>	<b>e=c*(1+d)</b>
1	KTPS-V	189.61	5.79%	200.589	5.79%	212.20
2	KTPS-VI	189.61	5.79%	200.589	5.79%	212.20
3	KTPS-VII	446.54	5.79%	472.398	5.79%	499.75
4	KTPP-I	161.76	5.79%	171.130	5.79%	181.04
5	KTPP-II	188.11	5.79%	198.996	5.79%	210.52

S. No.	Particulars	Approved Emp Cost 2024-25	CPI Approved in MYT	Employee cost for 25-26	CPI Approved in MYT	Employee cost for 26-27
6	BTPS	349.15	5.79%	369.364	5.79%	390.75
7	Nagarjuna Complex	119.90	5.79%	126.847	5.79%	134.19
8	Srisailam LB	105.27	5.79%	111.370	5.79%	117.82
9	Small Hydel	44.43	5.79%	47.000	5.79%	49.72
10	Mini Hydel	7.36	5.79%	7.783	5.79%	8.23
11	Pochampad II	6.97	5.79%	7.376	5.79%	7.80
12	Priyadarshini Jurala	34.91	5.79%	36.927	5.79%	39.07
13	Lower Jurala	35.53	5.79%	37.587	5.79%	39.76
14	Pulichintala	34.37	5.79%	36.363	5.79%	38.47
	Total					2,141.53

4.2.5 With regard to R&M Expenses, the K factor is derived by taking the R&M expenses from the previous year (after adjusting for any sharing of gains or profits) and dividing that figure by the Opening Gross Fixed Assets (GFA) of the current year. The normative R&M Expenses of FY 2026-27 is computed by multiplying the opening GFA, with recomputed K factor and WPI inflation as approved in MYT Order dated 28.10.2024.

**Table 4-6: R&M Expenses approved for FY 2026-27**

(Rs. Crore)

S.No	Particulars	Approved R&M 2024-25	Opening GFA 2024-25	K Factor 25-26	Opening GFA 2025-26	WPI Approved in MYT for 25-26	R&M 25-26	Kn 26-27	GFA 2026-27	WPI Inflation	R&M 2026-27
		a	b	c=a/b	d	e	f=c*d*(1+e)	g=f/d	h	i	j=g*h*(1+i)
1	KTPS-V	30.93	2,269.87	1.36%	2,277.87	4.93%	32.57	1.430%	2277.87	4.93%	34.17
2	KTPS-VI	30.54	2,473.23	1.23%	2,473.23	4.93%	32.04	1.296%	2473.23	4.93%	33.62
3	KTPS-VII	29.57	5,109.13	0.58%	5,109.13	4.93%	31.03	0.607%	5109.13	4.93%	32.56
4	KTPP-I	29.74	2,548.83	1.17%	2,548.83	4.93%	31.21	1.224%	2548.83	4.93%	32.75
5	KTPP-II	35.03	3,769.46	0.93%	3,769.46	4.93%	36.76	0.975%	3769.46	4.93%	38.57
6	BTPS	66.48	7,445.28	0.89%	7,540.34	4.93%	70.65	0.937%	7540.34	4.93%	74.13
7	Nagarjuna Complex	9.30	1,920.80	0.48%	1,923.17	4.93%	9.77	0.508%	1923.17	4.93%	10.25
8	Srisailam LB	14.87	3,375.71	0.44%	3,391.93	4.93%	15.67	0.462%	3391.93	4.93%	16.45
9	Small Hydel	1.74	121.89	1.43%	121.89	4.93%	1.83	1.502%	121.89	4.93%	1.92
10	Mini Hydel	0.29	31.23	0.94%	31.23	4.93%	0.31	0.986%	31.23	4.93%	0.32
11	Pochampad II	0.23	29.74	0.78%	29.74	4.93%	0.24	0.818%	29.74	4.93%	0.26
12	Priyadarshini Jurala	2.61	690.68	0.38%	690.68	4.93%	2.74	0.396%	690.68	4.93%	2.87
13	Lower Jurala	3.23	1,635.81	0.20%	1,644.24	4.93%	3.41	0.207%	1644.24	4.93%	3.58
14	Pulichintala	1.87	440.76	0.42%	440.76	4.93%	1.96	0.445%	440.76	4.93%	2.06
	Total										283.51

4.2.6 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 2023-24 and escalated twice with WPI inflation factor of 4.93% as considered in approved in MYT Order dated 28.10.2024. The A&G expenses approved are shown in table below:

**Table 4-7: A&G Expenses approved for FY 2026-27**

**(Rs. Crore)**

S. No.	Particulars	Approved A&G Cost 2024-25	WPI Approved in MYT	A&G cost for 25-26	WPI Approved in MYT	A&G for 26-27
		<b>a</b>	<b>b</b>	<b>c=a*(1+b)</b>	<b>d</b>	<b>e=c*(1+d)</b>
1	KTPS-V	12.77	5.79%	13.40	5.79%	14.06
2	KTPS-VI	12.77	5.79%	13.40	5.79%	14.06
3	KTPS-VII	25.12	5.79%	26.35	5.79%	27.65
4	KTPP-I	5.34	5.79%	5.60	5.79%	5.88
5	KTPP-II	6.17	5.79%	6.47	5.79%	6.79
6	BTPS	16.98	5.79%	17.82	5.79%	18.70
7	Nagarjuna Complex	8.79	5.79%	9.22	5.79%	9.68
8	Srisailam LB	8.65	5.79%	9.08	5.79%	9.52
9	Small Hydel	1.11	5.79%	1.17	5.79%	1.23
10	Mini Hydel	0.18	5.79%	0.19	5.79%	0.20
11	Pochampad II	0.17	5.79%	0.18	5.79%	0.19
12	Priyadarshini Jurala	1.64	5.79%	1.72	5.79%	1.81
13	Lower Jurala	1.85	5.79%	1.94	5.79%	2.03
14	Pulichintala	0.85	5.79%	0.89	5.79%	0.94
	<b>Total</b>	<b>102.39</b>		<b>107.44</b>		<b>112.73</b>

4.2.7 Based on the employee expenses, A& G Expenses and R & M Expenses computed on normative basis as above, the O&M Expenses approved by the Commission for FY 2026-27 is as shown below:

**Table 4-8: O&M expenses approved for FY 2026-27**

**(Rs. Crores)**

Sl. No.	Particulars	MYT	Claimed	Approved
1	KTPS-V	230.98	312.97	260.43
2	KTPS-VI	230.86	312.97	259.88
3	KTPS-VII	539.87	588.67	559.96
4	KTPP-I	201.15	257.50	219.67
5	KTPP-II	228.47	308.99	255.88
6	BTPS	212.30	496.80	483.58
7	Nagarjuna Complex	131.58	207.74	154.12
8	Srisailam LB	112.12	210.31	143.79
9	Small Hydel	47.18	64.18	52.87
10	Mini Hydel	8.13	9.67	8.76

Sl. No.	Particulars	MYT	Claimed	Approved
11	Pochampad II	7.81	9.51	8.25
12	Priyadarshini Jurala	37.48	65.63	43.75
13	Lower Jurala	37.63	66.16	45.37
14	Pulichintala	43.14	48.04	41.46
	<b>Total</b>	<b>2,068.71</b>	<b>2,959.14</b>	<b>2,537.77</b>

### 4.3 DEPRECIATION

#### *Petitioner's Claim*

- 4.3.1 Depreciation is computed annually based on straight line method on the basis of the expected useful life of asset as per the clause No. 28 of Regulation 2 of 2023.
- 4.3.2 The salvage value of the asset considered at 10% of the allowable capital cost and depreciation considered up to a maximum of 90% of the allowable capital cost of the asset.
- 4.3.3 The capital cost admitted by the Commission along with additional capitalization claimed is considered as value base for calculation of depreciation.
- 4.3.4 In respect of KTPS-V Stage, the useful life is considered upto 31.03.2029 as per the consent issued by Commission vide order dated 22.10.2024.
- 4.3.5 The Depreciation approved in order dated 28.10.2024 and Depreciation projected FY 2026-27 is tabulated below.

**Table 4-9: Depreciation claimed for FY 2026-27**

Sl. No.	Station	MYT	Claimed	Variance
1	KTPS-V	1.44	34.56	33.12
2	KTPS-VI	45.25	23.86	-21.39
3	KTPS-VII	186.42	174.95	-11.47
4	KTPP-I	88.68	18.31	-70.37
5	KTPP-II	127.75	116.31	-11.44
6	BTPS	280.09	267.03	-13.06
7	Nagarjuna Sagar Complex HES	87.97	59.07	-28.90
8	Srisaillam LB HES	86.43	59.13	-27.30
9	Small Hydel	1.14	1.04	-0.10
10	Mini Hydel (Peddapally HES)	0.90	0.34	-0.56
11	Pochampad- II HES	0.58	0.58	-
12	Priyadarshini Jurala HES	11.16	11.14	-0.02
13	Lower Jurala HES	51.47	27.33	-24.14
14	Pulichintala HES	10.22	9.14	-1.08
	<b>Total</b>	<b>979.50</b>	<b>802.79</b>	<b>-176.71</b>

### ***Commission's Analysis and Findings***

- 4.3.6 Clause 28 of Regulation No 2 of 2023 specifies provisions related to Depreciation. 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 In accordance with clause 28 of Regulation 2 of 2023, the Commission has computed depreciation for FY 2026-27 adopting the Straight-Line Method based on useful life specified in Annexure I of Regulation 2 of 2023.
- 4.3.8 The station-wise opening Gross Fixed Asset (GFA) for FY 2026-27 has been arrived at by taking the closing GFA approved in the True-up Order for FY 2024-25 and adding the approved additional capitalisation for FY 2025-26 and FY 2026-27. Assets have been segregated into two categories: existing assets (up to 31.03.2024) and new additions (from 01.04.2024)
- 4.3.9 For assets existing as on 01.04.2024, the balance depreciable value (opening GFA less accumulated depreciation admitted up to 01.04.2024) has been spread over the remaining useful life of each asset class. Depreciation has been capped at 90% of the original asset cost as per clause 28.1(c) of Regulation 2 of 2023.
- 4.3.10 For assets added after 01.04.2024, depreciation has been calculated based on the useful life specified in Annexure I of Regulation 2 of 2023.
- 4.3.11 The Commission has segregated the depreciation into debt repayment and equity reduction components based on the 75% threshold. Wherever the accumulated depreciation exceeded 75% of the total plant GFA, such excess has been treated as repayment of equity. Depreciation up to 75% has been treated as repayment of debt.
- 4.3.12 The total depreciation for FY 2026-27 has been arrived at as the sum of depreciation on existing assets and new additions, with appropriate capping at 90% of asset cost and segregation into debt repayment and equity reduction components as per the regulation
- 4.3.13 The deprecation claimed and approved is detailed below:

**Table 4-10: Depreciation claimed and approved for FY 2026-27**

**(Rs. Crores)**

Sl. No.	Station	MYT	Claimed	Approved	Repayment of Debt	Repayment of Equity
1	KTPS-V	1.44	34.56	13.94	-	13.94
2	KTPS-VI	45.25	23.86	46.02	46.02	-
3	KTPS-VII	186.42	174.95	170.80	170.80	-
4	KTPP-I	88.68	18.31	51.58	51.58	-
5	KTPP-II	127.75	116.31	112.99	112.99	-
6	BTPS	280.09	267.03	251.95	251.95	-
7	Nagarjuna Complex	87.97	59.07	49.61	10.41	39.21
8	Srisaillam LB	86.43	59.13	64.34	64.34	-
9	Small Hydel	1.14	1.04	1.16	-	1.16
10	Mini Hydel	0.9	0.34	0.26	-	0.26
11	Pochampad II	0.58	0.58	0.48	0.48	-
12	Priyadarshini Jurala	11.16	11.14	9.37	9.37	-
13	Lower Jurala	51.47	27.33	26.40	26.40	-
14	Pulichintala	10.22	9.14	8.72	8.72	-
	<b>Total</b>	<b>979.50</b>	<b>802.79</b>	<b>807.63</b>	<b>753.06</b>	<b>54.57</b>

#### 4.4 INTEREST AND FINANCE CHARGES (I&FC) ON LOAN

##### *Petitioner's Claim*

- 4.4.1 The Petitioner has submitted that the Debt-Equity ratio of 70:30 is considered for the Gross Fixed Assets as on 01.04.2024 of respective station and Debt-Equity ratio of 75:25 is considered for the additions after 01.04.2024 in accordance with clause 27 of Regulation 2 of 2023.
- 4.4.2 The station-wise opening loan balance has been computed by considering the 70% of opening GFA of FY 2024-25 and subtracting the accumulated depreciation. The depreciation has been considered as normative loan repayment.
- 4.4.3 The station-wise weighted average interest rate of the actual loan portfolio has been considered as the rate of interest on loan as per the clause No.31 of Regulation 2 of 2023. Further where there is no actual loan for a particular year but normative loan is still outstanding the last available weighted average rate of interest has been considered.
- 4.4.4 The interest on loan has been calculated on the normative loan balance for the year by applying the weighted average rate of interest.
- 4.4.5 The interest and finance charges approved in MYT Order dt.28.10.2024 and claimed for FY 2026-27 is tabulated below.

**Table 4-11: Interest and Finance Charges on Loan claimed for FY 2026-27  
(Rs. Crores)**

Sl. No.	Station	MYT	Claimed	Variance
1	KTPS-V	0.24	-	-0.24
2	KTPS-VI	-	-	-
3	KTPS-VII	203.81	188.83	-14.98
4	KTPP-I	-	-	-
5	KTPP-II	70.62	95.21	24.59
6	BTPS	343.91	395.72	51.81
7	Nagarjuna Sagar Complex HES	-	-	-
8	Srisaïlam LB HES	-	30.08	30.08
9	Small Hydel	-	-	-
10	Mini Hydel (Peddapally HES)	-	-	-
11	Pochampad- II HES	0.51	0.78	0.27
12	Priyadarshini Jurala HES	6.28	13.37	7.09
13	Lower Jurala HES	36.79	48.64	11.85
14	Pulichintala HES	16.82	21.11	4.29
	<b>Total</b>	<b>678.98</b>	<b>793.74</b>	<b>114.76</b>

4.4.6 The variation in interest and finance charges approved in MYT Order dated 28.10.2024 and Revised Proposal for FY 2026-27 is due to the variation in Gross Fixed Assets (GFA) considered in MYT order and proposed.

#### ***Stakeholder's submissions***

4.4.7 Stakeholder submitted that the plant level audited reports of GFA, accumulated depreciation are required to calculate the normative loan and interest charges. The variation between MYT approved amounts and proposed amounts for FY27 is high for BTPS, Srisaïlam LB HES and KTPP-II. The reasons for the high variations are not mentioned in the filings and may be explained.

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

4.4.8 The petitioner stated that the variation in interest and finance charges approved in MYT Order dated 28.10.2024 and Revised Proposal for FY 2026-27 is due to the variation in Gross Fixed Assets (GFA) considered in MYT order and proposed.

#### ***Commission's Analysis and Findings***

4.4.9 Clause 31 of Regulation No 2 of 2023 specifies the provisions related to Interest and Finance Charges on Loan. The normative loan outstanding as on April 1, 2025, was taken as the closing balance of the normative loan approved in the True-up Order for

FY 2024-25. This forms the opening balance of the normative loan for FY 2025-26. Adjustments with regard to additional capitalisation (up to 75% of the asset cost or actual debt component whichever is higher) is considered as addition and Depreciation (up to 75% of the asset cost or actual debt component whichever is higher) is considered as repayment and closing balance of 2025-26 is arrived, the same is considered as opening balance of FY 2026-27

4.4.10 In respect of additional capitalisation during the year, the Commission sought detailed information from the petitioner regarding the source of funding for each asset addition. Based on the petitioner's submission, the following methodology was adopted:

(a) Where the asset was funded through **equity**, only 25% of the asset cost was considered as equity contribution, and any amount beyond this limit was treated as normative loan.

(b) Where the source of funding was **loan**, the higher of 75% of the asset cost or the actual loan amount availed was considered as the normative loan component and added to the loan base.

(c) The petitioner has submitted as part of additional information that source of funding for additional capitalisation for BTPS is 100% debt and the Commission has considered the same in calculation of I&FC.

4.4.11 In accordance with clause 31.3, the Commission has considered the loan repayment for FY 2026-27 to be equal to the depreciation allowed for the year. This repayment is subject to the ceiling of 75% of the asset cost or the actual debt component, whichever is higher.

4.4.12 The closing balance of the normative loan for FY 2026-27 was arrived at by taking the opening balance, adding the normative loan component of new capitalisations, and deducting the loan repayment for the year.

4.4.13 Regarding the applicable interest rate, the Commission directed TGGENCO to furnish documentary evidence substantiating the interest rate on loan as claimed in the petition. In response, TGGENCO submitted the requisite documentary evidence supporting the rate of interest. After examining the same, the Commission has considered the interest rate for computation.

4.4.14 In cases where the generating station did not have an actual long-term loan portfolio during the year, the Commission, in line with the provisos to Regulation 31.5, has

considered the last available weighted average rate of interest.

4.4.15 Based on the above methodology, the interest and finance charges on loan approved by the Commission in the MYT Order dated October 28, 2024, along with the amounts claimed by the petitioner and finally approved, are summarized in the table below

**Table 4-12: Interest and Finance Charges claimed and approved for FY 2026-27  
(Rs. Crores)**

Sl. No.	Station	MYT	Claimed	Approved
1	KTPS-V	0.24	-	1.48
2	KTPS-VI	-	-	-
3	KTPS-VII	203.81	188.83	182.52
4	KTPP-I	-	-	-
5	KTPP-II	70.62	95.21	72.93
6	BTPS	343.91	395.72	326.26
7	Nagarjuna Complex	-	-	-
8	Srisaïlam LB	-	30.08	19.64
9	Small Hydel	-	-	-
10	Mini Hydel	-	-	-
11	Pochampad II	0.51	0.78	0.66
12	Priyadarshini Jurala	6.28	13.37	11.73
13	Lower Jurala	36.79	48.64	42.86
14	Pulichintala	16.82	21.11	16.43
	<b>Total</b>	<b>678.98</b>	<b>793.74</b>	<b>674.51</b>

#### 4.5 INTEREST ON WORKING CAPITAL (IOWC)

##### *Petitioner's Claim*

4.5.1 The Interest on Working Capital is computed in accordance with clause No. 33 of Regulation 2 of 2023 considering the following.

4.5.2 Coal-fired thermal generating stations

- i. Cost of coal towards stock, for 20 days of non-pit head generating stations corresponding to target availability,
- ii. Cost of coal for thirty (30) days for generation corresponding to target availability.
- iii. Cost of secondary fuel oil for one month corresponding to target availability.
- iv. Operation & Maintenance expenses for one month.
- v. Maintenance spares at one percent (1%) of the opening Gross Fixed Assets for year;

- vi. Receivable for sale of electricity equivalent to forty-five (45) days of the sum of annual fixed charges and energy charges computed at target availability: minus
- vii. Payables for fuel (including oil and secondary fuel oil) to the extent of thirty (30) days of the of fuel computed at target availability.

#### 4.5.3 Hydro Power Generating Stations

- i. Operation & Maintenance expenses for one month.
- ii. Maintenance spares at one percent (1%) of the opening Gross Fixed Assets for year;
- iii. Receivable for sale of electricity equivalent to forty-five (45) days of the annual fixed charges.

4.5.4 The interest on working capital is considered as 10.25% considering weighted average Base Rate prevailing during date of filing @ 8.75% plus 150 basis points. The interest on working capital approved by the Commission in MYT Order dated 28.10.2024 and claimed for FY 2026-27 is tabulated below.

**Table 4-13: IOWC claimed for FY 2026-27**

**(Rs. Crores)**

Sl. No.	Station	MYT	Claimed	Variance
1	KTPS-V	34.71	34.49	-0.22
2	KTPS-VI	33.96	36.50	2.54
3	KTPS-VII	63.13	62.19	-0.94
4	KTPP-I	31.38	29.28	-2.10
5	KTPP-II	38.27	37.46	-0.81
6	BTPS	72.26	82.97	10.71
7	Nagarjuna Sagar Complex HES	7.18	8.82	1.64
8	Srisailam LB HES	9.17	11.96	2.79
9	Small Hydel	1.21	1.61	0.40
10	Mini Hydel (Peddapally HES)	0.24	0.27	0.03
11	Pochampad- II HES	0.23	0.28	0.05
12	Priyadarshini Jurala HES	2.13	2.97	0.84
13	Lower Jurala HES	4.66	5.40	0.74
14	Pulichintala HES	2.01	2.24	0.23
	<b>Total</b>	<b>300.54</b>	<b>316.44</b>	<b>15.90</b>

4.5.5 The reason for variation in Interest on working capital is due to the variation in interest rate i.e., considering weighted average bank rate considered for FY 2026-27 plus 150 basis points (SBI MCLR – 8.75% + 150 basis points) @10.25%. Further the

Commission has not considered the PRC -2022 effect in computation of O&M expenses.

### ***Commission's Analysis and Findings***

- 4.5.6 Clause 33 of (Multi Year Tariff) Regulation 2 of 2023 specifies the provisions related to Interest on Working Capital.
- 4.5.7 The Commission has observed that the petitioner has reduced the coal price due to removal of Cess on Coal by MoP and escalated coal Price and secondary fuel oil price by 2%.
- 4.5.8 The Commission has considered the latest prices of primary and secondary fuel. (i.e., for January 2026) for calculation of coal and oil cost. The latest prices are exclusive of Cess and reduced SCCL coal prices. The proposed escalation of 2% by the petitioner is not considered.
- 4.5.9 Further, the rate of interest on working capital is considered on normative basis in accordance to clause 33.6 of (Multi Year Tariff) Regulation 2 of 2023 equal to Base Rate as on the date of Petition filing plus 150 basis points. The Interest on Working Capital approved by the Commission for FY 2026-27 is as shown below:

**Table 4-14: IOWC claimed and approved for FY 2026-27**

**(Rs. Crores)**

Sl. No.	Station	MYT	Claimed	Approved
1	KTPS-V	34.71	34.49	30.14
2	KTPS-VI	33.96	36.50	33.19
3	KTPS-VII	63.13	62.19	53.80
4	KTPP-I	31.38	29.28	28.46
5	KTPP-II	38.27	37.46	35.56
6	BTPS	72.26	82.97	72.26
7	Nagarjuna Complex	7.18	8.82	7.50
8	Srisailam LB	9.17	11.96	10.51
9	Small Hydel	1.21	1.61	1.37
10	Mini Hydel	0.24	0.27	0.25
11	Pochampad II	0.23	0.28	0.25
12	Priyadarshini Jurala	2.13	2.97	2.47
13	Lower Jurala	4.66	5.40	4.87
14	Pulichintala	2.01	2.24	2.03
	<b>Total</b>	<b>300.54</b>	<b>316.44</b>	<b>282.65</b>

## 4.6 RETURN ON EQUITY (ROE)

### *Petitioner's Claim*

- 4.6.1 The petitioner submitted that in accordance with clause 27 of Regulation 2 of 2023, if any fixed asset is capitalized on account of capital expenditure project prior to 01.04.2024, the debt-equity ratio allowed by the Commission for determination of tariff for the period ending 31.03.2024 shall be considered. Accordingly, the Debt-Equity ratio of 70:30 is considered for the opening GFA of FY 2024-25 for the existing stations of TGGENCO.
- 4.6.2 The debt-equity ratio of 75:25 is considered for additional capitalization up to FY 2026-27.
- 4.6.3 The petitioner is following new tax regime as per section 115 BAA of the Income Tax Act 1961. Since FY 2020-21 Effective tax rate is 25.168%. The Commission in True-up order dated. 28.10.2024 has allowed effective tax rate of 25.17% to compute net return on equity.
- 4.6.4 The rate of RoE as approved in True-up and MYT order dated 28.10.2024 has been considered @20.713% for thermal stations and run-of river stations and 22.049% for hydel stations with pondage by grossing up the base rate of 15.5% and 16.5% with the applicable Corporate Tax rate of 22% with applicable Surcharge and CESS of 10% and 4% respectively.
- 4.6.5 The RoE claimed for FY 2026-27 is tabulated below.

**Table 4-15: ROE claimed for FY 2026-27**

**(Rs. Crores)**

Sl. No.	Station	MYT	Claimed	Variance
1	KTPS-V	141.46	142.36	0.90
2	KTPS-VI	153.68	154.54	0.86
3	KTPS-VII	328.62	317.78	-10.84
4	KTPP-I	158.38	158.84	0.46
5	KTPP-II	235.56	237.10	1.54
6	BTPS	518.27	492.62	-25.65
7	Nagarjuna Complex	97.82	127.36	29.54
8	Srisailam LB	171.02	224.75	53.73
9	Small Hydel	6.03	8.07	2.04
10	Mini Hydel	2.07	1.94	-0.13
11	Pochampad II	1.47	1.97	0.50
12	Priyadarshini Jurala	32.12	43.03	10.91

Sl. No.	Station	MYT	Claimed	Variance
13	Lower Jurala	81.97	102.41	20.44
14	Pulichintala	22.74	29.16	6.42
	<b>Total</b>	<b>1,951.21</b>	<b>2,041.93</b>	<b>90.72</b>

### ***Stakeholder's submissions***

4.6.6 Stakeholder submitted that the allowable Tax rate for the FY 2026-27 must be approved as NIL. However, Tax on RoE would be admissible to the petitioner based on actuals at the time of True up.

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

4.6.7 Petitioner quoted Section 115BAA of income tax Act regarding tax rate for grossing up as per regulations.

### ***Commission's Analysis and Findings***

4.6.8 The Commission has approved Return on Equity in accordance with Clause 29 of the Regulation No. 2 of 2023 based on GFA approved station wise.

4.6.9 In accordance with clause 29 and 30 of Regulations 2 of 2023, the Commission has computed the allowable Return on Equity for FY 2026-27. The Commission has determined the opening equity base, adjusting for additions and repayments during the year, applying the prescribed base rate and grossing up the return with the effective tax rate attributable to the regulated generation business. The Commission has considered the base rate of ROE as per the regulation.

4.6.10 Closing balance of Equity Base as approved in this True-up Order for FY 2024-25 is considered as the opening equity base for FY 2025-26. In respect of Gross Fixed Asset additions during the year, the Commission has examined the source of funding and restricted the equity component to a maximum of 25% of the asset cost, with the remaining 75% (or actual loan component, whichever higher) treated as normative loan. This equity portion of additions has been added to the opening base. Further, in accordance with Clause 28, the accumulated depreciation on each asset class beyond 75% (or actual loan component, whichever higher) of the asset cost has been treated as repayment of equity. This equity repayment has been deducted from the opening base. The closing equity base as on March 31, 2026 has been arrived at after considering these additions and deletions. Similarly, the Opening and Closing Balances of ROE for FY 2026-27 are also calculated.

4.6.11 The base rate has been grossed up with the effective income tax rate i.e., 25.17% as claimed by the petitioner.

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

**Table 4-16: ROE as claimed and approved for FY 2026-27**

(Rs. Crores)

Sl. No.	Station	ROE	Effective Tax rate	Claimed	Approved
1	KTPS-V	15.50%	25.17%	142.36	78.57
2	KTPS-VI	15.50%	25.17%	154.54	153.76
3	KTPS-VII	15.50%	25.17%	317.78	317.48
4	KTPP-I	15.50%	25.17%	158.84	158.38
5	KTPP-II	15.50%	25.17%	237.10	234.23
6	BTPS	15.50%	25.17%	492.62	462.64
7	Nagarjuna Complex	16.50%	25.17%	127.36	122.87
8	Srisaïlam LB	16.50%	25.17%	224.75	224.18
9	Small Hydel	16.50%	25.17%	8.07	7.55
10	Mini Hydel	15.50%	25.17%	1.94	1.89
11	Pochampad II	16.50%	25.17%	1.97	1.97
12	Priyadarshini Jurala	15.50%	25.17%	43.03	42.92
13	Lower Jurala	15.50%	25.17%	102.41	102.08
14	Pulichintala	16.50%	25.17%	29.16	29.16
	<b>Total</b>			<b>2,041.93</b>	<b>1,937.68</b>

#### 4.7 NON-TARIFF INCOME

##### *Petitioner's Claim*

4.7.1 The Petitioner submitted that the Non-tariff Income claimed for FY 2026-27 is based on actual Non-Tariff Income of FY 2024-25.

**Table 4-17: Variation in NTI as claimed for FY 2026-27**

(Rs. Crores)

Sl. No.	Station	MYT	Claimed	Variance
1	KTPS-V	16.46	9.44	-7.02
2	KTPS-VI	9.23	9.44	0.21
3	KTPS-VII	11.72	14.25	2.53
4	KTPP-I	30.29	10.73	-19.56
5	KTPP-II	32.33	12.87	-19.46
6	BTPS	12.57	16.43	3.86
7	Nagarjuna Complex	1.08	1.76	0.68
8	Srisaïlam LB	3.04	8.01	4.97
9	Small Hydel	0.28	0.56	0.28

Sl. No.	Station	MYT	Claimed	Variance
10	Mini Hydel	0.10	0.10	-
11	Pochampad II	0.04	0.10	0.06
12	Priyadarshini Jurala	0.31	1.38	1.07
13	Lower Jurala	0.19	0.35	0.16
14	Pulichintala	0.54	0.27	-0.27
	<b>Total</b>	<b>118.18</b>	<b>85.69</b>	<b>-32.49</b>

### *Commission's Analysis and Findings*

4.7.2 In accordance with Clause 43 of Regulation 2 of 2023, after prudent check, The Commission considered the Non-Tariff Income as approved in the MYT Order dated 28.10.2024. The Non-Tariff Income approved by the Commission for FY 2026-27 is as follows:

**Table 4-18: NTI as claimed and approved for FY 2026-27**

**(Rs. Crores)**

Sl. No.	Station Name	MYT Order	Claimed	Approved
1	KTPS-V	16.46	9.44	16.46
2	KTPS-VI	9.23	9.44	9.23
3	KTPS-VII	11.72	14.25	11.72
4	KTPP-I	30.29	10.73	30.29
5	KTPP-II	32.33	12.87	32.33
6	BTPS	12.57	16.43	12.57
7	Nagarjuna Complex	1.08	1.76	1.08
8	Srisailam LB	3.04	8.01	3.04
9	Small Hydel	0.28	0.56	0.28
10	Mini Hydel	0.10	0.10	0.10
11	Pochampad II	0.04	0.10	0.04
12	Priyadarshini Jurala	0.31	1.38	0.31
13	Lower Jurala	0.19	0.35	0.19
14	Pulichintala	0.54	0.27	0.54
	<b>Total</b>	<b>118.18</b>	<b>85.69</b>	<b>118.18</b>

## **4.8 ADDITIONAL PENSION LIABILITIES & WATER CHARGES**

### *Petitioner's Claim*

4.8.1 The petitioner has submitted that the Commission has approved additional Pension Liabilities and Water Charges for FY 2024-25 to FY 2028-29. The additional Pension liabilities projected for FY 2026-27 is of Rs.1902.23 Cr for TGTRANSCO, TGSPDCL and TGNPDCL.

4.8.2 Further, the water charges in respect of thermal and hydel stations were projected for FY 2026-27 based on the actuals of FY 2024-25 and usage of water for thermal generation and Hydel generation. The water charges projected for FY2026-27 is of Rs. 53.48 Cr

### ***Commission's Analysis and Findings***

4.8.3 The Commission has noted the submission made by the Petitioner regarding Additional Pension Liabilities and Water Charges. The Commission has evaluated the claim and considered Additional Pension Liabilities and Water Charges approved in the MYT Order. The actuals expenditure incurred shall be considered at the time of true-up subject to prudence check.

**Table 4-19: Additional Pension liability and water charges claimed and approved for FY 2026-27**  
(Rs. Crores)

Sl. No	Station Name	MYT	Claimed	Approved
1	Additional pension Liability	1,617.06	1,902.23	1,617.06
2	Water charges	33.84	53.48	33.84
	<b>Total</b>	<b>1,650.90</b>	<b>1,955.71</b>	<b>1,650.90</b>

## **4.9 SUMMARY OF ANNUAL FIXED CHARGES FOR FY 2026-27**

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

4.9.1 The summary of Annual Fixed Charges Approved and Revised for FY: 2026-27 is tabulated below.

**Table 4-20: Summary of AFC claimed for FY 2026-27**

(Rs. Crores)

Sl. No	Station	MYT	Claimed	Variance
1	Fixed Charges	5,860.75	6,828.35	967.60
2	Additional Pension Liability	1,617.06	1,902.23	285.17
3	Water Charges	33.84	53.48	19.64
	<b>Total</b>	<b>7,511.65</b>	<b>8,784.06</b>	<b>1,272.41</b>

### ***Stakeholder's submissions***

4.9.2 The stakeholder has submitted that petitioner's revised tariff proposal for FY 2026-27 shows significant deviations from the figures approved in the Multi-Year Tariff (MYT) order. The petitioner has projected GFA additions of Rs. 1,053.86 crore for 2026-27, compared to only Rs. 52.92 crore approved for the preceding year. The revised proposal seeks increases across major cost heads, including O&M expenses by Rs.

890.44 crore, additional pension liability by Rs. 285.17 crore, interest and finance charges by Rs. 114.76 crore, and return on equity by Rs. 90.72 crore. Consequently, the Annual Fixed Charges for FY 2026-27 have been revised upwards by Rs. 1,272.41 crore, from Rs. 7,511.65 crore to Rs. 8,784.06 crore, representing an increase of 16.94%.

- 4.9.3 The stakeholder further submits that the petitioner's claim for a true-up of Rs. 1,607.13 crore for FY 2024-25, combined with this substantial revision for FY 2026-27, renders the utility's projections and the entire MYT determination approach questionable and expressed concern that the revised projections for 2026-27 cannot be considered final, as the petitioner may again seek true-up for that year. The stakeholder has requested the Commission to subject all of petitioner's claims to a strict prudence check against normative parameters and to disallow any expenditures found to be impermissible.

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

- 4.9.4 The petitioner has responded by presenting a comparative table showing the fixed charges for FY 2026-27 as originally filed in the MYT petition, as approved by the Commission in its order dated 28.10.2024, and has now claimed in the revised tariff proposal. Petitioner contended that the figures now claimed are nearer to the amounts originally filed in the MYT petition, and the variation between the approved and revised figures is primarily due to the lower values approved by the Commission in the MYT order.
- 4.9.5 The petitioner has furnished detailed explanations for the variations, stating that the fixed charges claimed for FY 2024-25 are based on audited annual accounts. The major reasons cited for the increase include:
- a) The PRC-2022 revision, though acknowledged, was not compensated and forms part of O&M expenses.
  - b) The O&M expenditure for BTPS was computed based on actuals of its first year of operation, which was an outlier, and the normative O&M charges for this capacity are higher.
  - c) The difference in Return on Equity arises from the claim of 15.5% and 16.5% for thermal and hydel stations respectively, while the Commission reduced it to 11.5% and 12.5% citing late submission of the petition and requesting for resetting the ROE to its original claim, terming the reduction as without logical

basis and ultra vires.

- d) The Additional Pension Liability projections originally did not account for retirements that began from March 2024, and the addition of approximately 500 new pensioners has resulted in an increased liability.

4.9.6 These factors collectively explain the increase in the fixed charges claimed for FY 2024-25 and the revisions proposed for FY 2026-27.

### Commission's Analysis and Findings

4.9.7 Based on the above analysis, the summary of approved ARR for FY 2026-27 is as follows:

**Table 4-21: AFC as approved in MYT for FY 2026-27**

(Rs. Crores)

S. No.	Particulars	MYT						
		O & M	Dep.	I&FC	IoWC	RoE	Less: NTI	AFC
1	KTPS-V	230.98	1.44	0.24	34.71	141.46	16.46	392.37
2	KTPS-VI	230.86	45.25	-	33.96	153.68	9.23	454.53
3	KTPS-VII	539.87	186.42	203.81	63.13	328.62	11.72	1,310.13
4	KTPP-I	201.15	88.68	-	31.38	158.38	30.29	449.30
5	KTPP-II	228.47	127.75	70.62	38.27	235.56	32.33	668.34
6	BTPS	212.30	280.09	343.91	72.26	518.27	12.57	1,414.26
7	Nagarjuna Complex	131.58	87.97	-	7.18	97.82	1.08	323.47
8	Srisailam LB	112.12	86.43	-	9.17	171.02	3.04	375.70
9	Small Hydel	47.18	1.14	-	1.21	6.03	0.28	55.28
10	Mini Hydel	8.13	0.90	-	0.24	2.07	0.10	11.24
11	Pochampad II	7.81	0.58	0.51	0.23	1.47	0.04	10.56
12	Priyadarshini Jurala	37.48	11.16	6.28	2.13	32.12	0.31	88.85
13	Lower Jurala	37.63	51.47	36.79	4.66	81.97	0.19	212.33
14	Pulichintala	43.14	10.22	16.82	2.01	22.74	0.54	94.39
	<b>Sub Total</b>	<b>2,068.71</b>	<b>979.50</b>	<b>678.96</b>	<b>300.54</b>	<b>1,951.22</b>	<b>118.18</b>	<b>5,860.75</b>
	Additional Pension Liabilities							1,617.06
	Water charges							33.84
	<b>Grand Total</b>							<b>7,511.65</b>

**Table 4-22: AFC as claimed for FY 2026-27**

(Rs. Crores)

S. No.	Particulars	Claim						
		O & M	Dep.	I&FC	IoWC	RoE	Less: NTI	AFC
1	KTPS-V	312.97	34.56	-	34.49	142.36	9.44	514.94
2	KTPS-VI	312.97	23.86	-	36.50	154.54	9.44	518.43

S. No.	Particulars	Claim						
		O & M	Dep.	I&FC	IoWC	RoE	Less: NTI	AFC
3	KTPS-VII	588.67	174.95	188.83	62.19	317.78	14.25	1,318.17
4	KTPP-I	257.50	18.31	-	29.28	158.84	10.73	453.20
5	KTPP-II	308.99	116.31	95.21	37.46	237.10	12.87	782.20
6	BTPS	496.80	267.03	395.72	82.97	492.62	16.43	1,718.71
7	Nagarjuna Complex	207.74	59.07	-	8.82	127.36	1.76	401.23
8	Srisailam LB	210.31	59.13	30.08	11.96	224.75	8.01	528.22
9	Small Hydel	64.18	1.04	-	1.61	8.07	0.56	74.34
10	Mini Hydel	9.67	0.34	-	0.27	1.94	0.10	12.12
11	Pochampad II	9.51	0.58	0.78	0.28	1.97	0.10	13.02
12	Priyadarshini Jurala	65.63	11.14	13.37	2.97	43.03	1.38	134.76
13	Lower Jurala	66.16	27.33	48.64	5.40	102.41	0.35	249.59
14	Pulichintala	48.04	9.14	21.11	2.24	29.16	0.27	109.42
	<b>Sub Total</b>	<b>2,959.14</b>	<b>802.79</b>	<b>793.74</b>	<b>316.44</b>	<b>2,041.93</b>	<b>85.69</b>	<b>6,828.35</b>
	Additional Pension Liabilities							1,902.23
	Water charges							53.48
	<b>Grand Total</b>							<b>8,784.06</b>

Table 4-23: AFC approved for FY 2026-27

(Rs. Crores)

S. No.	Particulars	Approved						
		O & M	Dep.	I&FC	IoWC	RoE	Less: NTI	AFC
1	KTPS-V	368.10	13.94	1.48	30.14	78.57	16.46	368.10
2	KTPS-VI	483.62	46.02	-	33.19	153.76	9.23	483.62
3	KTPS-VII	1,272.85	170.80	182.52	53.80	317.48	11.72	1,272.85
4	KTPP-I	427.79	51.58	-	28.46	158.38	30.29	427.79
5	KTPP-II	679.27	112.99	72.93	35.56	234.23	32.33	679.27
6	BTPS	1,584.13	251.95	326.26	72.26	462.64	12.57	1,584.11
7	Nagarjuna Complex	333.01	49.61	-	7.50	122.87	1.08	333.01
8	Srisailam LB	459.41	64.34	19.64	10.51	224.18	3.04	459.41
9	Small Hydel	62.67	1.16	-	1.37	7.55	0.28	62.67
10	Mini Hydel	11.05	0.26	-	0.25	1.89	0.10	11.05
11	Pochampad II	11.57	0.48	0.66	0.25	1.97	0.04	11.57
12	Priyadarshini Jurala	109.92	9.37	11.73	2.47	42.92	0.31	109.92
13	Lower Jurala	221.40	26.40	42.86	4.87	102.08	0.19	221.40
14	Pulichintala	97.26	8.72	16.43	2.03	29.16	0.54	97.26
	<b>Sub Total</b>	<b>6,122.06</b>	<b>807.63</b>	<b>674.51</b>	<b>282.65</b>	<b>1,937.68</b>	<b>118.18</b>	<b>6,122.04</b>
	Additional Pension Liabilities							1,617.06
	Water charges							33.84
	<b>Grand Total</b>							<b>7,772.96</b>

## 4.10 ENERGY CHARGES

### *Petitioner's Claim*

4.10.1 The Petitioner submitted that the Energy Charge Rate for FY 2026-27 computed considering the reduced coal prices by M/s SCCL by Rs. 741/- per MT w.e.f. 07.09.2025 for all Grades of coal and revision of GST from 5% to 18% on coal prices and freight charges w.e.f. 22.09.2025 and net reduction in landed cost of coal is around Rs.600/- per MT. The Normative operating Parameters viz., Auxiliary consumption, Gross Station Heat Rate and Secondary Fuel Consumption are considered and weighted average coal price reduced by Rs.600/- per MT and oil price and GCV of 3 months is considered. The Coal price and Secondary fuel oil price escalated @2% for FY 2026-27. The Energy Charge Rate (ECR) for FY 2026-27 is tabulated below.

**Table 4-24: Energy Charge rate claimed for FY 2026-27**

Station	KTPS-V	KTPS-VI	KTPS-VII	KTPP-I	KTPP-II	BTPS
ECR (Rs/kWh)	3.737	3.853	3.434	2.921	2.737	3.677

### *Stakeholder's submissions*

4.10.2 The stakeholders submitted due to the revision in GST and related taxes; the petitioner has proposed a reduction in coal cost by Rs 600 per MT. Despite being the case, the utility has projected the increase in Per-unit energy charge (ECR) from certain stations, showing KTPS-VI: 3.74 to 3.853; BTPS: 3.34 to 3.677. Additionally, despite the normalization of coal cost in recent times (reduced import dependency), the ECR claimed is on the higher side that needs the attention of the Commission.

### *Petitioner's Replies*

4.10.3 The Petitioner submitted that the proposed ECR for 2026-27 is based on actual coal cost, increased GST and rail freight. FSA takes care of any variations as per actuals.

### *Commission's Analysis and Findings*

4.10.4 Clause 46(B) of Regulation No 2 of 2023 stipulates the methodology for determination of ECR. The relevant extract of the Regulation is as follows:

#### ***"B. Energy Charges***

*46.3 The Energy Charges shall cover landed cost of primary fuel and secondary fuel oil and shall be worked out on the basis of total energy scheduled to be supplied to the Beneficiary/ies during the calendar month on ex-power plant basis, at the Energy Charge Rate of the month (with fuel price adjustment) as per the following formula*

*Energy Charges (Rs) = (Energy Charge Rate in Rs/kWh) x [Scheduled Energy (ex-bus) for the month in kWh]*

46.4 Energy Charge Rate (ECR) in Rs/kWh shall be computed up to three decimal places and shall be the sum of the cost of normative quantities of primary and secondary fuel for delivering ex-bus one kWh of electricity, and shall be computed as per the following formula:  $ECR = (GSHR - SFC \times CVSF) \times LPPF / CVPF + SFC \times LPSFi \times 100 / (100 - AUX)$

Where,

*AUX = Normative Auxiliary Energy Consumption in percentage;*

*CVPF = Weighted average Gross Calorific Value of coal as received in kcal/kg less 85 kcal/kg on account of variation during storage at generating station; in case of blending of fuel from different sources, the weighted average Gross Calorific Value of primary fuel shall be arrived in proportion of blending ratio;*

*CVSF = Calorific value of secondary fuel, in kcal/ml; GSHR = Normative Gross Station Heat Rate, in kcal/kWh;*

*LPPF = Weighted average landed price of primary fuel, in Rs./kg, as applicable, during the month; in case of blending of fuel from different sources, the weighted average landed price of primary fuel shall be arrived in proportion of blending ratio;*

*SFC = Normative Secondary Fuel Oil Consumption, in ml/kWh;*

*LPSFi = Weighted average landed price of secondary fuel in Rs./ml during the month:*

*Provided that the landed cost of primary fuel and secondary fuel for tariff determination shall be based on actual weighted average cost of primary fuel and secondary fuel of the three (3) preceding months, and in the absence of landed costs for the three (3) preceding months, latest procurement price of primary fuel and secondary fuel for the generating Station, preceding the first month for which the Tariff is to be determined for existing stations, and immediately preceding three (3) months in case of new generating stations shall be taken into account:*

*Provided further that the landed cost of fuel shall mean the total cost of coal delivered to the generating station and shall include the base price of fuel corresponding to the grade/quality/calorific value of fuel inclusive of royalty, taxes and duties as applicable, washery charges as applicable, transportation cost by rail/road or any other means, charges for third-party sampling, and, for the purpose of computation of energy charges, shall be arrived at after considering normative transit and handling losses as percentage of the quantity of fuel dispatched by the fuel supply company during the month:*

*Provided also that any refund of taxes and duties along with any amount received on account of penalties from fuel supplier shall have to be adjusted in fuel cost: Provided also that the Energy Charges, for the purpose of billing/Fuel Surcharge shall be worked out Station-wise/Unit-wise based on weighted average rate based on scheduled generation from each Unit. ....*

4.10.5 The approved norms of operational parameters for FY 2026-27 in accordance with

MYT Order dated 28.10.2024 are shown in table below:

**Table 4-25: Normative operational parameters for FY 2026-27**

Parameter	Units	KTPS-V	KTPS-VI	KTPS-VII	KTPP-I	KTPP-II	BTPS
Normative Annual PLF	%	85	85	85	85	85	85
Auxiliary Consumption	%	9.3	5.25	5.25	5.25	5.25	8.5
Gross Station Heat Rate	kcal/kWh	2500	2450	2151	2450	2300	2318
Secondary Fuel Oil Consumption	ml/kWh	0.5	0.5	0.5	0.5	0.5	0.5
Transit Loss	%	0.8	0.8	0.8	0.8	0.8	0.8

4.10.6 The Commission has considered the latest GCV and prices of primary and secondary fuel. (i.e., for January 2026) for calculation of ECR. The latest prices are considered with reduced SCCL Coal prices and exclusive of Cess.

4.10.7 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 4-26: Base Energy Charge Rate claimed and approved for FY 2026-27**

Particulars	Legend	Units	KTPS V	KTPS VI	KTPS VII	KTPP I	KTPP II	BTPS
Auxiliary Consumption	AUX	%	9.30	5.25	5.25	5.25	5.25	8.50
Gross Station Heat Rate	GHR	kcal/kWh	2,500.00	2,450.00	2,151.00	2,450.00	2,300.00	2,318.40
Secondary Fuel oil consumption	SFC	ml/kWh	0.50	0.50	0.50	0.50	0.50	0.50
Calorific Value of Secondary Fuel	CVSF	kcal/ml	9,819.00	9,819.00	9,819.00	9,390.00	9,390.00	9,819.00
Landed Price of Secondary Fuel	LPSF	Rs./ml	0.06	0.06	0.06	0.07	0.07	0.06
Wt. Avg. Gross Calorific Value of Coal	CVPF	kcal/kg	2,886.00	3,269.00	3,777.00	4,286.00	4,286.00	3,063.00
Landed Price of Coal	LPPF	Rs./kg	3.54	4.36	4.45	4.75	4.75	3.61
Specific Coal Consumption		kg/kWh	0.86	0.75	0.57	0.57	0.54	0.76
Coal Cost/kWh		Rs./kWh	3.37	3.45	2.67	2.86	2.68	2.98
Secondary Fuel oil Cost/kWh		Rs./kWh	0.033	0.032	0.031	0.036	0.036	0.033
Energy Charge Rate (ECR) (Rs./kWh)		Rs./kWh	<b>3.405</b>	<b>3.477</b>	<b>2.698</b>	<b>2.894</b>	<b>2.719</b>	<b>3.017</b>

**Table 4-27: Energy Charge Rate as approved in MYT, Claimed and approved for FY 2026-27**

Station	MYT	Claim	Approved
KTPS-V	4.190	3.737	3.405
KTPS-VI	3.740	3.853	3.477
KTPS-VII	3.620	3.434	2.698
KTPP-I	3.370	2.921	2.894
KTPP-II	3.160	2.737	2.719
BTPS	3.340	3.677	3.017

4.10.8 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 4-28: Indicative Tariff approved for FY 2026-27**

Particulars	KTPS-V	KTPS-VI	KTPS-VII	KTPP-I	KTPP-II	BTPS
Net Generation (MU)	3,376.76	3,527.54	5,644.07	3,527.54	4,233.05	7,358.14
AFC (Rs. Crore)	368.10	483.62	1,272.85	427.79	679.27	1,584.13
AFC per unit (Rs./kWh)	1.090	1.371	2.255	1.213	1.605	2.153
Base ECR (Rs./kWh)	3.405	3.477	2.698	2.894	2.719	3.017
Total Tariff (Rs./kWh)	4.495	4.848	4.953	4.107	4.324	5.170

#### 4.11 APPLICABILITY

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

#### 4.12 COMMISSION'S DIRECTIVES

4.12.1 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. Maintain separate records and books of account for each unit of every power station.
2. Maintain the following with respect to capitalisation of fixed assets.
  - a. Date of capitalisation/placed into service.
  - b. Accumulated depreciation of each asset.
  - c. Date of decapitalisation wherever applicable.
  - d. Scheme-wise Details of Capital Cost for New Stations.
3. The Commission directs TGGENCO to compute and claim depreciation in accordance with Clause 28 of TGERC Regulation No. 2 of 2023. For assets capitalized prior to 01.04.2024 by spreading the same over the remaining life of the station, and for assets capitalised on or after 01.04.2024 depreciation shall be computed in accordance with the useful life specified in Annexure I to the relevant Regulations.
4. The Commission directs TGGENCO to submit a certificate from the Statutory Auditor confirming that cumulative depreciation claimed does not exceed 90% of the original cost of each asset, as stipulated under TGERC Regulation No. 2 of 2023, along with each tariff petition.
5. To approach the Commission for approval with regard to Renovation & Modernisation expenditure for all the plants.
6. The petitioner is directed not to claim the colony consumption in A&G Expenses in future tariff petitions.
7. The Commission directs TGGENCO to submit a certificate from the Statutory Auditor certifying the debt-equity ratio adopted for new capital additions, along with each tariff petition.
8. The Commission directs TGGENCO to explore suitable financing options with a view to optimising interest costs and submit a report to the Commission in this regard.
9. The Commission directs TGGENCO to collect samples and measure the GCV of coal sourced from the Tadicherla Integrated Mine separately at both the mine end and the receiving end at KTHP, prior to blending with SCCL coal, and to maintain separate records of GCV measurements for coal received from the Tadicherla Integrated Mine and SCCL respectively, for KTHP-I and KTHP-II.(As directed in para 0)
10. The Petitioner shall maintain data of actual quantity of stock of coal maintained at each generating station.
11. Integrated Mine: The Commission observed that TGGENCO has not submitted a separate petition for determination of the input price of coal from the Integrated Mine as required

under Part IV of TGERC Regulation No. 2 of 2023. The Commission directs TGGENCO to submit the same on or before 30th September 2026.

12. The Commission directs TGGENCO to submit a detailed report on accident prevention measures implemented at all generating stations and to ensure adequate insurance coverage for such stations.
13. 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 TGGENCO's power plant falls outside the threshold requiring FGD installation. However, FGD works at TGGENCO have already commenced, necessitating a prudent assessment of whether continuation or discontinuation of the works is financially and technically justified.

The Commission therefore directs TGGENCO 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, TGGENCO 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.

**ANNEXURE-I: NEWS PAPER PUBLICATION OF PUBLIC NOTICE OF TGGENCO TRUE UP FOR FY 2024-25 AND REVISED TARIFF PROPOSAL FOR 2026-27**  
**Newspaper clipping appeared in 'The Hindu' On 20.12.2025**

**THE HINDU**      20 DEC 2025

**BEFORE THE HONOURABLE**  
**TELANGANA ELECTRICITY REGULATORY COMMISSION**  
 Vidyut Nyantran Bhavan, G.T.S. Colony, Kalyan Nagar, Hyderabad - 500045.

**TELANGANA POWER GENERATION CORPORATION LIMITED**  
 Vidyut Soudha, Khairatabad, Hyderabad - 500082.

**PUBLIC NOTICE**

1. Notice is hereby given to all that the Telangana Power Generation Corporation Limited (TGGENCO), filed before the Telangana Electricity Regulatory Commission (TGERC) petition for True-up of FY 2024-25 and annual tariffs for FY 2026-27 for their generation business. These filings have been taken on record by the Hon'ble Commission In O.P. No. 67 of 2025.

2. Copies of the filings referred are available in the Office of  
 I. The Chief Engineer, Coal & Commercial, Room No. 255, TGGENCO, Vidyut Soudha, Khairatabad, Hyderabad - 500082.  
 and at the offices of the Generating Stations of TGGENCO at  
 II. The Chief Engineer, O&M, Kothagudem TPS - V&VI Stages, New Paloncha, Bhadradi Kothagudem (Dt.), Telangana - 507115.  
 III. The Chief Engineer, O&M, Kothagudem TPS - VII Stage, New Paloncha, Bhadradi Kothagudem (Dt.), Telangana - 507115.  
 IV. The Chief Engineer, O&M, Kakathya TPP - I&II, Chelapur (V), Ghanpur (M), Jayashankar Bhupalapally (Dt.), Telangana - 506168.  
 V. The Chief Engineer, Construction, Bhadradi TPS, Manuguru, Bhadradi Kothagudem (Dt.), Telangana - 507117.  
 VI. The Chief Engineer, O&M, SLBPH, TGGENCO, Srisalam Dam (West), Eegalapenta, Nagarkurnool (Dt.), Telangana - 509326.  
 VII. The Chief Engineer, O&M, NSPH, TGGENCO, NISHES, Nagarjuna Sagar Pylon, Nagarjuna Sagar, Nalgonda (Dt.), Telangana - 508203.

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.tggenco.com](http://www.tggenco.com) in downloadable form and the same may be accessed at [www.tgers.telangana.gov.in](http://www.tgers.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 Chief Engineer (Coal & Commercial), Room No. 255, TGGENCO, Vidyut Soudha, Khairatabad, Hyderabad - 500082 in person or through Registered Post so as to reach on or before 10.01.2026 by 5 pm. A copy of the same must also be filed with the Commission Secretary, TGERC at the address mentioned above or at email id [secy-tgers@telangana.gov.in](mailto:secy-tgers@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 TGGENCO as made in the petition	Objections/ Suggestions/ Comments

5. The objection/suggestion/comment should accompany the following details:

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

6. The gist of the filings of the TGGENCO for True-up of FY 2024-25 and annual tariffs for FY 2026-27 for their generation business 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 TGERC Court Hall, Vidyut Nyantran Bhavan, G.T.S Colony, Kalyan Nagar, Hyderabad, Telangana - 500045 on 22.01.2026 (Thursday) from 11.00 am onwards.

Sd/-  
**CHAIRMAN & MANAGING DIRECTOR**  
 TGGENCO

Place: Hyderabad.  
 Date: 20.12.2025.

**SCHEDULE-I**  
 True-up of FY 2024-25 for generation business (Rs. in Crore)

S.No.	Component	FY 2024-25 (True-up)		
		Approved Fixed Charges for FY 2024-25	Actual Fixed Charges for FY 2024-25	True-up Claimed by TGGENCO
1	Operation & Maintenance Expenses	1869.03	2700.87	831.84
2	Depreciation	986.73	774.46	-212.27
3	Interest and Finance charges on loan	828.92	872.20	43.28
4	Interest on working Capital	291.25	336.06	44.81
5	Return on Equity	1444.98	2009.55	564.57
6	Less: Non-tariff Income	109.51	78.39	-31.12
	<b>Fixed Charges</b>	<b>5311.40</b>	<b>6614.75</b>	<b>1303.35</b>
7	Additional Pension Liability	1367.73	1669.60	301.87
8	Water Charges	33.47	35.38	1.91
	<b>Total Fixed Charges</b>	<b>6712.60</b>	<b>8319.73</b>	<b>1607.13</b>

**SCHEDULE-II**  
 Annual tariffs for FY 2026-27 for generation business (Rs. in Crore)

S.No.	Component	Revised Proposed for FY 2026-27
1	Operation & Maintenance Expenses	2959.14
2	Depreciation	802.79
3	Interest and Finance charges on loan	793.74
4	Interest on working Capital	316.44
5	Return on Equity	2041.93
6	Less: Non-tariff Income	85.69
	<b>Fixed Charges</b>	<b>6828.35</b>
7	Additional Pension Liability	1902.23
8	Water Charges	53.48
	<b>Total Fixed Charges</b>	<b>8784.06</b>

DIPR R.O.No.933-PP/CL-AGENCY/ADVT/1/2025-26, Dt:19-12-2025

Newspaper clipping appeared in 'Times of India' On 20.12.2025

**TIMES OF INDIA**      20 DEC 2025

**BEFORE THE HONOURABLE  
TELANGANA ELECTRICITY REGULATORY COMMISSION**  
Vidyut Nyantran Bhavan, G.T.S. Colony, Kalyan Nagar, Hyderabad - 500045.

**TELANGANA POWER GENERATION CORPORATION LIMITED**  
Vidyut Soudha, Khairatabad, Hyderabad - 500082.

**PUBLIC NOTICE**

1. Notice is hereby given to all that the Telangana Power Generation Corporation Limited (TGGENCO), filed before the Telangana Electricity Regulatory Commission (TGERC) petition for True-up of FY 2024-25 and annual tariffs for FY 2026-27 for their generation business. These filings have been taken on record by the Hon'ble Commission in O.P. No. 67 of 2025.

2. Copies of the filings referred are available in the Office of

- i. The Chief Engineer, Coal & Commercial, Room No. 255, TGGENCO, Vidyut Soudha, Khairatabad, Hyderabad - 500082.
- and at the offices of the Generating Stations of TGGENCO at
- ii. The Chief Engineer, O&M, Kothagudem TPS - V&VI Stages, New Paloncha, Bhadradi Kothagudem (Dt.), Telangana - 507115.
- iii. The Chief Engineer, O&M, Kothagudem TPS - VII Stage, New Paloncha, Bhadradi Kothagudem (Dt.), Telangana - 507115.
- iv. The Chief Engineer, O&M, Kakatiya TPP - I&II, Chelpur (V), Ghanpur (M), Jayashankar Bhupalapally (Dt.), Telangana - 506168.
- v. The Chief Engineer, Construction, Bhadradi TPS, Manuguru, Bhadradi Kothagudem (Dt.), Telangana - 507117.
- vi. The Chief Engineer, O&M, SLBPH, TGGENCO, Srisaillam Dam (West), Eegalapenta, Nagarkurnool (Dt.), Telangana - 509326.
- vii. The Chief Engineer, O&M, NSPH, TGGENCO, NSHES, Nagarjuna Sagar Pylon, Nagarjuna Sagar, Nalgonda (Dt.), Telangana - 508203.

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.tggenco.com](http://www.tggenco.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 Chief Engineer (Coal & Commercial), Room No. 255, TGGENCO, Vidyut Soudha, Khairatabad, Hyderabad - 500082 in person or through Registered Post so as to reach on or before 10.01.2026 by 5 pm. A copy of the same must also be filed with the Commission Secretary, TGERC at the address mentioned above or at email id [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 TGGENCO as made in the petition	Objections/ Suggestions/ Comments

5. The objection/suggestion/comment should accompany the following details:

Name of the Objector \_\_\_\_\_

Correspondence Address \_\_\_\_\_

Email-Id \_\_\_\_\_

Contact Number \_\_\_\_\_

Objection filed against \_\_\_\_\_ TGGENCO

Whether copy of objection/ suggestion/ comment enclosed? \_\_\_\_\_ Yes / No

Whether proof of delivery of copy of objection/ suggestion/ comment at TGGENCO's office enclosed? \_\_\_\_\_ Yes / No

Whether Objector wants to be heard in person? \_\_\_\_\_ Yes / No

6. The gist of the filings of the TGGENCO for True-up of FY 2024-25 and annual tariffs for FY 2026-27 for their generation business 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 TGERC Court Hall, Vidyut Nyantran Bhavan, G.T.S Colony, Kalyan Nagar, Hyderabad, Telangana - 500045 on 22.01.2026 (Thursday) from 11.00 a.m onwards.

Sd/ \_\_\_\_\_  
CHAIRMAN & MANAGING DIRECTOR  
TGGENCO

Place: Hyderabad.  
Date: 20.12.2025.

**SCHEDULE-I**  
True-up of FY 2024-25 for generation business (Rs. In Crore)

S.No	Component	FY 2024-25 (True-up)		
		Approved Fixed Charges for FY 2024-25	Actual Fixed Charges for FY 2024-25	True-up Claimed by TGGENCO
1	Operation & Maintenance Expenses	1869.03	2700.87	831.84
2	Depreciation	986.73	774.46	-212.27
3	Interest and Finance charges on loan	828.92	872.20	43.28
4	Interest on working Capital	291.25	336.06	44.81
5	Return on Equity	1444.98	2009.55	564.57
6	Less: Non-tariff Income	109.51	78.39	-31.12
	<b>Fixed Charges</b>	<b>5311.40</b>	<b>6614.75</b>	<b>1303.35</b>
7	Additional Pension Liability	1367.73	1669.60	301.87
8	Water Charges	33.47	35.38	1.91
	<b>Total Fixed Charges</b>	<b>6712.60</b>	<b>8319.73</b>	<b>1607.13</b>

**SCHEDULE-II**  
Annual tariffs for FY 2026-27 for generation business (Rs. In Crore)

S.No.	Component	Revised Proposed for FY 2026-27
1	Operation & Maintenance Expenses	2959.14
2	Depreciation	802.79
3	Interest and Finance charges on loan	793.74
4	Interest on working Capital	316.44
5	Return on Equity	2041.93
6	Less: Non-tariff Income	85.69
	<b>Fixed Charges</b>	<b>6828.35</b>
7	Additional Pension Liability	1902.23
8	Water Charges	53.48
	<b>Total Fixed Charges</b>	<b>8784.06</b>

DIPR R.O.No.933-PP/CL-AGENCY/ADVT/1/2025-26, Dt:19-12-2025







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

<b>Sl. No</b>	<b>Stakeholder Name and address</b>	<b>Date of receiving Objections</b>
1	Mohan R Pinninti Director, People's Sentinel Forum, Plot No 174, Ravi Society, Mahendra Hills, East Marredpally, Secunderabad, Telangana-500 026	29.12.2025 08.01.2026
2	T. Sujatha, Sr. Director FTCCI, 11-6-841. Federation House, Federation Marg, Red Hills, Hyderabad - 500004	12.01.2026 20.01.2026
3	On behalf of TGDSICOMs by Chief Engineer (IPC&RAC) TGSPDCL, Corporate Office, 6-1-50, 1st Floor, Mint Compund, Hyderabad - 500 063	09.01.2026
4	M. Venugopal Rao Senior Journalist & Convener, Centre for Power Studies, H.No.1-100/MP/101, Monarch Prestige, Journalist's Colony, Serilingampally Mandal, Hyderabad - 500 032	14.01.2026
5	I. Gopinath, Chief Executive Officer, SICMA Administrative Office: 3 <sup>rd</sup> Floor, 36 <sup>th</sup> Square, Plot no. 481, Road no. 36, Jubilee Hills, Hyderabad - 500034, Telangana, India	10.01.2026 20.01.2026
6	Vinod Kumar Agarwal General Secretary, Telangana Iron & Steel Manufacturers Association (TISMA), Regd. Office: Flat No. 101, 1 <sup>st</sup> Floor, Satya Sarovar Apt, Ghansi Bazar, Near High Court, Hyderabad-500002, Telangana.	13.01.2026
7	POWER COMPANY OF KARNATAKA LIMITED 5 <sup>th</sup> Floor, KPTCL Building, Kaveri Bhavan, K.G. Road, Bengaluru-560 009	22.01.2026

**ANNEXURE-III: LIST OF STAKEHOLDERS WHO PARTICIPATED IN PUBLIC HEARING HELD ON 22.01.2026**

Sl. No	Stakeholder Name and address
1	T. Sujatha, Sr. Director FTCCI, 11-6-841. Federation House, Federation Marg, Red Hills, Hyderabad – 500004
2	On behalf of TGDSICOMs by Chief Engineer (IPC&RAC) TGSPDCL, Corporate Office, 6-1-50, 1 <sup>st</sup> Floor, Mint Compound, Hyderabad - 500 063
3	M. Venugopala Rao Senior Journalist & Convener, Centre for Power Studies, H.No.1-100/MP/101, Monarch Prestige, Journalist's Colony, Serilingampally Mandal, Hyderabad - 500 032
4	I. Gopinath, Chief Executive Officer, SICMA Administrative Office: 3 <sup>rd</sup> Floor, 36 <sup>th</sup> Square, Plot no. 481, Road no. 36, Jubilee Hills, Hyderabad - 500034, Telangana, India
5	Vinod Kumar Agarwal General Secretary, Telangana Iron & Steel Manufacturers Association (TISMA), Regd. Office: Flat No. 101, 1 <sup>st</sup> Floor, Satya Sarovar Apt, Ghansi Bazar, Near High Court, Hyderabad-500002, Telangana.