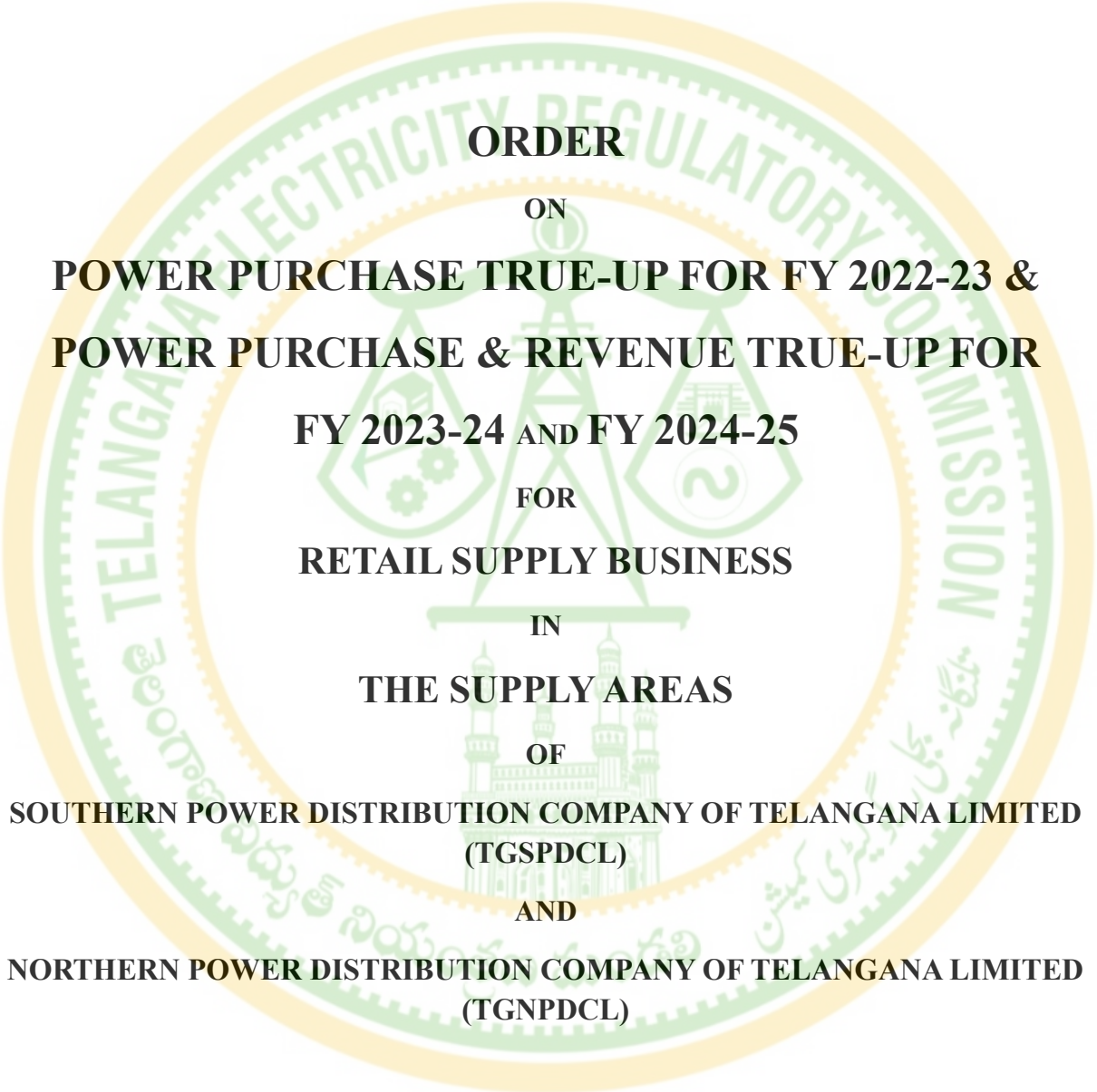




TELANGANA ELECTRICITY REGULATORY COMMISSION
VIDYUT NIYANTRAN BHAVAN, G.T.S. COLONY, KALYAN NAGAR, HYDERABAD 500 045



ORDER
ON
POWER PURCHASE TRUE-UP FOR FY 2022-23 &
POWER PURCHASE & REVENUE TRUE-UP FOR
FY 2023-24 AND FY 2024-25
FOR
RETAIL SUPPLY BUSINESS
IN
THE SUPPLY AREAS
OF
SOUTHERN POWER DISTRIBUTION COMPANY OF TELANGANA LIMITED
(TGSPDCL)
AND
NORTHERN POWER DISTRIBUTION COMPANY OF TELANGANA LIMITED
(TGSPDCL)

30.03.2026

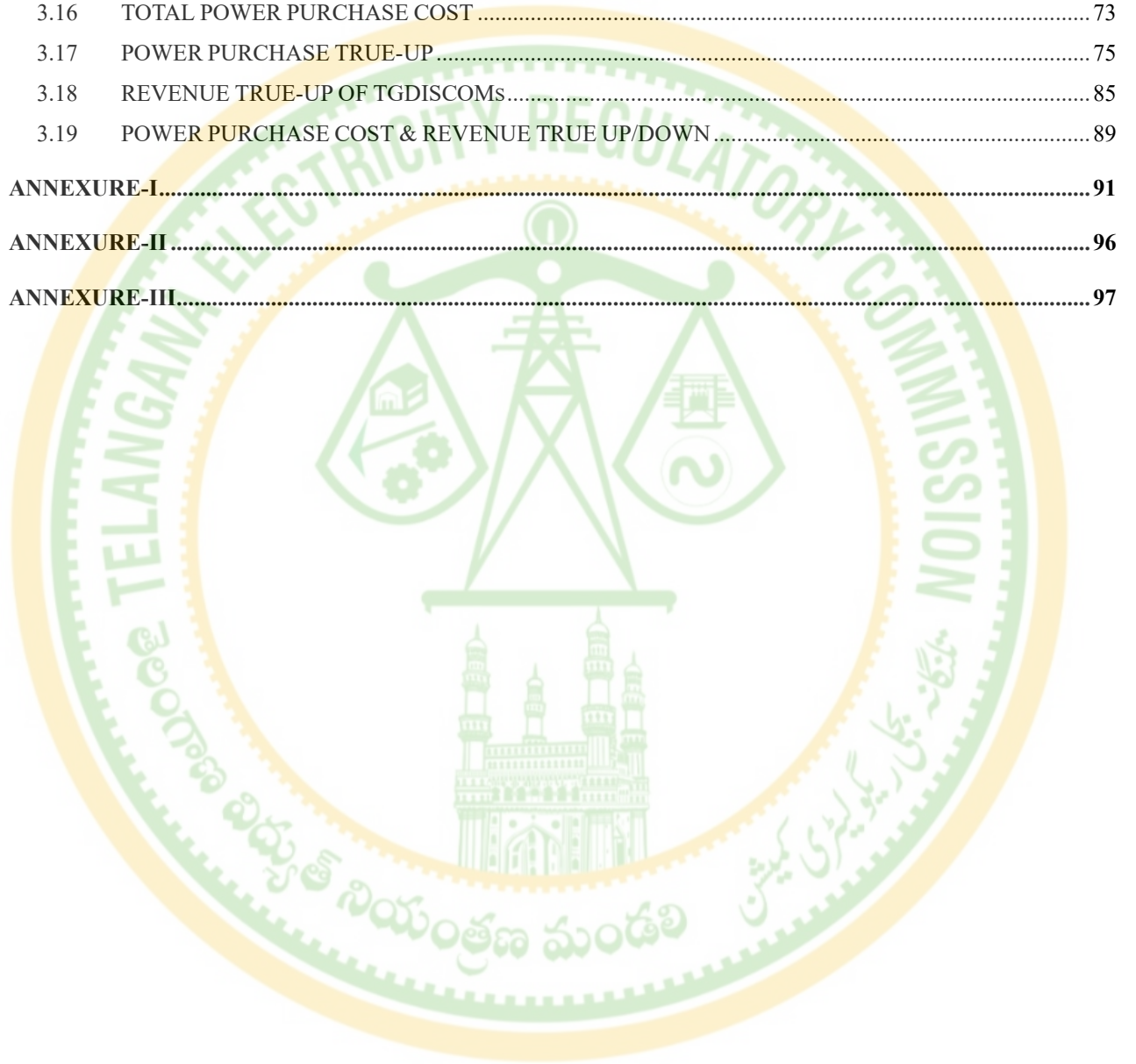
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LIST OF ABBREVIATIONS

A&G	Administrative and General
APCPDCL	Andhra Pradesh Central Power Distribution Corporation Limited
APERC	Andhra Pradesh Electricity Regulatory Commission
APNPDCL	Northern Power Distribution Company of Andhra Pradesh Limited
APTRANSCO	Transmission Corporation of Andhra Pradesh Limited
ARR	Aggregate Revenue Requirement
ASCI	Administrative Staff College of India
AT&C	Aggregate Technical and Commercial Losses
CAGR	Compound Annual Growth Rate
CC	Consumer Contribution
CEA	Central Electricity Authority
CERC	Central Electricity Regulatory Commission
CPI	Consumer Price Index
CT	Current Transformer
CWIP	Capital Work in Progress
DA	Daily Allowance
DE	Divisional Engineer
DISCOM	Distribution Company
DNR	Distribution Network Renovation
DTR	Distribution Transformer
EE	Employee Expenses
FPT	Filing for Proposed Tariff
FRP	Financial Restructuring Plan
FY	Financial Year
G.O.Ms	Government Order (Manuscript)
GFA	Gross Fixed Assets
GHMC	Greater Hyderabad Municipal Corporation
GoI	Government of India
GoTG	Government of Telangana
HT	High Tension
HV	High Voltage
HVDC	High Voltage Direct Current
IDC	Interest During Construction
ISI	Indian Standard Institute
kV	kilo Volt
LI	Lift Irrigation
LT	Low Tension
LV	Low Voltage
MAT	Minimum Alternative Tax
MoP	Ministry of Power
MSW	Municipal Solid Waste
MU	Million Units
MW	Mega-Watt

List of Abbreviations

MYT	Multi Year Tariff
NCE	Non-Conventional Energy
NEP	National Tariff Policy
NTI	Non-Tariff Income
NTP	National Tariff Policy
O&M	Operation and Maintenance
O.P.	Original Petition
OA	Open Access
PFC	Power Finance Corporation
PGCIL	Power Grid Corporation of India Limited
PTC	Power Trading Corporation
PTR	Power Transformer
R&M	Repairs & Maintenance
RBI	Reserve Bank of India
RE	Renewable Energy
REC	Rural Electrification Corporation
RECs	Renewable Energy Certificates
RMI	Renovation, Modernisation & Improvement
RoCE	Return on Capital Employed
RoE	Return on Equity
RPPO	Renewable Power Purchase Obligation
RRB	Regulated Rate Base
Rs.	Rupees
RSB	Retail Supply Business
RTC	Round the Clock
S/s or SS	Sub-Station
SCCL	Singareni Collieries Company Limited
SLDC	State Load Despatch Centre
STU	State Transmission Utility
TGERC	Telangana Electricity Regulatory Commission
TGNPDCL	Northern Power Distribution Company of Telangana Limited
TGPCC	Telangana Power Coordination Committee
TGRPDCL	Telangana Rythu Power Distribution Company Limited
TGSPDCL	Southern Power Distribution Company of Telangana Limited
TGTRANSCO	Transmission Corporation of Telangana Limited
WACC	Weighted Average Cost of Capital
WPI	Wholesale Price Index



TELANGANA ELECTRICITY REGULATORY COMMISSION

VIDYUT NIYANTRAN BHAVAN, G.T.S. COLONY, KALYAN NAGAR, HYDERABAD 500 045

Dated 30.03.2026

Present

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

O.P. No. 56 of 2025 and I.A. No. 33 of 2025

O.P. No. 57 of 2025 and I.A. No. 34 of 2025

O.P. No. 81 of 2025

Northern Power Distribution Company of Telangana Limited (TGNDPCL)

O.P. No. 58 of 2025 and I.A. No. 35 of 2025

O.P. No. 59 of 2025 and I.A. No. 36 of 2025

O.P. No. 82 of 2025

Southern Power Distribution Company of Telangana Limited (TGSPDCL)

... Applicants

The Southern Power Distribution Company of Telangana Limited (TGSPDCL) and the Northern Power Distribution Company of Telangana Limited (TGNDPCL) (hereinafter referred to as “Applicants” or “Petitioners” or “TGDISCOMs” or “Licensees”) have filed petitions for Power Purchase True-Up for FY 2022-23 and Power Purchase True-Up and Revenue True-Up for FY 2023-24 on 10.11.2025 and Power Purchase True-Up and Revenue True-Up for FY 2024-25 on 29.11.2025 in respect of their retail supply business in accordance with Regulation 4 of 2005 and Regulation 2 of 2023.

2. The Commission, in exercise of its powers under the Electricity Act, 2003, Regulation No. 4 of 2005 and Regulation No. 2 of 2023 passed the present order after considering petitioners’ submissions, suggestions/ comments/ objections of the stakeholders, responses of petitioners on issues that were raised during the Public Hearings, and all other relevant material placed on record before the Commission.

COMMON ORDER

CHAPTER-1 : INTRODUCTION

1.1 BACKGROUND

Telangana Electricity Regulatory Commission (Commission)

1.1.1 Telangana State Electricity Regulatory Commission was constituted by the Government of Telangana (GoTG) in accordance with 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. Further, the Government of Telangana vide G.O.Ms.No.12, Energy (HR. A1) Department dated 31.05.2024 changed the nomenclature and abbreviation of the Commission as 'Telangana Electricity Regulatory Commission and TGERC respectively.

Telangana State Distribution Companies (TGDISCOMs)

1.1.2 Consequent to the formation of the state of Telangana, the erstwhile APCPDCL (excluding the Kurnool and Anantapur circles) was renamed as TSSPDCL and the APNPDCL (excluding seven mandals viz., Chintoor, Vara Ramachandrapuram, Kunavaram, Kukunuru, Velairupadu, Badrachalam (excluding Badrachalam town) and part of Burgampadu (excluding twelve (12) revenue villages)) was renamed as TSNPDCL respectively *w.e.f.* 02.06.2014.

1.1.3 The statement of bifurcation of assets and liabilities between the DISCOMs of Telangana and Andhra Pradesh as approved by the Expert Committee formed for recommendation on bifurcation of assets & liabilities was forwarded to the Government of Telangana for necessary implementation.

1.1.4 During FY 2016-17, Government of Telangana vide G.O.Ms.No.225, 234 and 240 dated 11.10.2016, issued orders for reorganisation of existing districts and formation of new districts in the state of Telangana. Accordingly, seven revenue mandals under the territorial jurisdiction of TSNPDCL have been merged with Siddipet district of TSSPDCL, Gundala mandal of Nalgonda which was under the territorial jurisdiction of TSSPDCL was demerged/hived off and merged with Jangaon district under the territorial jurisdiction of TSNPDCL.

1.1.5 The Government of Telangana vide G.O.Ms.No.20 dated 23.02.2019 has re-transferred

the Gundala mandal from TSNPDCL jurisdiction to TSSPDCL. With regard to the transfer of assets and liabilities, the TSSPDCL took over the network of Gundala mandal *w.e.f.* 02.04.2019 during FY 2019- 20. Accordingly, the assets and liabilities of Gundala were incorporated in TSSPDCL in FY 2019-20.

- 1.1.6 The Commission vide its order dated 17.03.2017 in O.P. Nos. 3 and 4 of 2017, allowed the change in names of the licensees to be Southern Power Distribution Company of Telangana Limited (TSSPDCL) and Northern Power Distribution Company of Telangana Limited (TSNPDC) in place of APCPDCL and APNPDC respectively.
- 1.1.7 In wake of the Government of Telangana's orders vide 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 TSSPDCL and TSNPDCL replaced the abbreviated form of the company name and revised logo from TSSPDCL and TSNPDCL to TGSPDCL and TGNPDCL respectively in all official documents.

1.2 REGULATION NO. 1 OF 2014

- 1.2.1 The Commission, soon after its formation, had notified Regulation viz., 'Adoption' Regulation No.1 of 2014 on 10.12.2014 being adoption of previously subsisting regulations, decisions, directions or order, licenses and practice of directions.
- 1.2.2 In accordance with the above Regulation, all the earlier Regulations framed by the erstwhile Andhra Pradesh Electricity Regulatory Commission will continue to apply for the State of Telangana, till further modification.

1.3 REGULATION NO. 4 OF 2005

- 1.3.1 Accordingly, the Regulation No. 4 of 2005 notified on 14.11.2005 viz., 'Terms and Conditions for Determination of Tariff for Wheeling and Retail Sale of Electricity' Regulation, 2005 and its subsequent amendments thereof, as subsisting as on date of constitution of TGERC and in force, shall *mutatis mutandis* apply to the State of Telangana.
- 1.3.2 Regulation No. 4 of 2005 introduced Multi-Year-Tariff framework and specified the principles and procedures of filings and also defines control period as a multi-year period fixed by the Commission from time to time, usually five years. Accordingly, the period from FY 2018-19 to FY 2023-24 was considered as fourth control period.

1.4 REGULATION NO. 2 OF 2023

- 1.4.1 In exercise of the powers conferred under Section 61 read with Section 181 of the Electricity Act, 2003 (36 of 2003), TGERC has introduced Regulation No. 2 of 2023 viz. Telangana State Electricity Regulatory Commission (Multi Year Tariff) Regulation, 2023 *inter-alia* superseding Regulation No.4 of 2005.
- 1.4.2 Regulation No. 2 of 2023 continued the Multi-Year-Tariff framework and specified the principles and procedures of filings and also defines control period as a five-year period beginning with the fifth control period from FY 2024-25 to FY 2028-29.

1.5 TIMELINES FOR FILING TRUE-UP/ TARIFF PETITIONS OF RETAIL SUPPLY BUSINESS

- 1.5.1 Cause 12.5(a) of Regulation No. 4 of 2005 as amended by Regulation No. 1 of 2014 provides that “the Distribution Licensee shall include the power purchase cost variation over the previous year Power Purchase cost on the Tariff Order as expense (in the event of incurring excess cost)/rebate (in case of cost saving) in the ARR as special item with relevant details...”. Further, Clause 12.5(b) of the said Regulations provide that “Since the complete information of cost actually incurred relating to previous year will not be available at the time of filing of ARR for a particular tariff year, the Licensee may include provisional cost variation for the previous year in SARR filings which will be subject to final correction by the Commission as and when final accounts for that year become available.”
- 1.5.2 As per Clause 6.2 of Regulation no. 2 of 2023 TGDISCOMs, after first year of the Control Period and onwards, shall file annual petition for their Retail Supply Business comprising of (i) *True-up* of preceding year; (ii) Aggregate Revenue Requirement (ARR) for ensuing year of the control period; (iii) Revenue from retail sale of electricity at existing tariffs & charges and projected revenue gap for ensuing year of the Control Period and (iv) Proposal of consumer category wise retail supply tariff and charges for ensuing year of the Control Period by 30th November of current financial year.

1.6 REGULATORY PROVISIONS RELATED TO DELAY IN FILING PETITIONS

- 1.6.1 Clause (4) of Regulation No. 2 of 2016 includes a provision for levying a penal fee @ Rs. 5,000/- per day for the first 30 days beyond the specified date and @ Rs.1,50,000/- plus Rs.10,000/- per day after 30 days till submission of petition in case a licensee fails

to comply with the timelines for submitting tariff / MYT petitions.

- 1.6.2 Clause 29 of Regulation No. 2 of 2023 provides that in case of delay in submission of tariff / *True-up* filings by the licensee as required under the Regulation, rate of RoE shall be reduced by 0.5% per month or part thereof.

1.7 PRESENT PETITIONS

- 1.7.1 TGDISCOMs filed the instant petitions along with delay condonation petitions for (a) Power Purchase True-Up for FY 2022-23, (b) Power Purchase True-Up and Revenue True-Up for FY 2023-24 and (c) Power Purchase True-Up and Revenue True-Up for FY 2024-25 with the following prayers:

A. POWER PURCHASE TRUE-UP FOR FY 2022-23

TGSPDCL:

- To admit the Power Purchase True-Up petition filed by the Licensee.
- To approve the Power Purchase True-Up Cost for FY 2022-23 as per table below:

<i>FY 2022-23</i>	<i>Value (Rs. Crs)</i>
<i>Total PP True-Up of TGSPDCL</i>	<i>4,915.00</i>
<i>Less: Provisional True-Up approved by the Commission</i>	<i>811.38</i>
<i>Net True-Up of TGSPDCL</i>	<i>4,103.61</i>

- To approve the deviation from the approved values for Power Purchase quantum and cost and to allow pass through of the same.
- To address a letter to the Energy Department, Government of Telangana to extend financial support to TGSPDCL and arranging payment of PP True-up amount of Rs. 4,103.61 crores without passing the burden on the consumers and pass necessary orders as deemed fit.
- To pass any other order as the Commission may deem fit and appropriate under the circumstances of the case and in the interest of justice.
- To condone any errors/omissions and to give opportunity to rectify the same.
- To permit the Licensees to make further submissions, addition and alteration to this True-Up as may be necessary from time to time.
- To condone delay in filing of the Power Purchase True-Up application for Retail Supply Business for the FY 2022-23.

TGNPDCL:

- To admit the Power Purchase True-Up petition filed by the Licensee.
- To approve the Power Purchase True-Up Cost for FY 2022-23 as per table below:

FY 2022-23	Value (Rs. Crs)
<i>Total PP True-Up of TGNPDCL</i>	2,370.00
<i>Less: Provisional True-Up approved by the Commission</i>	-409.00
Net True-Up of TGNPDCL	2,779.00

- To approve the deviation from the approved values for Power Purchase quantum and cost and to allow pass through of the same.
- To address a letter to the Energy Department, Government of Telangana to extend financial support to TGNPDCL and arranging payment of PP True-up amount of Rs. 2,779.00 crores without passing the burden on the consumers and pass necessary orders as deemed fit.
- To pass any other order as the Commission may deem fit and appropriate under the circumstances of the case and in the interest of justice.
- To condone any errors/omissions and to give opportunity to rectify the same.
- To permit the Licensees to make further submissions, addition and alteration to this True-Up as may be necessary from time to time.
- To condone delay in filing of the Power Purchase True-Up application for Retail Supply Business for the FY 2022-23.

B. POWER PURCHASE TRUE-UP AND REVENUE TRUE-UP FOR FY 2023-24 TGSPDCL:

Power Purchase True up

- To admit the Power Purchase True-Up petition filed by the Licensee.
- To condone any errors/omissions and to give opportunity to rectify the same.
- To permit the Licensees to make further submissions, addition and alteration to this True-Up as may be necessary from time to time.
- To approve the Power Purchase True-Up Cost for FY 2023-24 as per table below:

FY 2023-24	Value (Rs. Crs)
<i>Approved Power Purchase Cost</i>	29,960.00
<i>Actual Power Purchase Cost</i>	34,733.00
Power Purchase True-Up for TGSPDCL	4,774.00

- In accordance with the provision in clause 12.5.2(d) of Regulation No. 1 of 2023, which stipulates that claims arising from failure to pass on FCA charges within the prescribed timelines shall not be allowed, the DISCOM respectfully submits **that it is not claiming the Power Purchase True-Up amount for the FY 2023-24 and accordingly pass necessary orders.**

Revenue True up

- To condone any errors/omissions and to give opportunity to rectify the same.
- To permit the Licensees to make further submissions, addition and alteration of this True-Up as may be necessary from time to time.
- To approve the Revenue True-Up as follows for the FY 2023-24:

FY 2023-24	Value (Rs. Crs)
Approved Revenue (LT)	11,029.52
Approved Revenue (HT)	22,944.97
Revenue from other sources	149.66
Total Approved Revenue (LT+HT)	34,124.16
Actual Revenue (LT)	11,989.82
Actual Revenue (HT)	19,509.79
Less: Revenue from other sources	289.10
Total Actual Revenue (LT+HT)	31,788.71
Total Revenue True-Up (+)	2,335.45

- To approve the deviation from the approved values for revenue.
- The Commission may request the Government of Telangana to extend financial support of Revenue True-Up amount of Rs. 2,335.45 crores to TGSPDCL in order to recover financial losses.
- To pass an order as the Commission may deem fit and appropriate under the circumstances of the case and in the interest of justice.
- To condone delay in filing of the Power Purchase True-Up application for Retail Supply Business for the FY 2023-24 and Revenue True-Up for FY 2023-24.

TGNPDCL:

Power Purchase True up

- To admit the Power Purchase True-Up petition filed by the Licensee.
- To approve the Power Purchase True-Up Cost for FY 2023-24 as per table below:

FY 2023-24	Value (Rs. Crs)
Approved Power Purchase Cost	12,351.00
Actual Power Purchase Cost	14,162.00
Power Purchase True-Up for TGNPDCL	1,810.00

- In accordance with the provision in clause 13.3(d) of Regulation No. 2 of 2023, which stipulates that claims arising from failure to pass on FCA charges within the prescribed timelines shall not be allowed, the DISCOM respectfully submits that **it is not claiming the Power Purchase True-Up amount for the FY 2023-24 and accordingly pass necessary orders.**

- To condone any errors/omissions and to give opportunity to rectify the same.
- To permit the Licensees to make further submissions, addition and alteration of this True-Up as may be necessary from time to time.

Revenue True up

- To approve the Revenue True-Up as follows for the FY 2023-24:

FY 2023-24	Value (Rs. Crs)
<i>Approved Revenue (LT)</i>	3,399.92
<i>Approved Revenue (HT)</i>	5,652.42
<i>Non-Tariff Income</i>	33.81
Total Approved Revenue (Incl NTI)	9,086.15
<i>Actual Revenue (LT)</i>	3,823.26
<i>Actual Revenue (HT)</i>	5,077.03
<i>Non-Tariff Income</i>	72.37
Total Actual Revenue (Incl NTI)	8,972.67
Total Revenue True-Up (+)/Ture-Down (-)	113.48

- To approve the deviation from the approved values for revenue.
- The Commission may request the Government of Telangana to extend financial support of Revenue True-Up amount of Rs. 113.48 crores to TGNPDCL in order to recover financial losses.
- To pass any other order as the Commission may deem fit and appropriate under the circumstances of the case and in the interest of justice.
- To condone any errors/omissions and to give opportunity to rectify the same.
- To permit the Licensees to make further submissions, addition and alteration to this True-Up as may be necessary from time to time.
- To condone delay in filing of the Power Purchase True-Up application for Retail Supply Business for the FY 2023-24 and Revenue True-Up for FY 2023-24.

C. POWER PURCHASE TRUE-UP AND REVENUE TRUE-UP FOR FY 2024-25

TGSPDCL:

Power Purchase True up

- To admit the Power Purchase True-Up petition filed by the Licensee.
- To condone any errors/omissions and to give opportunity to rectify the sane.
- To permit the Licensees to make further submissions, addition and alteration to this True-Up as may be necessary from time to time.
- To approve the Power Purchase True-Up Cost for FY 2024-25 by considering actual sales for agricultural consumers as per the table below:

FY 2024-25	Value (Rs. Crs)
Approved Power Purchase Cost	31,789.00
Actual Power Purchase Cost (Considering actual agricultural sales)	34,891.00
Power Purchase True-Up for TGSPDCL	3,102.00

- In accordance with the provision in clause 13.3(d) of Regulation No. 2 of 2023, which stipulates that claims arising from failure to pass on FCA charges within the prescribed timelines shall not be allowed, the DISCOM respectfully submits **that it is not claiming the Power Purchase True-Up amount** for the FY 2024-25 and accordingly pass necessary orders.

Revenue True up

- To approve the Revenue True-Up/Down as follows for the FY 2024-25:

FY 2024-25	Value (Rs. Crs)
Approved Revenue (LT)	11,736.67
Approved Revenue (HT)	22,170.84
Revenue from other sources (NTI+CSS+AS)	200.71
Total Approved Revenue (LT+HT)	34,108.22
Actual Revenue (LT)	12,851.32
Actual Revenue (HT)	21,266.59
Less: Revenue from other sources (NTI+CSS+AS)	186.21
Total Actual Revenue (LT+HT)	34,304.12
Total Revenue True-Up (+)/True down (-)	(195.90)

- To pass any other order as the Commission may deem fit and appropriate under the circumstances of the case and in the interest of justice.
- To condone any errors/omissions and to give opportunity to rectify the same.
- To permit the Licensees to make further submission, addition and alteration to this True-Up as may be necessary from time to time.

TGNPDCL:

Power Purchase True up

- To admit the Power Purchase True-Up petition filed by the Licensee.
- To condone any errors/omissions and to give opportunity to rectify the same.
- To permit the Licensees to make further submissions, addition and alteration to this True-Up as may be necessary from time to time.
- To approve the Power Purchase True-Up Cost for FY 2024-25 by considering actual sales for agricultural consumers as per the table below:

FY 2024-25	Value (Rs. Crs)
Approved Power Purchase Cost	12,726.00

FY 2024-25	Value (Rs. Crs)
<i>Actual Power Purchase Cost (Considering actual agricultural sales)</i>	13,922.00
Power Purchase True-Up for TGNPDCL	1,196.00

- In accordance with the provision in clause 13.3(d) of Regulation No. 2 of 2023, which stipulates that claims arising from failure to pass on FCA charges within the prescribed timelines shall not be allowed, the DISCOM respectfully submits **that it is not claiming the Power Purchase True-Up amount for the FY 2024-25 and accordingly pass necessary orders.**

Revenue True up

- To approve the Revenue True-Up/Down as follows for the FY 2024-25:

FY 2024-25	Value (Rs. Crs)
<i>Approved Revenue (LT)</i>	3,588.21
<i>Approved Revenue (HT)</i>	5,481.72
<i>Non-Tariff Income</i>	69.67
Total Approved Revenue (LT+HT)	9,139.59
<i>Actual Revenue (LT)</i>	4,118.57
<i>Actual Revenue (HT)</i>	5,550.66
<i>Non-Tariff Income</i>	73.33
Total Actual Revenue (LT+HT)	9,742.56
Total True-Up (+)/True down (-)	-602.97

- To pass any other order as the Commission may deem fit and appropriate under the circumstances of the case and in the interest of justice.
- To condone any errors/omissions and to give opportunity to rectify the same.
- To permit the Licensees to make further submission, addition and alteration to this True-Up as may be necessary from time to time.

1.8 ADMISSION OF PETITIONS

1.8.1 The petitions submitted by TGDISCOMs were scrutinised and found to be in order as required under ‘Conduct of Business’ Regulations, 2015 (Regulation No. 2 of 2015). The filings were admitted and were taken on record subject to consideration of delay condonation petitions by assigning the following Original Petition (O.P.)/ Interlocutory Petition (I.A.) numbers:

TGNPDCL

- O.P. No. 56 of 2025 and I.A. No. 33 of 2025
- O.P. No. 57 of 2025 and I.A. No. 34 of 2025
- O.P. No. 81 of 2025

TGSPDCL

- O.P. No. 58 of 2025 and I.A. No. 35 of 2025
- O.P. No. 59 of 2025 and I.A. No. 36 of 2025
- O.P. No. 82 of 2025

1.9 DELAY CONDONATION APPLICATIONS

1.9.1 Compliance with the deadlines stipulated in the Act/Regulations is essential for maintaining Regulatory efficiency and accountability. The timely submission of ARR and tariff petitions ensures transparency, financial prudence, and the smooth functioning of the Regulatory framework. While the Commission acknowledges the reasons cited by the DISCOMs for the delay, it is important to reiterate that the responsibility for timely submissions rests with the licensees.

1.9.2 Repeated delays in filing tariff petitions not only disturb the Regulatory process but also have financial and operational implications for the sector. It is important for all the licensees to comply with Regulatory timelines as prescribed under the applicable regulations.

1.9.3 The TGDISCOMs have filed separate applications for condoning the delay in filing the petitions beyond the stipulated deadlines. The TGDISCOMs have mainly submitted the following reasons for condonation of delay:

- *The Licensee has submitted the ARR for 5th Control Period from FY 2024-25 to FY 2028-29 in September 2024 and the Commission had released the Tariff Order on 28.10.2024.*
- *The Licensee had undertaken analysis of the tariff order released by the Commission and further was also developing certain proposals for the subject petition.*
- *Consequent to this the licensee filed the ARR for FY 2025-26 on 28.01.2025.*
- *Given the interdependencies between these filings, the licensee had to prioritise the ARR submission before proceeding with the petitions for FY 2022-23.*
- *Further, the licensee had requested the State Government of Telangana for approval of filing of Power Purchase True-Ups of FY 2022-23 and FY 2023-24 pertaining to Retail Supply Business.*
- *Enforcement of Model code of conduct regarding Biennial Election of the Telangana Legislative Council Graduates and Teachers Constituencies 2025.*

- *The TGDISCOMs were engaged in making the Power Supply arrangements to meet the uninterrupted power supply to all the consumers.*
- *In view of the above difficulties faced, the Licensee humbly submits before the Commission a request to condone the delay in filing the True-Up petition for Power Purchase Cost for FY 2022-23 and True-Up petition for Power Purchase Cost for FY 2023-24, as well as the petition for Revenue True-Up for FY 2023-24.*

1.9.4 Even otherwise imposing penalties for delay is not going to serve the purpose. The penalty, if any imposed will not be passed on to the consumers and it will be added to the losses of the TGDISCOMs, thereby financial health of TGDISCOMs will get deteriorated.

1.9.5 Therefore, considering the submissions of TGDISCOMs, the Commission has allowed I.A. Nos. 33, 34, 35 & 36 of 2025 and condoned the delay in filing the petitions beyond the deadline. The Commission further directs the TGDISCOMs to ensure strict compliance with Regulatory deadlines in subsequent filings, failing which necessary Regulatory actions, will be imposed as per the provisions of the applicable regulations.

1.10 PUBLIC NOTICE

1.10.1 The petitioners, as directed by the Commission, published a public notice in two (2) English, two (2) Telugu and one (1) Urdu daily newspapers on 10.01.2026 in respect of True-Up petitions for FY 2022-23, FY 2023-24 and FY 2024-25 (**Annexure I**). The public notice was to inform the stakeholders and general public at large that the petitioners have filed petitions for power purchase true-up for FY 2022-23 and power purchase and revenue true up for FY 2023-24 & FY 2024-25 before the Commission in respect of their Retail Supply Business.

1.10.2 It was also notified in the said public notice that, objections/suggestions/comments on the filings may be filed with the petitioners on or before 31.01.2026 with a copy marked to the Commission Secretary.

1.10.3 Further, the venue of public hearing for True-Up petitions for FY 2022-23, FY 2023-24 and FY 2024-25 to be held on 27.02.2026 from 10:30 hours onwards in Court Hall of the Commission, 'Vidyut Niyantran Bhavan', Kalyan Nagar, Hyderabad- 500045 was indicated in the public notices.

1.10.4 The filings of the petitioners along with the additional information submitted by

TGDISCOMs were also posted on the official website of TGDISCOMs as well as on the website of the Commission.

1.11 RESPONSE TO PUBLIC NOTICE

1.11.1 In response to the public notices, objections/suggestions/comments were received from 12 stakeholders for both TGDISCOMs. The details of stakeholders who submitted objections/ suggestions is enclosed as **Annexure II**.

1.11.2 The petitioners were directed to arrange responses to stakeholders 'written objections/suggestions/comments by 10.02.2026 to the respective objector with a copy to Commission Secretary before the scheduled date of public hearing. It was also directed to post the replies on the website of the respective TGDISCOM.

1.12 STATE ADVISORY COMMITTEE MEETING

1.12.1 A meeting of the State Advisory Committee (SAC) was conducted on 03.02.2026 at Meeting Hall, TGERC, 'Vidyut Nyantran Bhavan', Kalyan Nagar, Hyderabad-500045 in which the views of members on the filings of the petitioners were also sought. The views of the members were duly considered while issuing this order.

1.13 DATA GAPS

1.13.1 Upon scrutiny of the filings the Commission identified certain data gaps and directed the petitioners to furnish additional information. The Commission has considered the original filings and additional information submitted by the petitioners.

1.14 CORRESPONDENCE WITH GOTG FOR MAKING A STATEMENT ON THE FILINGS MADE BY TGDISCOMS

1.14.1 The Commission, vide Lr. No. TGERC/Secy/Tariff/F.No.RST/D.No.71/26, dated 28.01.2026, intimated Government of Telangana about the filings made by TGDISCOMs for (a) approval of Power Purchase Cost True-up for FY 2022-23, (b) approval of Power Purchase Cost True-up & Revenue True-up for FY 2023-24 & FY 2024-25 for their Retail Supply Business and (c) determination of revised ARR, FPT& CSS proposals for FY 2026-27 for their Retail Supply Business and Petition filed by CESS, Sircilla for determination of revised ARR for FY 2026-27. The State Government was requested to make a statement before the Commission on the proposals of the licensees at the respective places of public hearings.

1.15 PUBLIC HEARING

1.15.1 As published in the public notice, the Commission conducted public hearing on 27.02.2026 in Court Hall of the Commission, 'Vidyut Nyantran Bhavan', Kalyan Nagar, Hyderabad- 500045. During the public hearing, TGDISCOMs made brief presentation on their respective filings. Out of 12 objectors who have given written objections only 4 were present during the public hearing. They were permitted to present objections before the Commission. At the end, as directed by the Commission, the petitioners responded on the issues raised by the stakeholders during the Public Hearing. The list of the stakeholders who attended the public hearing is at **Annexure II**.



CHAPTER-2 : SUMMARY OF FILINGS

2.1 SUMMARY OF FILINGS

2.1.1 This Chapter summarises the filings of TGDISCOMs for (a) Power Purchase Cost True-Up for FY 2022-23, (b) Power Purchase Cost and Revenue True-Up for FY 2023-24, (c) Power Purchase Cost and Revenue True-Up for FY 2024-25.

2.1.2 The TGDISCOMs have submitted the following in respect of treatment of Cost & Revenue True-Ups:

a. PP Cost/Revenue True-Ups are warranted as tariff filings and tariff orders are issued based on futuristic projections of various revenue and cost elements. The variations in projections and actuals should ideally be due to unforeseen changes such as new regulations (increase in taxes/coal CESS), natural disasters leading to higher capital investments/ operating expenses and other force majeure conditions.

b. Efforts should be made by all the stakeholders involved, to reduce such True-Up costs in business-as-usual scenarios. Higher True-Up costs will have an adverse effect on both the performance of the utility (as the gap has to be funded through short-term sources) and customers (tariff increases to recover such gaps with carrying costs).

c. This leads to reduced financial capacity of the utility to raise long-term finances at competitive rates. Current True-Ups and the carrying costs have to be borne by customers for future energy procurement.

A. POWER PURCHASE COST TRUE-UP FOR FY 2022-23

2.2 POWER PURCHASE TRUE-UP FOR FY 2022-23 AT THE STATE LEVEL

2.2.1 The TGDISCOMs have submitted that they have considered the power purchase cost, SLDC and transmission cost for FY 2022-23 approved in the RST Order for arriving at the True-Up for FY 2022-23. Further, the TGDISCOMs have submitted that they had been supplying 24 hours power to all agricultural consumers from 01.01.2018.

2.2.2 The TGDISCOMs submitted that based on the actuals for FY 2022-23 and approved distribution losses, power purchase cost (including transmission charges) they have arrived at a cost of Rs. 33,257 crores for TGSPDCL and Rs. 14,176 crores for TGNPDCL, aggregating to Rs. 47,433 crores for FY 2022-23 as shown below:

Table 2:1: Analysis of Power Purchase Cost Variation for FY 2022-23

PP Cost Variation Analysis TGDISCOMs- FY 2022-23											
Category	Energy Dispatched (MUs)		Fixed Cost (Rs. Crores)		Variable Cost (Rs. Crores)		Other Cost (Rs. Crores)		Total Impact (Rs. Crores)		
	Approved	Actual	Approved	Actual	Approved	Actual	Approved	Actual	Approved	Actual	Diff
Genco Thermal	26,907	23,660	5,212	4,416	7,059	7,394	0	0	12,271	11,810	-461
Genco Hydel	3,719	5,742	1,331	1,331	0	0	0	0	1,331	1,331	0
CGS	20,176	15,832	2,112	2,360	5,746	6,493	0	0	7,858	8,852	995
NCE	7,699	8,630	0	37	4,277	4,331	0	0	4,277	4,367	90
Others	22,748	14,945	4,114	2,847	4,580	5,502	0	0	8,994	8,349	-645
Market	2,172	7,266	0	0	716	4,746	0	0	716	4,746	4,030
Interstate Sale/UI/Sale / Purchase in ≤33kV	-5,060	-2,952	0	0	-1,619	-1,694	0	0	-1,619	-1,694	-75
D-D	0	0	0	0	0	0	0	0	0	0	0
Interest on Pension bonds	0	0	1,307	1,307	0	0	0	0	1,307	1,307	0
Transmission charges	0	0	5,014	5,864	0	7	0	0	5,014	5,871	857
Miscellaneous Charges	0	0	0	879	0	486	0	1,129	0	2,494	2,494
Total	78,361	73,121	19,390	19,040	20,759	27,264	0	1,129	40,149	47,433	7,285

2.3 REASONS FOR DEVIATION IN POWER PURCHASE QUANTUM AND COST FOR THE STATE

2.3.1 The TGDISCOMs have submitted that the actual energy dispatched by the State was 7% lower (than the approved) for FY 2022-23 which was due to the lower sales recorded for the year especially in HT-IV(A): LIS Category. The detailed explanation for the same submitted by TGDISCOMs is placed in below paragraphs.

2.3.2 The TGDISCOMs submitted the following deviations in Energy Dispatch for the FY 2022-23:

- **Hydel Power:** During FY 2022-23, the state of Telangana witnessed significantly good levels of rainfall across the state due to which a quantum of 5,742 MU was generated from hydel power stations, which was 54% higher than the energy dispatch approved by the Commission (at 3,719 MU).
- **Central Generating Stations (CGS):** There was lower dispatch witnessed from NTPC stations as compared to approved dispatch. This has led to the decrease in energy received from CGS by 4,344 MU (21% decrease) vis-à-vis the energy dispatch approved by the Commission. This has been so after considering zero dispatch from NTPC, TSTPP Unit-1 in actuals as against the approved dispatch of 3,412.84 MU.

- **State Genco (Thermal):** Lower dispatch was witnessed from GENCO thermal stations as compared to approved dispatch. A total of 23,660 MUs were procured from TGGENCO thermal stations during FY 2022-23 which is 12% lower than the dispatch approved by the Commission.
- **Non-Conventional Energy Sources (NCEs):** In order to meet the renewable energy obligation requirements, an additional 930 MUs were procured from NCEs amounting to a total of 8,630 MUs as against the 7,699 MUs approved by the Commission.
- **Short-term power sources:** The state of Telangana has been supplying 24*7 power to agricultural sector from 01.01.2018. This has increased the power purchase requirement for the whole of FY 2022-23. TGDISCOMs resorted to procurement of power from short-term market after exhausting all other sources. In order to meet sudden increase in power demand in the state in FY 2022-23, a total of 9,404 MU was procured from the short-term market. The considerable additional short-term power purchase was considering the zero dispatch from NTPC, TSTPP and CSPDCL.

2.3.3 The TGDISCOMs submitted the following deviations in Power Purchase Cost for the FY 2022-23:

- **Variations in Fixed Costs (FC):** An overall change in fixed costs from the approved amount of Rs. 19,390 crores to actual amount of Rs. 19,040 crores (2% decrease) were incurred during the FY 2022-23.
- **Variation in Variable Costs (VC):** Variable Costs were increased to the tune of Rs. 6,505 crores over the approved costs mostly due to increase in per-unit VC of TGGENCO, CGS and short-term market to meet the 24*7 power supply initiative to the agricultural consumers in the state. In case of Thermal Stations (TGGENCO/CGS/STPP), there has been an increase in the cost of coal, freight, royalty and levy of Green CESS, thereby increasing the variable costs of these stations as compared to the cost assumptions considered by the Commission at the time of issuance of order.

The variable costs of the TGGENCO stations have seen a 5% increase from Rs. 2.62/kWh approved to Rs. 3.13/kWh actual, thereby increasing overall cost by Rs. 335 crores.

The variable costs of CGS have increased significantly by 13% from the approved

costs (*i.e.*, Rs. 2.85/kWh to Rs. 4.1/kWh).

There has been an increase in power purchase cost from IPPs (Thermal Powertech and Singareni) due to increase in domestic coal prices, freight charges and forex rate variations on imported coal components by 20% *i.e.*, from Rs. 2.01/kWh approved to Rs. 3.68/kWh actual.

- **Variation in Transmission Charges, PGCIL Charges and SLDC Charges:**

There has been an increase of around Rs. 857 crores (17%) in transmission charges as compared to approved charges. There has been no increase in TGTRANSCO/SLDC Charges and the variation is entirely attributable to increase in PGCIL charges.

- **Dispatch from NCEs:** NCEs, being the must-run stations, has lower per-unit cost of Rs. 5.02/kWh as compared to the approved cost of Rs. 5.56/kWh. While the per-unit costs decreased, there has been an overall increase in the cost to the tune of Rs. 90 crores due to actual dispatch quantum exceeding the approved quantum.

- **Short-term Power:** Since the additional power requirement was met from short-term sources, an additional power purchase cost of Rs. 4,030 crores were incurred.

2.3.4 The actual revenue of sale of surplus power in FY 2022-23 was higher than the approved figures (Rs. 75 crores) leading to decrease in True-Up cost claims.

2.3.5 The TGDISCOMs submitted that they had prayed before the Commission at various junctures to include the impact of supply of 24 hours agricultural sales in relevant regulations or review the approved sales *viz.* review petition filed by the licensees on Tariff Order for FY 2017-18 and the petition filed for amendment to Regulation 4 of 2005. However, the same was declined by the Commission stating that submissions of TGDISCOMs would be treated as suggestions/inputs at the time of amending relevant regulations.

2.3.6 The power purchase costs incurred for FY 2022-23 at the state level (by considering the minimum of actual and approved agricultural sales in Tariff Order for FY 2022-23) were apportioned between TGSPDCL and TGNPDCL in the ratio of 70.55% and 29.45% respectively, as detailed in tables below.

Table 2:2: Power Purchase Cost Variation claimed by TGSPDCL for FY 2022-23

Category	Energy Dispatched (MUs)		Total Impact (Rs. Crores)		
	Approved	Actual	Approved	Actual	Difference
GENCO Thermal	18,983	16,692	8,657	8,32	-325

Category	Energy Dispatched (MUs)		Total Impact (Rs. Crores)		
	Approved	Actual	Approved	Actual	Difference
GENCO Hydel	2,623	4,051	939	939	0
CGS	14,234	11,170	5,544	6,245	702
APGPCL and IPPS Gas	0	0	0	0	0
NCE	5,324	6,017	2,982	3,079	97
Others	16,048	10,543	6,345	5,890	-455
Market	1,532	5,126	505	3,349	2,844
Interstate Sale/UI/Sale/ Purchase in ≤ 33kV	-3,570	-2,083	-1,142	-1,195	-53
D-D purchase/UI	185	0	60	0	-60
Interest on Pension Bonds	0	0	922	922	0
Transmission Charges	0	0	3,530	4,134	604
Miscellaneous Charges	0	0	0	1,563	1,563
Total	55,361	51,516	28,342	33,257	4,915
Provisional True-Up approved					811.38
Net True-UP					4,103.61

Table 2:3: Power Purchase Cost Variation claimed by TGNPDCL for FY 2022-23

Category	Energy Dispatched (MUs)		Total Impact (Rs. Crores)		
	Approved	Actual	Approved	Actual	Difference
GENCO Thermal	7,924	6,968	3,614	3,478	-136
GENCO Hydel	1,095	1,691	392	392	0
CGS	5,916	4,663	2,314	2,607	293
APGPCL and IPPS Gas	0	0	0	0	0
NCE	2,376	2,612	1,295.06	1,288.93	-6
Others	6,699	4,401	2,648.71	2,459	-190
Market	640	2,140	211	1,398	1,187
Interstate Sale/UI/Sale/ Purchase in ≤ 33kV	-1,490	-870	-477	-499	-22
D-D purchase/UI	-185	0	-60	0	60
Interest on Pension Bonds	0	0	385	385	0
Transmission Charges	0	0	1484	1,737	253
Miscellaneous Charges	0	0	0	931	931
Total	22,975	21,605	11,807	14,176	2,370
Provisional True-Up approved					-409
Net True-UP					2,779

B. POWER PURCHASE COST TRUE-UP & REVENUE TRUE-UP FOR FY 2023-24

2.4 POWER PURCHASE TRUE-UP FOR FY 2023-24 AT THE STATE LEVEL

2.4.1 The TGDISCOMs have submitted that they have considered the power purchase cost, SLDC and transmission cost for FY 2023-24 approved in the RST Order for arriving at the True-Up for FY 2023-24. Further, the TGDISCOMs have submitted that they had been supplying 24 hours power to all agricultural consumers from 01.01.2018.

2.4.2 The TGDISCOMs submitted that they have computed actual Power Purchase cost by grossing up the sales *i.e.*, actual metered sales plus minimum of actual and agricultural sales approved in the Tariff order with approved transmission and distribution losses on the relevant MYT Transmission and Wheeling tariff orders. Accordingly, a cost of Rs. 34,733 crores for TGSPDCL and Rs. 14,162 crores for TGNPDCL, aggregating to Rs. 48,895 crores has been arrived at for FY 2023-24 as shown below:

Table 2:4: Analysis of Power Purchase Cost Variation for FY 2023-24

PP Cost Variation Analysis TGDISCOMs- FY 2023-24											
Category	Energy Dispatched (MUs)		Fixed Cost (Rs. Crores)		Variable Cost (Rs. Crores)		Other Cost (Rs. Crores)		Total Impact (Rs. Crores)		
	Approved	Actual	Approved	Actual	Approved	Actual	Approved	Actual	Approved	Actual	Diff
Genco Thermal	26,211	26,317	5,028	4,804	6,842	9,442	0	0	11,870	14,245	2,376
Genco Hydel	5,677	1,181	1,224	1,242	0	0	0	0	1,224	1,242	19
CGS	21,127	16,787	2,854	2,319	6,023	6,108	0	144	8,877	8,571	-306
NCE	11,896	11,007	0	0	5,074	5,259	0	0	5,074	5,259	184
Others	21,464	14,662	4,268	2,756	5,578	4,901	0	-28	9,846	7,629	-2,217
Market	1,505	9,986	0	-2	527	5,290	0	0	527	5,289	4762
Interstate Sale/UI/Sale / Purchase in ≤33kV	-3,724	-1,388	0	0	-1,862	-735	0	0	-1,862	-735	1,127
D-D	0	0	0	0	0	0	0	0	0	0	0
Interest on Pension bonds	0	0	0	0	0	0	1,379	1,168	1,379	1,168	-211
Transmission charges	0	0	5,376	6,090	0	30	0	-6	5,376	6,113	737
Miscellaneous Charges	0	0	0	-20	0	0	0	134	0	114	114
Total	84,156	78,460	18,750	17,189	22,182	30,295	1,379	1,411	42,311	48,895	6,584

2.5 REASONS FOR DEVIATION IN POWER PURCHASE QUANTUM AND COST FOR THE STATE

2.5.1 The TGDISCOMs have submitted that the actual energy dispatched by the State was 7% lower (than the approved) for FY 2023-24. The detailed explanation for the same submitted by TGDISCOMs is placed in below paragraphs.

2.5.2 The TGDISCOMs submitted the following deviations in Energy Dispatch for the FY 2023-24:

- **Hydel Power:** The state witnessed considerably lower generation from Hydel Power Stations primarily attributed due to poor inflows from upstream states into major reservoirs in Telangana. An actual generation of only 1,181 MUs was witnessed as against the approved 5,677 MUs *i.e.*, a 79% fall in generation.
- **Central Generating Stations (CGS):** The Central Generating Stations too witnessed lower generation attributed to overall delay in commissioning of Telangana STPP power plant leading to a shortfall of 4,340 MUs *i.e.*, a 21% reduction in generation.
- **State Genco (Thermal):** There is higher dispatch witnessed from GENCO thermal stations as compared to approved dispatch. 26,317 MUs were procured from TGGENCO Thermal stations during FY 2023-24 *i.e.*, a 0.4% lower than the dispatch approved by the Commission.
- **Non-Conventional Energy Sources (NCEs):** There has been a 7.47% shortfall in energy dispatched by NCEs leading to a reduced generation of 889 MU.
- Even though in terms of variable cost, CGSPDCL comes higher in the merit order dispatch, there have been no power taken from it in FY 2023-24.
- **Short-term power sources:** The state of Telangana has been supplying 24*7 power to agricultural sector from 01.01.2018. This has increased the power purchase requirement for the whole of FY 2023-24. TGDISCOMs resort to procurement of power from short-term market after exhausting all other sources. In order to meet sudden increase in power demand in the state in FY 2023-24, an additional 8,389 MUs were procured from the short-term market in addition to the 1,505 MUs approved by the Commission. The considerable additional short-term power purchase was considering the zero dispatch from NTPC, TSTPP and CSPDCL.

2.5.3 The TGDISCOMs submitted the following deviations in Power Purchase Cost for the FY 2023-24:

- **Variations in Fixed Costs (FC):** An overall change in fixed costs from the approved amount of Rs. 18,750 crores to actual amount of Rs. 17,189 crores (8% decrease) were incurred during the FY 2023-24.
- **Variation in Variable Costs (VC):** Variable Costs were increased to the tune of

Rs. 8,113 crores over the approved costs mostly due to increase in per-unit VC of TGGENCO, CGS and short-term market to meet the 24*7 power supply initiative to the agricultural consumers in the state. In case of Thermal Stations (TGGENCO/CGS/STPP), there has been an increase in the cost of coal, freight, royalty and levy of Green CESS, thereby increasing the variable costs of these stations as compared to the cost assumptions considered by the Commission at the time of issuance of order.

The variable costs of the TGGENCO stations have increased from Rs. 2.61/kWh approved to Rs. 3.59/kWh actual, thereby increasing overall cost by Rs. 2,600 crores.

The variable costs of CGS have increased significantly from the approved costs (*i.e.*, Rs. 2.85/kWh to Rs. 3.64/kWh).

There has been an increase in power purchase cost from IPPs (Thermal Powertech and Singareni) due to increase in domestic coal prices, freight charges and forex rate variations on imported coal components from Rs. 2.60/kWh approved to Rs. 3.34/kWh actual.

- **Variation in Transmission Charges, PGCIL Charges and SLDC Charges:**

There has been an increase of around Rs. 737 crores (14%) in transmission charges as compared to approved charges, primarily attributable to increase in PGCIL charges.

- **Dispatch from NCEs:** NCEs, being the must-run stations, has per-unit cost of Rs. 4.78/kWh as compared to the approved cost of Rs. 4.27/kWh, leading to an increase in the cost by Rs. 184 crores.
- **Short-term Power:** Since the additional power requirement was met from short-term sources, an additional power purchase cost of Rs. 4,762 crores were incurred.

2.5.4 The TGDISCOMs submitted that they had prayed before the Commission at various junctures to include the impact of supply of 24 hours agricultural sales in relevant regulations. However, the same was declined by the Commission stating that submissions of TGDISCOMs would be treated as suggestions/inputs at the time of amending relevant regulations.

2.5.5 The power purchase costs incurred for FY 2023-24 at the state level (by considering the minimum of actual and approved agricultural sales in Tariff Order for FY 2023-24) were apportioned between TGSPDCL and TGNPDCL in the ratio of 70.55% and

29.45% respectively, as detailed in tables below.

Table 2:5: Power Purchase Cost Variation claimed by TGSPDCL for FY 2023-24

Category	Energy Dispatched (MUs)		Total Impact (Rs. Crores)		
	Approved	Actual	Approved	Actual	Difference
Genco Thermal	18,492	18,567	8,374	10,050	1,676
Genco Hydel	4,005	833	863	876	13
CGS	14,905	11,843	6,263	6,47	-216
NCE	7,944	7,768	3,487	3,762	274
Others	15,143	10,344	6,947	5,382	-1,564
Market	1,062	6,981	372	3,731	3,359
Interstate Sale/UI/Sale/ Purchase in ≤ 33kV	-2,627	-979	-1,314	-519	795
D-D purchase/UI	1,134	0	210	0	-210
Interest on Pension Bonds	0	0	973	824	-149
Transmission Charges	0	0	3,785	4,305	520
Miscellaneous Charges	0	0		275	275
Total	60,057	55,356	29,960	34,733	4,774

Table 2:6: Power Purchase Cost Variation claimed by TGNPDCL for FY 2023-24

Category	Energy Dispatched (MUs)		Total Impact (Rs. Crores)		
	Approved	Actual	Approved	Actual	Difference
Genco Thermal	7,719	7,750	3,496	4,195	700
Genco Hydel	1,672	348	360	366	5
CGS	6,222	4,944	2,614	2,524	-90
NCE	3,953	3,238	1,587	1,497	-90
Others	6,321	4,318	2,900	2,247	-653
Market	443	2,914	155	1,558	1,402
Interstate Sale/UI/Sale/ Purchase in ≤ 33kV	-1,097	-409	-548	-217	332
D-D purchase/UI	-1,134	0	-210	0	210
Interest on Pension Bonds	0	0	406	344	-62
Transmission Charges	0	0	1,591	1,809	217
Miscellaneous Charges	0	0	0	-161	-161
Total	24,099	23,103	12,351	14,162	1,810

2.6 REVENUE TRUE-UP FOR FY 2023-24

2.6.1 As per Tariff Order of FY 2023-24, the Commission had determined the revenue for TGDISCOMs at reference rates. The table below summarises the comparison between actual revenue realised by the TGDISCOMs vis-à-vis revenue approved at reference rates:

Table 2:7: Revenue True-Up claimed by TGSPDCL for FY 2023-24

Category	Particulars	Approved Revenue (Rs. Crores)	Actual Revenue (Rs. Crores)	True-Up (+) True-Down (-) (Rs. Crores)
A	B	C	D	E
LT-I	Domestic	6,218.41	6,069.71	-148.70
LT-II	Non-Domestic/Commercial	3,432.26	4,228.41	796.15
LT-III	Industrial	757.17	994.94	237.77
LT-IV	Cottage Industries	4.41	4.58	0.17
LT-V	Agricultural	58.34	51.17	-7.17
LT-VI	Street Lighting & PWS	349.98	396.86	46.88
LT-VII	General Purpose	82.59	83.93	1.34
LT-VIII	Temporary Supply	124.91	158.52	33.61
LT-IX	Electric Vehicle Charging Stations	1.45	1.70	0.25
LT- Total		11,029.52	11,989.82	960.30
HT-I	Industrial & Ferro Alloys	14,840.97	12,721.69	-2,119.28
HT-II	Non-Industrial/Others	3,670.44	3,951.72	281.28
HT-III	Airport, Railway Stations, Bus etc.	54.65	82.88	28.23
HT-IV	Irrigation & CPWS	3,173.35	1,582.17	-1,591.18
HT-V	Rail Traction & HMR	558.38	461.18	-97.20
HT-VI	Residential Colonies	312.30	286.07	-26.23
HT-VII	Temp. Supply	330.16	415.99	85.83
HT-VIII	RESCO	0.00	0.00	0.00
HT-IX	EVCS	4.72	8.09	-3.29
HT- Total		22,944.97	19,509.79	-3,435.18

Table 2:8: Revenue True-Up claimed by TGNPDCL for FY 2023-24

Category	Particulars	Approved Revenue (Rs. Crores)	Actual Revenue (Rs. Crores)	True-Up (+) True-Down (-) (Rs. Crores)
A	B	C	D	E
LT-I	Domestic	1,952.04	2,016.13	64.09
LT-II	Non-Domestic/Commercial	914.83	1,132.76	217.93
LT-III	Industrial	146.69	269.36	122.67
LT-IV	Cottage Industries	4.26	4.27	0.01
LT-V	Agricultural	50.90	49.34	-1.56
LT-VI	Street Lighting & PWS	265.23	272.29	7.06
LT-VII	General Purpose	54.97	54.84	-0.13
LT-VIII	Temporary Supply	10.12	24.10	13.98
LT-IX	Electric Vehicle Charging Stations	0.88	0.16	-0.72
LT- Total		3,399.92	3,823.26	423.34
HT-I	Industrial & Ferro Alloys	1,831.35	1,852.00	20.65
HT-II	Non-Industrial/Others	251.75	271.79	20.04
HT-III	Airport, Railway Stations, Bus etc.	8.21	8.60	0.39
HT-IV	Irrigation & CPWS	2,566.51	1,860.22	-706.29

Category	Particulars	Approved Revenue (Rs. Crores)	Actual Revenue (Rs. Crores)	True-Up (+) True-Down (-) (Rs. Crores)
A	B	C	D	E
HT-V	Rail Traction & HMR	371.67	418.23	46.56
HT-VI	Residential Colonies	110.54	83.01	-27.53
HT-VII	Temp. Supply	49.06	106.83	57.77
HT-VIII	RESCO	463.33	476.34	13.01
HT-IX	EVCS	0.00	0.00	0.00
HT- Total		5,652.42	5,077.03	-575.39

Table 2:9: Summary of Revenue True-Up claimed by TGDISCOMs for FY 2023-24

FY 2023-24	TGSPDCL (Rs. Crores)	TGNPDCL (Rs. Crores)
Approved Revenue (LT)	11,029.52	3,399.92
Approved Revenue (HT)	22,944.97	5,652.42
Revenue from other sources/NTI	149.66	33.81
Total Approved Revenue (LT+HT)	34,124.16	9,086.15
Actual Revenue (LT)	11,989.82	3,823.26
Actual Revenue (HT)	19,509.79	5,077.03
Revenue from other sources/NTI	289.10	72.37
Total Actual Revenue (LT+HT)	31,788.71	8,972.67
Total True-Up (+)/ True-Down(-)	2,335.45	113.48

C. POWER PURCHASE COST TRUE-UP & REVENUE TRUE-UP FOR FY 2024-25

2.7 POWER PURCHASE TRUE-UP FOR FY 2024-25 AT THE STATE LEVEL

2.7.1 The TGDISCOMs stated that they purchase power from TGGENCO generating thermal and hydro stations, Central Generating Stations and other sources such as solar and other RE sources, IPPs viz. Singareni, Thermal Power tech and short-term sources to meet the energy requirement of the State.

2.7.2 The TGDISCOMs have submitted that they have considered the approved energy quantum, power purchase cost, SLDC and transmission cost for April-October as per FY 2023-24 tariff order and November to March as per FY 2024-25 tariff order. Further, the TGDISCOMs have submitted that they had been supplying 24 hours power to all agricultural consumers from 01.01.2018.

2.7.3 The TGDISCOMs submitted that they have computed the actual Power Purchase cost by grossing up the sales *i.e.*, actual metered sales plus agricultural sales (either approved agricultural sales or assessed agricultural sales whichever is less) with approved transmission and distribution losses on the relevant MYT Transmission and

Wheeling tariff orders. Accordingly, a cost of Rs. 33,141 crores for TGSPDCL and Rs. 13,191 crores for TGNPDCL, aggregating to Rs. 46,332 crores has been arrived at for FY 2024-25 as shown below:

Table 2:10: TGDISCOMs analysis of Power Purchase Cost Variation for FY 2024-25

PP Cost Variation Analysis TGDISCOMs- FY 2024-25											
Category	Energy Dispatched (MUs)		Fixed Cost (Rs. Crores)		Variable Cost (Rs. Crores)		Other Cost (Rs. Crores)		Total Impact (Rs. Crores)		
	Approved	Actual	Approved	Actual	Approved	Actual	Approved	Actual	Approved	Actual	Diff
Genco Thermal	28,816	17,960	4,698	3,855	8,773	6,757	0	0	13,741	10,612	-2,859
Genco Hydel	6,854	5,047	1,132	1,029	0	0	0	0	1,132	1,029	-102
CGS	21,959	18,248	3,105	3,615	7,380	6,630	0	0	10,485	10,244	-241
NCE	11,707	11,751	0	0	5,063	5,267	0	0	5,063	5,267	204
Others	16,354	9,494	3,187	1,677	4,688	3,066	0	0	7,875	4,742	-3,132
Market	3,198	20,870	0	0	1,268	8,483	0	0	1,268	8,483	7,216
Interstate Sale/UI/Sale / Purchase in ≤33kV	-4,484	-774	0	0	-1,585	-438	0	0	-1,585	-438	1,147
D-D	0	0	0	0	0	0	0	0	0	0	0
Additional Pension Liability	0	0	0	0	0	0	1,388	1,251	1,388	1,251	-137
Transmission charges	0	0	5,419	5,618	0	0	0	0	5,419	5,618	199
Miscellaneous Charges	0	0	0	33	0	-16	0	182	0	200	200
Total	84,403	82,595	17,540	15,827	25,587	29,749	1,388	1,434	44,515	47,009	2,494

2.8 REASONS FOR DEVIATION IN POWER PURCHASE QUANTUM AND COST FOR THE STATE

2.8.1 The TGDISCOMs have submitted that the actual energy dispatched by the State was 2% lower (than the approved) for FY 2024-25. The detailed explanation for the same submitted by TGDISCOMs is placed in below paragraphs.

2.8.2 The TGDISCOMs submitted the following deviations in Energy Dispatch for the FY 2024-25:

- **Hydel Power:** The state witnessed considerably lower generation from Hydel Power Stations. An actual generation of only 5,047 MUs was witnessed as against the approved 6,854 MUs.
- **Central Generating Stations (CGS):** The Central Generating Stations too witnessed lower generation attributed to power purchase cost optimisation through market purchases leading to a shortfall of 3,711 MUs, thereby recording reduction of 17% in generation.
- **State Genco (Thermal):** There is lower dispatch witnessed from GENCO thermal

stations as compared to approved dispatch attributed to the delay in commissioning of the YTPS plant resulting in only 411 MUs being dispatched against approved quantum of 2,629 MUs. Accordingly, only 17,960 MUs were dispatched from TGGENCO Thermal stations during FY 2024-25 *i.e.*, a 38% lower than the dispatch approved by the Commission.

- **Non-Conventional Energy Sources (NCEs):** TGDISCOMs were able to procure approved energy quantum.
- Even though in terms of variable cost, CGSPDCL comes higher in the merit order dispatch, there have been no power taken from it in FY 2024-25. No power has been dispatched from SEIL-2 against its approved quantum.
- **Short-term power sources:** The state of Telangana has been supplying 24*7 power to agricultural sector from 01.01.2018. This has increased the power purchase requirement for the whole of FY 2024-25. TGDISCOMs resort to procurement of power from short-term market after exhausting all other sources. In order to meet sudden increase in power demand in the state in FY 2024-25, an additional 17,672 MUs were procured from the short-term market in addition to the 3,198 MUs approved by the Commission. The considerable additional short-term power purchase was considering the zero dispatch from SEIL-2 and CSPDCL.

2.8.3 The TGDISCOMs submitted the following deviations in Power Purchase Cost for the FY 2024-25:

- **Variations in Fixed Costs (FC):** An overall change in fixed costs from the approved amount of Rs. 17,540 crores to actual amount of Rs. 15,827 crores (10% decrease) were incurred during the FY 2024-25.
- **Variation in Variable Costs (VC):** Variable Costs were increased to the tune of Rs. 4,162 crores over the approved costs mostly due to increase in per-unit VC of TGGENCO, CGS and short-term market to meet the 24*7 power supply initiative to the agricultural consumers in the state. In case of Thermal Stations (TGGENCO/CGS/STPP), there has been an increase in the cost of coal, freight, royalty and levy of Green CESS, thereby increasing the variable costs of these stations as compared to the cost assumptions considered by the Commission at the time of issuance of order.

The variable costs of the TGGENCO stations have increased from Rs. 3.04/kWh approved to Rs. 3.76/kWh actual. With the decrease in quantum of power

procurement from these stations, the overall variable cost has decreased to an extent of Rs. 2,016 crores for FY 2024-25.

The variable costs of CGS have increased from the approved costs (*i.e.*, Rs. 3.36/kWh to Rs. 3.63/kWh).

There has been an increase in power purchase cost from IPPs (Thermal Powertech and Singareni) due to increase in domestic coal prices, freight charges and forex rate variations on imported coal components from Rs. 2.87/kWh approved to Rs. 3.23/kWh actual.

- **Variation in Transmission Charges, PGCIL Charges and SLDC Charges:** There has been an increase of around Rs. 196 crores in PGCIL charges and Rs. 3 crores in SLDC charges as compared to approved charges.
- **Dispatch from NCEs:** NCEs, being the must-run stations, has per-unit cost of Rs. 4.48/kWh as compared to the approved cost of Rs. 4.33/kWh, leading to an increase in the cost by Rs. 204 crores.
- **Short-term Power:** Since the additional power requirement was met from short-term sources, an additional power purchase cost of Rs. 7,216 crores were incurred.

2.8.4 The power purchase costs incurred for FY 2024-25 at the state level were apportioned between TGSPDCL and TGNPDCL in the ratio of 70.55% and 29.45% respectively, as detailed in tables below.

Table 2:11: Power Purchase Cost Variation (as per regulation) claimed by TGSPDCL for FY 2024-25

Category	Energy Dispatched (MUs)		Total Impact (Rs. Crores)		
	Approved	Actual	Approved	Actual	Difference
GENCO Thermal	20,330	12,671	9,503.64	7,487	-2,017
GENCO Hydel	4,835	3,561	798	726	-72
CGS	15,492	12,874	7,397	7,227	-170
NCE	8,135	8,309	3,536	3,748	211
Others	11,538	6,698	5,555	3,346	-2,210
Market	1,499	14,724	894	5,985	5,091
Interstate Sale/UI/Sale/ Purchase in ≤ 33kV	-2,894	-546	-1,118	-309	809
D-D purchase/UI	1,25	0	424	0	-424
Additional Pension liability	0	0	979	883	-97
Transmission Charges	0	0	3,818	3,956	138
Miscellaneous Charges	0	0	0	570	570
Total	60,186	58,290	31,789	33,619	1,830

Table 2:12: Power Purchase Cost Variation (as per regulation) claimed by TGNPDCL for FY 2024-25

Category	Energy Dispatched (MUs)		Total Impact (Rs. Crores)		
	Approved	Actual	Approved	Actual	Difference
GENCO Thermal	8,486	5,289	3,967	3,125	-842
GENCO Hydel	2,018	1,486	333	303	-30
CGS	6,467	5,374	3,088	3,017	-71
NCE	3,571	3,442	1,527	1,519	-7
Others	4,816	2,796	2,319	1,397	-922
Market	1,699	6,146	373	2,498	2,125
Interstate Sale/UI/Sale/ Purchase in ≤ 33kV	-1,590	-228	-467	-129	338
D-D purchase/UI	-1,250	0	-424	0	424
Additional Pension liability	0	0	409	368	-40
Transmission Charges	0	0	1,600	1,662	61
Miscellaneous Charges	0	0	0	-370	-370
Total	24,218	24,305	12,726	13,391	664

2.8.5 The TGDISCOMs submitted that they had prayed before the Commission at various junctures to include the impact of supply of 24 hours agricultural sales in relevant regulations. However, the same was declined by the Commission stating that submissions of TGDISCOMs would be treated as suggestions/inputs at the time of amending relevant regulations.

2.8.6 TGDISCOMs also computed the PP True-Up/Down for FY 2024-25 by taking actual agricultural sales as under:

Table 2:13: Power Purchase Cost Variation (as per actual agricultural sales) claimed by TGSPDCL for FY 2024-25

Category	Energy Dispatched (MUs)		Total Impact (Rs. Crores)		
	Approved	Actual	Approved	Actual	Difference
GENCO Thermal	20,330	15,236	9,503.64	8,585	-918
GENCO Hydel	4,835	3,561	798	726	-72
CGS	15,492	13,270	7,397	7,401	4
NCE	8,135	8,309	3,536	3,748	211
Others	11,538	6,698	5,555	3,346	-2,210
Market	1,499	14,724	894	5,985	5,091
Interstate Sale/UI/Sale/ Purchase in ≤ 33kV	-2,894	-546	-1,118	-309	809
D-D purchase/UI	1,25	0	424	0	-424
Additional Pension liability	0	0	979	883	-97
Transmission Charges	0	0	3,818	3,956	138
Miscellaneous Charges	0	0	0	570	570

Category	Energy Dispatched (MUs)		Total Impact (Rs. Crores)		
	Approved	Actual	Approved	Actual	Difference
Total	60,186	61,250	31,789	34,891	3,102

Table 2:14: Power Purchase Cost Variation (as per actual agricultural sales) claimed by TGNPDCL for FY 2024-25

Category	Energy Dispatched (MUs)		Total Impact (Rs. Crores)		
	Approved	Actual	Approved	Actual	Difference
GENCO Thermal	8,486	6,360	3,967	3,584	-383
GENCO Hydel	2,018	1,486	333	303	-30
CGS	6,467	5,539	3,088	3,089	2
NCE	3,571	3,442	1,527	1,519	-7
Others	4,816	2,796	2,319	1,397	-922
Market	1,699	6,146	373	2,498	2,125
Interstate Sale/UI/Sale/ Purchase in ≤ 33kV	-1,590	-228	-467	-129	338
D-D purchase/UI	-1,250	0	-424	0	424
Additional Pension liability	0	0	409	368	-40
Transmission Charges	0	0	1,600	1,662	61
Miscellaneous Charges	0	0	0	-370	-37
Total	24,218	25,541	12,726	13,922	1,195

2.8.7 The difference between the Power Purchase True Up considering minimum of approved and actual sales for agricultural consumers vis-d-vis considering actual sales for agricultural consumers claimed by TGDISCOMs have been summarized below:

FY 2024-25	Value (Rs. Crs)	
	TGSPDCL	TGNPDCL
Net True up considering minimum of approved and actuals	1,830	665
Net True up considering actuals	3,102	1,196
Difference (loss) arising due to increased cost in meeting agricultural demand	1,272	531

2.8.8 It is pertinent to note that the licensees are facing a loss as shown in the table above due to purchase of additional energy in order to meet the unanticipated demand from agricultural consumers, which the licensees requested the Commission to approve so that the licensees are not financially burdened unnecessarily.

2.9 REVENUE TRUE-UP FOR FY 2024-25

2.9.1 As per Tariff Order of FY 2024-25, the Commission had determined the revenue for TGDISCOMs at reference rates. The table below summarises the comparison between actual revenue realised by the TGDISCOMs vis-à-vis revenue approved at reference rates:

Table 2:15: Revenue True-Up claimed by TGSPDCL for FY 2024-25

Category	Particulars	Approved Revenue (Rs. Crores)	Actual Revenue (Rs. Crores)	True-Up (+) True-Down (-) (Rs. Crores)
A	B	C	D	E=D-C
LT-I	Domestic	6,319.01	6,532.04	213.03
LT-II	Non-Domestic/Commercial	3,889.25	4,551.98	662.72
LT-III	Industrial	861.40	1,021.43	160.03
LT-IV	Cottage Industries	4.47	4.42	-0.04
LT-V	Agricultural	60.29	53.30	-6.99
LT-VI	Street Lighting & PWS	367.66	397.88	30.21
LT-VII	General Purpose	84.04	89.39	5.35
LT-VIII	Temporary Supply	148.55	196.94	48.39
LT-IX	Electric Vehicle Charging Stations	2.00	3.95	1.95
LT- Total		11,736.70	12,851.30	1,114.70
HT-I	Industrial & Ferro Alloys	14,344.90	13,193.91	-1,150.98
HT-II	Non-Industrial/Others	3,903.05	4,393.01	489.96
HT-III	Airport, Railway Stations, Bus etc.	71.58	104.45	32.87
HT-IV	Irrigation & CPWS	2,657.13	2,288.14	-368.99
HT-V	Rail Traction & HMR	503.78	479.92	-23.86
HT-VI	Residential Colonies	330.19	347.19	17.00
HT-VII	Temp. Supply	352.68	441.04	88.36
HT-VIII	RESCO	0.00	0.00	0.00
HT-IX	EVCS	7.53	18.93	11.40
HT- Total		22,170.84	21,266.50	-904.25

Table 2:16: Revenue True-Up claimed by TGNPDCL for FY 2024-25

Category	Particulars	Approved Revenue (Rs. Crores)	Actual Revenue (Rs. Crores)	True-Up (+) True-Down (-) (Rs. Crores)
A	B	C	D	E=D-C
LT-I	Domestic	1,985.33	2,229.19	243.86
LT-II	Non-Domestic/Commercial	1,024.63	1,203.86	179.24
LT-III	Industrial	186.13	272.76	86.63
LT-IV	Cottage Industries	4.30	4.21	-0.09
LT-V	Agricultural	50.51	49.90	-0.61
LT-VI	Street Lighting & PWS	266.70	274.13	7.43
LT-VII	General Purpose	56.08	62.47	6.39
LT-VIII	Temporary Supply	13.82	21.82	7.99
LT-IX	Electric Vehicle Charging Stations	0.71	0.24	-0.47
LT- Total		3,588.21	4,188.57	530.36
HT-I	Industrial & Ferro Alloys	1,834.03	2,005.44	171.41
HT-II	Non-Industrial/Others	270.55	321.28	50.73
HT-III	Airport, Railway Stations, Bus etc.	8.32	8.34	0.03
HT-IV	Irrigation & CPWS	2,370.46	2,084.92	-285.54

Category	Particulars	Approved Revenue (Rs. Crores)	Actual Revenue (Rs. Crores)	True-Up (+) True-Down (-) (Rs. Crores)
A	B	C	D	E=D-C
HT-V	Rail Traction & HMR	386.92	430.95	44.04
HT-VI	Residential Colonies	104.90	120.55	15.65
HT-VII	Temp. Supply	43.92	35.96	-7.95
HT-VIII	RESCO	461.88	537.92	76.04
HT-IX	EVCS	0.75	5.30	4.55
HT- Total		5,481.72	5,550.66	68.95

Table 2:17: Summary of Revenue True-Up claimed by TGDISCOMs for FY 2024-25

FY 2024-25	TGSPDCL (Rs. Crores)	TGNPDCL (Rs. Crores)
Approved Revenue (LT)	11,736.70	3,588.21
Approved Revenue (HT)	22,170.84	5,481.72
Revenue from other sources/NTI	200.71	69.67
Total Approved Revenue (LT+HT)	34,108.22	9,139.59
Actual Revenue (LT)	12,851.32	4,118.57
Actual Revenue (HT)	21,266.59	5,550.66
Revenue from other sources/NTI	186.21	73.33
Total Actual Revenue (LT+HT)	34,304.12	9,742.56
Total True-Up (+)/ True-Down(-)	-195.90	-602.97

CHAPTER-3 : OBJECTIONS OF STAKEHOLDERS; REPLIES OF PETITIONERS; AND ANALYSIS & FINDINGS OF THE COMMISSION

3.1 OBJECTIONS/SUGGESTIONS MADE ON FILINGS

- 3.1.1 Objections/suggestions/comments to the petitions for Power Purchase Cost True-Up for FY 2022-23, Power Purchase Cost and Revenue True-Up for FY 2023-24, Power Purchase Cost and Revenue True-Up for FY 2024-25, were filed by various stakeholders. The TGDISCOMs have filed replies on the objections/suggestions received from these stakeholders. All the objections/suggestions/comments by the stakeholders, made both in writing and during public hearings, and corresponding responses of the applicants have been considered by the Commission.
- 3.1.2 For the sake of brevity, the objections/suggestions raised by stakeholders and the responses of the applicants have been consolidated and summarised issue-wise. Any specific suggestion(s) not finding elaboration in this order shall not be construed as not being considered.

3.2 PETITIONS WITH DEFICIENCIES

Stakeholders' Submissions

- 3.2.1 TGDISCOMs have filed Power Purchase Cost & Revenue True-Up Petitions for FY 2022-23, FY 2023-24 & FY 2024-25. These True-Up Petitions are incomplete since important elements like Sales, Energy Balance, Transmission Losses, Distribution Losses have not been filed. The stakeholder has submitted that in the absence of complete True-up, Revenue Gap/ Surplus could not be calculated. Claiming Power Purchase True-Up without submitting Sales and Energy Balance is a non-scientific & non-transparent way of determining the Power Purchase Cost and defeats the purpose of True-Up Exercise.

Petitioner's Replies

- 3.2.2 TGDISCOMs filed power purchase cost true up for FY 2022-23 in accordance with "APERC (Terms and Conditions for determination of Tariff for Wheeling and Retail Sale of Electricity) Regulation, 4 of 2005" and its first amendment Regulation 1 of 2014 (adopted by TGERC) and Power purchase cost true up for FY 2023-24 and revenue true up for FY 2024-25 in accordance TGERC (Multi Year Tariff) Regulation No. 2 of 2023.

3.2.3 These filings have been made strictly in line with the regulatory formats and requirements prescribed by the Commission. Details relating to sales, energy balance, and T&D losses are provided in the respective ARR filings of respective years.

Commission's Analysis & findings

3.2.4 The Commission has carefully examined the submissions of the stakeholders and the replies furnished by the TGDISCOMs. The principal objection raised by the stakeholders relates to the incompleteness of the True-Up Petitions on the ground that elements such as sales, energy balance, and transmission and distribution losses have not been filed along with the power purchase cost true-up, thereby rendering the exercise non-transparent and non-scientific.

3.2.5 The TGDISCOMs have submitted additional information as sought by the Commission which was taken into consideration for arriving at the True-Up/Down in accordance with the applicable regulations.

3.3 DELAY IN FILING PETITIONS

Stakeholders' Submissions

3.3.1 TGDISCOMs in Petition I.A. No. 28 of 2025 prayed before the Commission that they may be granted time for filing of petition of power purchase True-Ups of FY 2022-23 and FY 2023-24 pertaining to retail supply business along with condonation of delay application within due course of time. TGERC vide Order dated 2/05/2025 granted time extension for two months.

3.3.2 Even after being granted time extension of two months, the True-Up Petitions for FY 2022-23 & FY 2023-24 have been filed on 29.11.2025 i.e., 5 months of delay.

3.3.3 As per TGERC (Multi Year Tariff) Regulation, 2023, the DISCOMs need to file or True-Up annually. Further, the same Regulations have also stipulated a penal mechanism to enforce timely submission of True-Up Petitions.

3.3.4 The Petition has been filed with a delay, citing routine administrative reasons. The Objector submits that regulatory timelines are statutory in nature and routine administrative reasons cannot be a valid ground for condonation, as held by Hon'ble APTEL in Jaipur Discom vs RERC (Appeal No. 266 of 2016). Any condonation, if granted, must attract regulatory consequences.

3.3.5 The need for timely issuance of Tariff Orders and True-up Orders has been decided by

Hon'ble APTEL in its judgement dated. 11/11/2011 in **OP No. 1 of 2011**, as follows:

"57. This Tribunal has repeatedly held that regular and timely truing-up expenses must be done since:

- (a) No projection can be so accurate as to equal the real situation.*
- (b) The burden/ benefits of the past years must not be passed on to the consumers of the future.*
- (c) Delays in timely determination of tariff and truing-up entails:*
 - (i) Imposing an underserved carrying cost burden to the consumers, as is also recognised by para 5.3 (h) (4) of National Tariff Policy.*
 - (ii) Cash flow problems for the licensees.*

65. In view of the analysis and discussion made above, we deem it fit to issue the following directions to the State Commissions:

- (i) Every State Commission has to ensure that Annual Performance Review, true-up of past expenses and Annual Revenue Requirement and tariff determination is conducted year to year basis as per the time schedule specified in the Regulations.*
- (ii) It should be the endeavour of every State Commission to ensure that the tariff for the financial year is decided before 1st April of the tariff year...*
- (iii) In the event of delay in filing of the ARR, truing-up and Annual*
- (iv) Performance Review, one month beyond the scheduled date of submission of the petition, the State Commission must initiate Suo-moto proceedings for tariff determination in accordance with Section 64 of the Act read with clause 8.1 (7) of the Tariff Policy.*
- (v) Truing up should be carried out regularly and preferably every year..."*

3.3.6 From above, it is noted that Hon'ble APTEL has even decided that SERCs can initiate Suo-moto proceedings and collect the data and information and give suitable directions and then determine the Tariff even in the absence of the application filed by the utilities by exercising the powers under the provisions of the Act as well as the Tariff Regulations. Thus, timely issuance of Tariff and True-up Orders that too cost-reflective results in timely passing of escalated cost in the power sector supply chain thereby maintaining adequate cash flow with the utilities, thus enabling them to supply uninterrupted quality supply to the consumers. It further avoids Creation of Regulatory Assets, burden of Carrying Cost and Tariff shock at once to the end consumers.

3.3.7 The TGDISCOMs, having maintained that they have sought and got permission of the

state government for filing their subject petitions for true-up, have admitted, by implication, that they could not file the true-up petition for each FY in time, because they could not get nod from the government, notwithstanding the other reasons trotted out by them which are unconvincing and untenable. Such impermissible delays in submitting their true-up claims are not in the interests of the TGDISCOMs and their consumers.

- 3.3.8 The TGDISCOMs have mentioned that *“efforts should be made by all the stakeholders involved to reduce such true ups of costs in business-as-usual scenarios. Higher true up costs will have an adverse effect on both the performance of utility (as the gap has to be funded through short term sources) and customers (tariff increases to recover such gaps with carrying costs). This leads to reduced financial capacity of the utility to raise long term finances at competitive rates. Current true ups and the carrying costs have to be borne by customers for future energy procurement.”* Therefore, the elements of political exigencies of the party-in-power in getting the true-up petitions to be filed by the DISCOMs delayed abnormally, especially, during the pre-election period, cannot be ruled out. The petitioner further submitted that the Commission has taken up the subject petitions for consideration, calling for objections and suggestions from the interested stakeholders, implies that it has condoned the delay. If not condoned the delay, what action the Commission would take for the impermissible and abnormal delay in filing the subject petitions is to be seen.

Petitioner’s Replies

- 3.3.9 TGDISCOMs submitted that, for the reasons detailed in the petition, the True-Up petitions could not be filed earlier. The marginal delay in submission was procedural and transitional in nature, and was neither intentional nor indicative of any deficiency in service.
- 3.3.10 TGDISCOMs further submitted that all future filings will be made strictly in accordance with Regulation No. 02 of 2023 and in adherence to the timelines prescribed under the Telangana Electricity Regulatory Commission Regulations and are diligently adhering to the current MYT regulations 2 of 2023 in calculating FCA and will continue do so. The TGDISCOMs have addressed letters to the GoTG for approval for collection of FCA amount regularly every month as per the provisions in the MYT Regulation.
- 3.3.11 TGDISCOMs have clearly stated in their submissions that no Power Purchase true-up

is being claimed for FY 2023-24 and FY 2024-25 and have requested the Commission to pass necessary orders accordingly. This clearly demonstrates the TGDISCOM's adherence to the regulatory framework and compliance with the directions of the Commission.

3.3.12 It is further submitted that as per regulations, Power Purchase true-up for FY 2022-23 is allowed since disallowance based on FCA levying is not applicable for FY 2022-23.

3.3.13 TGDISCOMs acknowledge that while the Hon'ble APTEL has empowered SERCs to initiate Suo-motu proceedings in the absence of utility filings, the Commission would still require complete and accurate data from the DISCOMs to ensure a fair and accurate determination. Given the technical and regulatory complexities involved, it is preferable that DISCOMs file the True-Up petitions themselves. This ensures completeness, transparency, and avoids avoidable delays, supporting a more accurate and cost-reflective tariff determination process.

3.3.14 TGDISCOMs reiterated that the True-up filings for FY 2022-23, FY 2023-24 and FY 2024-25 have been made in accordance with regulations issued by Commission.

Commission's Analysis & findings

3.3.15 The Commission has carefully considered the objections raised by the stakeholders regarding delay in filing of the True-Up petitions and the replies furnished by the TGDISCOMs. It is an admitted position that, pursuant to I.A. No. 28 of 2025, the Commission had granted an extension of two months vide Order dated 02.05.2025 for filing of the True-Up petitions for FY 2022-23 and FY 2023-24. It is also not in dispute that the said petitions were ultimately filed on 29.11.2025, beyond the extended period.

3.3.16 At the same time, the Commission observes that the delay in filing, though beyond the extended period, has been explained by the Petitioners as being procedural and transitional in nature.

3.3.17 In view of the above, while the True-Up petitions are being taken up for consideration in the interest of a comprehensive and cost-reflective determination the delay in filing of the true up petitions is condoned. The Commission directs the TGDISCOMs to ensure strict compliance with the timelines prescribed under the TGERC (MYT) Regulation No. 2 of 2023.

3.4 PRUDENCE CHECK

Stakeholders' Submissions

- 3.4.1 The stakeholder submitted that the Hon'ble Supreme Court in UP Power Corporation Ltd. vs NTPC (2011) 12 SCC 400 has mandated that Regulatory Commissions must ensure least-cost power procurement and protect consumer interest by excluding avoidable and imprudent costs. TGNPDCL has failed to establish that power procurement during FY 2022-23 was carried out on a least-cost basis or that adequate mitigation measures were adopted to control costs.
- 3.4.2 The Commission is requested to examine all the objections and issue its orders after prudence check of the claims of the TGDISCOMs, directing the latter to seek and get financial support from the state government for their true-up claims for the subject period as approved by the Commission. The Commission is also requested to explore the ways to avoid or reduce scope for true-up claims to the extent possible in its regulatory process and direct the TGDISCOMs to make realistic projections, besides being prudent in entering into long-term PPAs and giving regulatory consents to the same to ensure balance between demand curve and power mix to the extent technically prudent.

Petitioner's Replies

- 3.4.3 TGDISCOMs submitted that all Power Purchase Agreements were entered only after approval of the Commission. TGDISCOMs procured the power from existing contracted sources which was approved by the Commission in the Tariff order for FY 2022-23.
- 3.4.4 TGS LDC ensures that the scheduling & dispatch of power are completely adhered to as per the State Grid Code issued by the Commission. The TGDISCOMs submitted that all true-up claims placed before the Commission are based on audited accounts in accordance with the applicable regulations and that they will abide by the orders of the Commission keeping in view consumer interest and sector sustainability.
- 3.4.5 With regard to minimising the scope of future true-up claims, the TGDISCOMs submit that true-ups arise largely due to factors that are uncontrollable and uncertain at the time of tariff determination, such as fuel prices, power market conditions, demand variability, renewable generation profile, hydrological conditions, and regulatory

changes at the central level. Notwithstanding these limitations, the TGDISCOMs are continuously improving the robustness of demand and cost projections using historical trends, improved forecasting tools.

Commission's Analysis & findings

3.4.6 The Commission has considered the submissions of the stakeholders and the replies of the TGDISCOMs, with reference to the principles laid down by the Hon'ble Supreme Court of India, particularly in UP Power Corporation Ltd. vs NTPC (2011) 12 SCC 400. The Commission notes that the said judgment unequivocally mandates regulatory Commissions to ensure least-cost power procurement and to protect consumer interest by excluding avoidable, imprudent, or inefficient costs from tariff and true-up.

3.4.7 Based on the filings and additional information submitted the Commission has carried out prudence check and determined true up excluding avoidable costs.

3.5 SALES

Petitioner's Claim

3.5.1 The petitioner has claimed the sales as shown in the table below

Particulars	2022-23		
	SPDCL	NPDCCL	TGDISCOMS
Actual	47,550.46	19,249.95	66,800.41
Claimed	45,814.41	18,620.00	64,434.42

Particulars	2023-24		
	SPDCL	NPDCCL	TGDISCOMS
Actual	53,378.86	21,063.50	74,442.36
Claimed	49,082.59	20,016.44	69,099.03

Particulars	2024-25		
	SPDCL	NPDCCL	TGDISCOMS
Actual	56,164.01	22,042.77	78,206.78
Claimed	52,399.30	21,042.59	73,441.89

Stakeholders' Submissions

3.5.2 Stakeholders stated that 24*7 free or subsidized agricultural supply is a State Government policy decision. The financial burden of such policy must be fully compensated by the State Government through explicit budgetary support. Such costs cannot be passed on to consumers through tariff or true-up.

3.5.3 This principle has been upheld by the Hon'ble Supreme Court in SLS Power Ltd. vs

State of AP (2014) 8 SCC 470 and by Hon'ble APTEL in APSPDCL vs APERC (Appeal No. 20 of 2011) that the policy-driven subsidies must be compensated by the Government, not consumers and Regulatory tariffs cannot absorb policy subsidies. Hence, agricultural supply costs should be disallowed from true-up recovery.

3.5.4 The additional expenditure incurred by the TGDISCOMs for supply of power to agriculture, determined by the Commission in the RSTOs and supplies exceeded by the TGDISCOMs, should not be clubbed with additional expenditure incurred for non-agricultural consumers in the overall true-up claims being made by the TGDISCOMs.

Petitioner's Replies

3.5.5 The TGDISCOMs submitted that the additional expenditure incurred for supply of power to agricultural consumers or any other category of consumers in excess of the quantum approved in the RSTOs is required to be considered under true-up, as it represents a variation between approved estimates and actuals, which is precisely the purpose of the true-up mechanism.

3.5.6 During the year, the actual agricultural demand exceeded the levels approved by the Commission. This increase was on account of higher-than-anticipated agricultural consumption, which could not be accurately foreseen at the time of tariff determination due to uncertainty in monsoon conditions. While the projections submitted by the TGDISCOMs in the ARR filings were broadly aligned with the eventual actuals, the Commission approved demand only up to a limited extent. As these projections have subsequently materialised during the year, the corresponding costs are required to be duly considered and allowed through the true-up process.

3.5.7 TGDISCOMs have restricted the True-up claims to approved sales quantum as per guidelines laid out in regulation 1 of 2014. The TGDISCOMs have adhered to the policy directions of the Government of Telangana in ensuring 24*7 power supply to agricultural consumers, and the consequent increase in agricultural consumption is not within the control of the licensees. In view of the above, the DISCOMs request the Commission to approve the actual agricultural sales and the related true-up costs.

Commission's Analysis & findings

3.5.8 The Commission has verified the actual sales of DISCOMS for FY 2022-23, FY 2023-24 and FY 2024-25.

3.5.9 Regarding FY 2022-23, the sub-clause 12.5.a (ii) of Regulation 1 of 2014 stipulates

that the power purchase quantity shall be arrived with actual sales except LT agriculture sales, LT agricultural sales will be limited to tariff order quantity. Considering the objections and replies of the petitioner, the Commission has worked out the total sales of the DISCOMs considering the sales restricted the LT Agricultural sales to that approved in RSTO and Actual metered sales for FY 2022-23 as shown below:

Table 3:1: Allowable Sales for FY 2022-23 (MU)

Particulars	2022-23								
	SPDCL			NPDCL			TGDISCOMs		
	Tariff Order	Actuals	Allowable	Tariff Order	Actuals	Allowable	Tariff Order	Actuals	Allowable
LT Sales									
LT Metered Sales	15,398.02	14,623.28	14,623.28	6,075.39	5,436.10	5,436.10	21,473.41	20,059.38	20,059.38
LT Agriculture Sales	10,391.18	12,127.22	10,391.18	7,238.07	7,868.02	7,238.07	17,629.25	19,995.24	17,629.25
LT Total	25,789.20	26,750.51	25,014.46	13,313.46	13,304.12	12,674.17	39,102.66	40,054.62	37,688.63
HT Sales									
11 KV Sales	6,974.82	6,620.68	6,620.68	2,324.27	2,455.20	2,455.20	9,299.09	9,075.88	9,075.88
33 KV Sales	7,350.43	7,173.96	7,173.96	672.50	577.89	577.89	8,022.93	7,751.85	7,751.85
132 KV & above Sales	8,427.00	7,005.32	7,005.32	4,385.42	2,912.74	2,912.74	12,812.42	9,918.05	9,918.05
HT Total	22,752.25	20,799.95	20,799.95	7,382.19	5,945.83	5,945.83	30,134.44	26,745.78	26,745.78
LT+HT Total	48,541.45	47,550.46	45,814.41	20,695.65	19,249.95	18,620.00	69,237.10	66,800.41	64,434.42

3.5.10 The clause 10.4 of Principal regulation 4 of 2005 read with third amendment Regulation 1 of 2023 applicable for FY 2023-24 and Clause 12 of Regulation 2 of 2023 applicable for 2024-25 has expanded the definition of uncontrollable factors to include Sales, and Revenue from sales.

3.5.11 For FY 2023-24, clause 12.5.2 of Principal regulation 4 of 2005 read with third amendment Regulation 1 of 2023, allows DISCOMs to collect Fuel Cost Adjustment (FCA) charges every month based on actual metered sales. However, agricultural sales should be limited to the levels approved in the tariff order for arriving FCA charges.

3.5.12 For FY 2024-25, clause 13.3 of Regulation 2 of 2023 allows DISCOMs to collect Fuel Cost Adjustment (FCA) charges every month based on actual metered sales. However, agricultural sales should be limited to the levels approved in the tariff order for arriving FCA charges.

3.5.13 Based on above, the Commission calculated the power purchase true-up for the financial years FY 2023-24 and FY 2024-25, as per clause 10.4 of third amendment Regulation No 1 of 2023 and clause 12 of Regulation No. 2 of 2023, using the actual sales of the DISCOMs and also calculated the FCA charges using actual metered sales,

while keeping agricultural sales within the approved limits.

Table 3:2: Actual and allowable Sales for FY 2023-24 (MU)

Particulars	2023-24								
	SPDCL			NPDCL			TGDISCOMs		
	Tariff Order	Actuals	Allowable	Tariff Order	Actuals	Allowable	Tariff Order	Actuals	Allowable
LT Sales									
LT Metered Sales	15,837.74	16,059.22	16,059.22	5,541.59	5,729.65	5,729.65	21,379.33	21,788.87	21,788.87
LT Agriculture Sales	11,410.74	15,707.01	11,410.74	8,399.97	9,447.03	8,399.97	19,810.71	25,154.04	19,810.71
LT Total	27,248.48	31,766.23	27,469.96	13,941.56	15,176.68	14,129.62	41,190.04	46,942.91	41,599.58
HT Sales									
11 KV Sales	6,865.33	7,019.23	7,019.23	2,410.79	2,592.15	2,592.15	9,276.12	9,611.38	9,611.38
33 KV Sales	8,554.08	7,725.34	7,725.34	691.97	640.45	640.45	9,246.05	8,365.80	8,365.80
132 KV & above Sales	10,270.46	6,868.05	6,868.05	4,086.04	2,654.22	2,654.22	14,356.50	9,522.27	9,522.27
HT Total	25,689.87	21,612.63	21,612.63	7,188.80	5,886.82	5,886.82	32,878.67	27,499.45	27,499.45
LT+HT Total	52,938.35	53,378.86	49,082.59	21,130.36	21,063.50	20,016.44	74,068.71	74,442.36	69,099.03

Table 3:3: Actual and allowable Sales for FY 2024-25 (MU)

Particulars	2024-25								
	SPDCL			NPDCL			TGDISCOMs		
	Tariff Order	Actuals	Allowable	Tariff Order	Actuals	Allowable	Tariff Order	Actuals	Allowable
LT Sales									
LT Metered Sales	17,446.52	17,187.74	17,187.74	6,149.56	6,277.53	6,277.53	23,596.08	23,465.27	23,465.27
LT Agriculture Sales	11,444.33	15,209.04	11,444.33	8,493.09	9,493.27	8,493.09	19,937.42	24,702.31	19,937.42
LT Total	28,890.85	32,396.78	28,632.07	14,642.65	15,770.80	14,770.62	43,533.50	48,167.58	43,402.69
HT Sales									
11 KV Sales	7,600.50	7,415.26	7,415.26	2,566.62	2,682.60	2,682.60	10,167.12	10,097.86	10,097.86
33 KV Sales	8,744.42	8,426.41	8,426.41	685.45	734.02	734.02	9,429.87	9,160.43	9,160.43
132 KV & above Sales	8,010.30	7,925.55	7,925.55	2,906.50	2,855.35	2,855.35	10,916.80	10,780.90	10,780.90
HT Total	24,355.22	23,767.23	23,767.23	6,158.57	6,271.98	6,271.98	30,513.79	30,039.20	30,039.20
LT+HT Total	53,246.07	56,164.01	52,399.30	20,801.22	22,042.77	21,042.59	74,047.29	78,206.78	73,441.89

3.6 LOSSES

Commission's Analysis & findings

3.6.1 For FY 2022-23, the Commission has considered the distribution losses same as that approved for FY 2022-23 in the Wheeling MYT Order dated 29.04.2020. The Intra Transmission loss is considered same as that approved for FY 2022-23 in the Transmission MYT Order dated 20.03.2020. The PGCIL loss is considered based on the yearly average losses based on the actual weekly losses issued by the Grid-India for FY 2022-23.

3.6.2 For FY 2023-24, the Commission has considered the distribution losses same as that

approved for FY 2023-24 in the Wheeling MYT Order dated 29.04.2020. The Intra Transmission loss is considered same as that approved for FY 2023-24 in the Transmission MYT Order dated 20.03.2020. The PGCIL loss is considered based on the yearly average losses based on the actual weekly losses issued by the Grid-India for FY 2023-24.

3.6.3 For FY 2024-25, the Commission has considered the distribution losses same as that are approved for FY 2024-25 in the Retail Supply Order dated 28.10.2024. The Intra State Transmission loss is considered as approved in the Resource Plan Order dated 29.12.2023. The PGCIL loss is considered based on the yearly average losses based on the actual weekly losses issued by the Grid-India for FY 2024-25.

3.6.4 The Summary of the Distribution losses, intra-state transmission losses and inter-state transmission losses approved are shown in the table below,

Table 3:4: Loss (%) considered for FY 2022-23, FY 2023-24 & FY 2024-25

Voltage Level	2022-23		2023-24		2024-25	
	TGSPDCL	TGNPDCL	TGSPDCL	TGNPDCL	TGSPDCL	TGNPDCL
LT	4.80%	4.80%	4.75%	4.75%	4.70%	4.70%
11KV	4.13%	3.80%	4.10%	3.77%	4.07%	3.74%
33KV	3.62%	3.50%	3.60%	3.48%	3.18%	2.99%
132 KV and above	2.57%	2.57%	2.50%	2.50%	2.48%	2.48%
PGCIL	3.67%	3.67%	3.55%	3.55%	3.65%	3.65%

3.7 ENERGY REQUIREMENT

Petitioner's Claim

3.7.1 The Petitioner has claimed the energy requirement as shown in table below.

Table 3:5: Energy Requirement (MU) as claimed for years 2022-23,2023-24 and 2024-25

Particulars	2022-23	2023-24	2024-25
SPDCL	55,361.00	60,057.00	60,186.00
NPDCL	22,975.00	24,099.00	24,218.00
TGDISCOMS	78,336.00	84,156.00	84,404.00

Commission's Analysis & findings

3.7.2 The Commission has worked out the allowable sales for FY 2022-23 by considering actual metered sales with the agricultural sales restricting to that approved in retail supply tariff order for FY 2022-23. Energy Requirement is worked out by grossing up the allowable sales with the approved Distribution losses, intra-state transmission losses and inter-state transmission losses. The summary of the energy requirement is

shown in the table below,

Table 3:6: Energy Requirement (MU) approved for FY 2022-23

Particulars	FY 2022-23			
	Tariff Order	Claimed	Actuals	Approved
SPDCL	54,688.37	55,361.00	53,906.37	51,880.74
NPDCL	23,585.67	22,975.00	21,982.30	21,250.70
TGDISCOMS	78,274.04	78,336.00	75,888.67	73,131.44

3.7.3 The Commission has worked out the energy requirement for Power purchase true up and Fuel Cost Adjustment Charges for FY 2023-24.

3.7.4 The summary of the energy requirement for Power purchase true-up (PP True-up) and Fuel cost adjustment (FCA) is shown in the table below,

Table 3:7: Energy Requirement (MU) approved for FY 2023-24

Particulars	FY 2023-24			
	Tariff Order	Claimed	Approved	
			PP True-up	FCA
SPDCL	60,083.73	60,057.00	61,198.53	56,140.28
NPDCL	24,072.62	24,099.00	24,325.89	23,098.88
TGDISCOMS	84,156.35	84,156.00	85,524.42	79,239.16

3.7.5 The Commission has worked out the energy requirement for Power purchase true up and Fuel Cost Adjustment Charges for FY 2024-25.

3.7.6 The summary of the energy requirement for Power purchase true-up (PP True-up) and Fuel cost adjustment (FCA) is shown in the table below,

Table 3:8: Energy Requirement (MU) approved for FY 2024-25

Particulars	FY 2024-25			
	Tariff Order	Claimed	Approved	
			PP True-up	FCA
SPDCL	59,336.50	60,186.00	63,120.28	58,758.88
NPDCL	23,395.54	24,218.00	24,967.99	23,815.52
TGDISCOMS	82,732.04	84,404.00	88,088.27	82,574.40

3.8 POWER PURCHASE COST

Petitioner's Claim

3.8.1 The Petitioners have claimed the variation in power purchase cost for FY 2022-23, FY

2023-24 and FY 2024-25 as shown in table below.

PP Cost Variation TGDISCOMs- FY 2022-23											
Category	Energy Dispatched (MUs)		Fixed Cost (Rs. Crores)		Variable Cost (Rs. Crores)		Other Cost (Rs. Crores)		Total Impact (Rs. Crores)		
	Approved	Actual	Approved	Actual	Approved	Actual	Approved	Actual	Approved	Actual	Diff
Genco Thermal	26,907	23,660	5,212	4,416	7,059	7,394	0	0	12,271	11,810	-461
Genco Hydel	3,719	5,742	1,331	1,331	0	0	0	0	1,331	1,331	0
CGS	20,176	15,832	2,112	2,360	5,746	6,493	0	0	7,858	8,852	995
NCE	7,699	8,630	0	37	4,277	4,331	0	0	4,277	4,367	90
Others	22,748	14,945	4,114	2,847	4,580	5,502	0	0	8,994	8,349	-645
Market	2,172	7,266	0	0	716	4,746	0	0	716	4,746	4,030
Interstate Sale/UI/Sale / Purchase in ≤33kV	-5,060	-2,952	0	0	-1,619	-1,694	0	0	-1,619	-1,694	-75
D-D	0	0	0	0	0	0	0	0	0	0	0
Interest on Pension bonds	0	0	1,307	1,307	0	0	0	0	1,307	1,307	0
Transmission charges	0	0	5,014	5,864	0	7	0	0	5,014	5,871	857
Miscellaneous Charges	0	0	0	879	0	486	0	1,129	0	2,494	2,494
Total	78,361	73,121	19,390	19,040	20,759	27,264	0	1,129	40,149	47,433	7,285

PP Cost Variation Analysis TGDISCOMs- FY 2023-24											
Category	Energy Dispatched (MUs)		Fixed Cost (Rs. Crores)		Variable Cost (Rs. Crores)		Other Cost (Rs. Crores)		Total Impact (Rs. Crores)		
	Approved	Actual	Approved	Actual	Approved	Actual	Approved	Actual	Approved	Actual	Diff
Genco Thermal	26,211	26,317	5,028	4,804	6,842	9,442	0	0	11,870	14,245	2,376
Genco Hydel	5,677	1,181	1,224	1,242	0	0	0	0	1,224	1,242	19
CGS	21,127	16,787	2,854	2,319	6,023	6,108	0	144	8,877	8,571	-306
NCE	11,896	11,007	0	0	5,074	5,259	0	0	5,074	5,259	184
Others	21,464	14,662	4,268	2,756	5,578	4,901	0	-28	9,846	7,629	-2,217
Market	1,505	9,986	0	-2	527	5,290	0	0	527	5,289	4762
Interstate Sale/UI/Sale / Purchase in ≤33kV	-3,724	-1,388	0	0	-1,862	-735	0	0	-1,862	-735	1,127
D-D	0	0	0	0	0	0	0	0	0	0	0
Interest on Pension bonds	0	0	0	0	0	0	1,379	1,168	1,379	1,168	-211
Transmission charges	0	0	5,376	6,090	0	30	0	-6	5,376	6,113	737
Miscellaneous Charges	0	0	0	-20	0	0	0	134	0	114	114
Total	84,156	78,460	18,750	17,189	22,182	30,295	1,379	1,411	42,311	48,895	6,584

PP Cost Variation Analysis TGDISCOMs- FY 2024-25

Category	Energy Dispatched (MUs)		Fixed Cost (Rs. Crores)		Variable Cost (Rs. Crores)		Other Cost (Rs. Crores)		Total Impact (Rs. Crores)		
	Approved	Actual	Approved	Actual	Approved	Actual	Approved	Actual	Approved	Actual	Diff
Genco Thermal	28,816	17,960	4,698	3,855	8,773	6,757	0	0	13,741	10,612	-2,859
Genco Hydel	6,854	5,047	1,132	1,029	0	0	0	0	1,132	1,029	-102
CGS	21,959	18,248	3,105	3,615	7,380	6,630	0	0	10,485	10,244	-241
NCE	11,707	11,751	0	0	5,063	5,267	0	0	5,063	5,267	204
Others	16,354	9,494	3,187	1,677	4,688	3,066	0	0	7,875	4,742	-3,132
Market	3,198	20,870	0	0	1,268	8,483	0	0	1,268	8,483	7,216
Interstate Sale/UI/Sale / Purchase in ≤33kV	-4,484	-774	0	0	-1,585	-438	0	0	-1,585	-438	1,147
D-D	0	0	0	0	0	0	0	0	0	0	0
Additional Pension Liability	0	0	0	0	0	0	1,388	1,251	1,388	1,251	-137
Trans-mission charges	0	0	5,419	5,618	0	0	0	0	5,419	5,618	199
Miscellaneous Charges	0	0	0	33	0	-16	0	182	0	200	200
Total	84,403	82,595	17,540	15,827	25,587	29,749	1,388	1,434	44,515	47,009	2,494

Stakeholders' Submissions

- 3.8.2 The Stakeholder has submitted that TGDISCOMs have not provided details pertaining to backing down of thermal power stations and enquired whether market purchases were made when backing down was in place. Despite availability of cheaper hydel power, TGNPDCL resorted to costly short-term purchases without adequate justification. This constitutes violation of merit order principles.
- 3.8.3 Hon'ble APTEL in GRIDCO vs OERC (Appeal No. 68 of 2012) held that failure to follow merit order dispatch disentitles the utility from recovery of excess cost.
- 3.8.4 The stakeholder has requested to examine the following points, among others, relating to the reasons given by the TGDISCOMs for purchase of abnormal quantum of power in the market and through exchanges:
- For the subject three FYs, details of energy backed down from thermal power stations and fixed charges paid therefor.
 - The details of availability of power, surplus/deficit as projected by the TGDISCOMs, determined by the Commission and actual FY-wise for the subject three years.

- c) The TGDISCOMs have shown the impact of market purchases as Rs. 4,030 crores for 2022-23, Rs. 4,762 crores for 2023-24 and Rs. 7,216 crores for 2024-25. Average cost per unit of market purchases works out to Rs. 6.53 for 2022-23, Rs. 5.35 for 2023-24 and Rs. 4.06 for 2024-25. The prices approved by the Commission for the three years against the quantum of market purchases approved by it work out to Rs. 3.30, Rs. 3.49 and Rs. 3.96 per unit for the three FYs, respectively. This variation clearly confirms that prices for purchase of power in the market and through exchanges have been underestimated. The energy to be purchased in the market as approved by the Commission is 2,172 MU, 1,505 MU and 3,198 MU for the three FYs, respectively. As a result, the lion's share of true-up claims for the years 2022-23 and 2023-24 is on account of market purchases at higher prices.
- d) Dispatch of energy has come down from 78,361 MU approved by the Commission to 73,121 MU, including market purchases, for 2022-23, from 84,156 MU to 78,460 MU for 2023-24 and from 84,403 MU to 82,595 MU for 2024-25. TGDISCOMs have shown drastic decrease in dispatch of energy from the thermal stations of TGGENCO, central generating stations and others, without explaining the reasons for the same. It needs to be made clear and examined whether the decrease in dispatch has been due to failure of the thermal power stations to declare availability of power at threshold levels of PLF or instructions given for backing down their capacities.
- e) The TGDISCOMs have attributed lower generation of power to “overall delay in commissioning of Telangana STPP” of NTPC and “the delay in commissioning of the YTPS plant” of TGGENCO, among others. TGDISCOMs should clarify if they have claimed and got any penalties/liquidated damages from such plants for delay in commissioning, thereby leading to avoidable burdens of market purchases additionally.
- f) The TGDISCOMs have maintained that the considerable short-term power purchase was considering zero dispatch from SEIL-2 and CSPDCL. There is no explanation as to why there has been zero dispatch from these two plants.
- g) The TGDISCOMs have submitted that overall fixed costs have come down by 2% for 2022-23, 8% for 2023-24 and 10% for 2024-25, compared to what were

approved by the Commission. It is obvious that such a reduction of fixed costs was offset due to increase in variable costs and other costs.

- h) The TGDISCOMs have explained that, for thermal stations, at the time of issuance of order, the cost assumptions considered by the Commission were provisional, but due to increase in cost of coal, freight, royalty and levy of green cess, the variable cost of thermal stations has increased. However, as explained by the TGDISCOMs, with the decrease in quantum of power procurement of these stations, the overall variable cost has decreased proportionately. For the subject three FYs, the TGDISCOMs have given the same reasons for increase in variable costs. However, there is no explanation as to when cost of coal, freight, royalty and levy of green cess came into force and whether impact of such increases was projected and considered in determining cost of power purchase for subsequent FYs in the retail supply tariff orders issued by the Commission needs to be explained.
- i) The TGDISCOMs have shown miscellaneous charges of Rs. 2,494 crores for 2022-23, Rs. 114 crores for 2023-24 and Rs. 200 crores for 2024-25 towards water charges, UI-SRSP/deviation charges, reactive charges, wheeling KPTCL and reactive KPTCL charges. Their permissibility needs to be determined, after subjecting them to prudence check.
- j) The Commission approved the quantum of power purchase from NCEs for FY 2023-24 as 11,896 MU, whereas the TGDISCOMs have claimed the quantum as 11,007 MU. The Licensees have submitted that there has been a 7.47% shortfall in energy dispatched by NCEs, leading to a reduction of 889 MU in generation and requested the Commission to direct the Licensees to furnish detailed data on curtailment, including scheduled energy vis-à-vis actual drawal/withdrawal. The Commission may also direct the Licensees to clarify whether the quantum under net metering has been considered under NCE head.
- k) The TGDISCOMs have shown increase in per unit cost of NCE from Rs. 4.27 approved by the Commission to Rs. 4.78 for 2023-24 (Rs. 184 crore) and from Rs. 4.33 approved by the Commission to Rs. 4.48 for 2024-25 (Rs. 204 crore). The TGDISCOMs have to explain the reasons for increase in tariffs for NCE, as claimed by them.
- l) The TGDISCOMs have submitted that the Central Generating Stations witnessed

a shortfall of 4,340 MU, amounting to a 21% reduction in generation, attributing the same to the delay in commissioning of the Telangana STPP. However, the Commission had approved a total quantum of 21,126 MU, vide its Order dated 24.03.2023 for FY 2023–24, which included 8,247.29 MU from TSTPP–1. If the quantum pertaining to TSTPP–1 is excluded on account of the delay, the revised quantum works out to 12,878.71 MU. In this context, a shortfall of 4,340 MU corresponds to approximately 20.5% of the approved quantum of 21,126 MU, and not 21% (which would amount to about 4,436 MU). Therefore, the percentage reduction claimed by the Licensees does not mathematically align with the stated shortfall and requires proper clarification and justification.

3.8.5 While the energy dispatched has come down from the quantum approved by the Commission, the cost of power purchase has increased for the subject three FYs for the two TGDISCOMs as given below:

Year	Energy dispatched MU		Difference	Cost of power purchase Rs.cr		Difference
	Approved	Actual		Approved	Actual	
2022-23	78361	73121	5240	40149	47433	7285
2023-24	84156	78460	5606	42311	48895	6584
2024-25	84403	82595	1808	44515	47009	2494

3.8.6 The following points, among others, need to be examined in view of the above variations:

- a) Requirement of power is overestimated. As a result, availability of surplus power is underestimated. The above trends confirm that the estimates of the TGDISCOMs, TGERC and CEA for demand are turning out to be inflated. Hence, a realistic view has to be taken based on ground realities every FY and projections shown in resources plans be revised periodically. It is all the more imperative to take appropriate decisions when new PPAs are entered into and regulatory consents to the same are given.
- b) Though the overall quantum of power purchase has come down, cost of power purchase has increased. Though overall fixed cost under PPAs in force has come down, variable cost has increased.
- c) Need for market purchase, as well as its cost, is underestimated.
- d) As a result of unrealistic estimates and determination of various elements of variable

costs, and abnormal increase in market purchases, true-up claims also have emerged abnormally.

- e) Such unrealistic estimates – overestimation of demand for power and underestimation of availability of power and surplus - have reduced need for subsidy from the government, especially, when the latter has decided not to enhance tariffs, but are leading to claims for true-up abnormally.
- f) Prices paid for market purchases need to be examined unit-wise and month-wise, not on an average per unit, to ascertain their permissibility. It also needs to be examined whether market purchases are made when power is available from sources under PPAs in force by backing the latter and paying fixed charges for the same. It is to be examined whether surplus power when it is available is not required to meet demand. It is all the more necessary to examine these aspects, especially in the light of the claims made by TGTRANSCO last year regarding savings on account of backing down thermal power and purchasing power in the market. However, in the subject petitions, the TGDISCOMs have not claimed or shown any savings on account of purchasing power in the market and through exchanges abnormally.
- g) The continuing trend of making market purchases abnormally, even while projecting availability of abnormal quantum of surplus power every FY, and its implications need to be analysed in detail and corrective steps be taken to arrest such an unwarranted trend.

3.8.7 Based on the submissions made by the TGDISCOMs, the analysis shows that the TGDISCOMs have been highly inefficient in their planning and power purchase as the share of power purchase from market has been increasing and has grown to 25% of the total requirement in FY 2024-25. The cost of power purchase from market has also been on higher side thereby leading to higher expense. The inefficiency of the TGDISCOMs need not be passed on to the consumers. In FY 2024-25, the energy purchased from all sources reduced in comparison to the approval granted by the Commission. It is clear that such energy is being purchased from market at higher prices thereby adversely affecting the consumers.

3.8.8 It can be seen that the TGDISCOMs are claiming cost of higher units in comparison to the units that are shown in the audited financial statements (FS). Therefore, the per unit cost related to power purchase (excluding transmission charges and sale of power)

needs to be allowed only to the extent of units in audited financial statements. Thus, the cost of 1,613.7 MUs in FY 2022-23 and 560.3 MUs in FY 2023-24 needs to be disallowed. The units for FY 2024-25 for TGSPDCL are not shown in the audited financial statements, the DISCOM needs to be directed to show the units and accordingly treatment needs to be done for FY 2024-25 as well.

Financial Year	Petition	TGSPDCL	TGNPDCL	Total as per FS	Variation from FS
2022-23	76073	51243	23217	74459.3	1613.7
2023-24	79848	58312	20976	79287.7	560.3

3.8.9 The prices discovered in government auctions (SECI/NTPC) for long-term Power Purchase Agreements (PPAs). Prices are in Rs. /kWh is as shown below:

Year	Solar (Utility Scale)	Wind (Non-Solar)	Wind-Solar Hybrid
2022	₹2.20 – ₹2.50	₹2.84 – ₹3.10	₹2.53 – ₹2.65
2023	₹2.50 – ₹2.70	₹3.10 – ₹3.40	₹3.00 – ₹3.30
2024	₹2.50 – ₹2.65	₹3.40 – ₹3.60	₹3.15 – ₹3.45
2025/26	₹2.56 – ₹2.70	₹3.60 – ₹3.74	₹3.30 – ₹3.40

3.8.10 The above chart clearly shows that the prices of NCE sources have been quite stable in the last few years. The TGDISCOMs have been inefficient not only in planning but have also been inefficient in operations. Thus, the approval of power purchase cost needs to be limited to the above range rather than approving the actual cost being claimed by the TGDISCOMs.

Petitioner's Replies

3.8.11 The petitioners have submitted the following responses:

- a) that merit-order principles were duly followed during scheduling considering cheaper sources as well as for the computation of true-up for FY 2022-23. The station-wise costs referred to are summary outcomes and not indicators of dispatch sequence. They do not imply any deviation from merit-order dispatch.
- b) Procurement from the power market was resorted to only in limited and justified circumstances- to meet unavoidable supply deficits such as renewable intermittency, and for cost optimization, where the landed cost of market purchases was lower than the variable cost of available generating stations

- c) Details of Block-wise, day-wise backing down of respective FYs shared during filings of additional surcharge.
- d) Station-wise energy availability is being submitted in RSB filings every year and commission upon due analysis is approving the same. Details of the same are available in RST order of all three FYs. Block-wise, day-wise actual availability of power is also shared during the computations of Additional Surcharge for relevant periods.
- e) This is the actual cost borne by TGDISCOM and relevant details are submitted in the filings and this cost was borne by TGDISCOMs to provide reliable and continuous power supply to its consumers and it is important for TGDISCOM to get this claim. The rate of Rs. 3.30/unit approved in the Tariff Order was only an indicative estimate, whereas actual market prices during the year were significantly higher. The average DAM and GDAM prices during FY 2022-23 were around Rs. 6.10/unit and Rs. 5.75/unit, which, after accounting for losses and charges, translate to landed costs of the average procurement cost of Rs. 6.53/unit is reasonable and reflects prudent market optimization.
- f) The reductions in dispatch from thermal sources is attributable to multiple reasons. During FY 2022-23, higher dispatch from must run stations resulted in backing down of higher VC thermal stations. For the other two FYs, the reduction can be attributed to power purchase optimization activity, wherein market purchases were prioritized whenever the landed cost of market power was lower than the variable cost of these thermal stations. This is supported by the comparatively higher quantum of market purchases during those years.
- g) At present there are no such provisions to levy penalties in the PPAs with the thermal generating stations to account for delays in commissioning.
- h) PPA with SEIL-2 expired in October 2023 and Energy dispatch from Chhattisgarh State Power Distribution Company Limited (CSPDCL) has been suspended due to ongoing disputes from FY 2022-23 onwards and the Licensee is currently not scheduling any dispatch from CSPDCL.
- i) The reduction in overall fixed costs reflects prudent cost management and optimisation of fixed cost components by the TGDISCOMs.

- j) While TGDISCOMs do consider and project the expected impact of coal and freight costs at the time of ARR filings, these are inherently provisional estimates and actuals vary due to fuel price volatility and statutory revisions. In the subject three FYs, although the per-unit variable cost increased, the overall variable cost outlay reduced proportionately with lower procurement from these stations (merit-order dispatch and demand mix). Variances between approved and actual costs have been captured in the true-up as per regulations.
- k) The miscellaneous charges claimed by the TGDISCOMs for FY 2022-23 to FY 2024-25 include expenses towards— major portion Rs. 1,142 crores for FY 2022-23 are towards Genco MTR Order and Provision-2022-23, banked energy, IEX Cost adjustments, STOA and LTOA charges, Reactive charges, Deviation charges and other related statutory and operational charges. These charges are incidental to power procurement and grid operations.
- l) The variation in NCE energy is due to the actual dispatch being 11,007 MU against the Commission's approved 11,896 MU, resulting in a reduction of 889 MU, i.e., 7.47%. TGDISCOMs submit that the aforesaid shortfall is primarily attributable to factors beyond the control of the Licensees, such as resource variability (solar irradiation), seasonal patterns, etc. NCE power is accorded "must-run" status as per the provisions of the regulations and grid code, and there is no curtailment of NCE sources. Actual energy from NCE sources is fully considered in the True-up computations. Whereas, the net-metering (rooftop solar) quantum is not included under NCE purchase, it is netted off against sales
- m) The increase in per-unit cost of NCE for FY 2023-24 and FY 2024-25 is primarily due to shortfall in dispatch of approved low-cost solar power and corresponding procurement from higher-cost sources. For FY 2023-24, around 1,940 MUs of approved solar energy at an average tariff of Rs. 2.43/unit were not dispatched, while about 1,050 MUs were procured additionally from higher-cost NCE, leading to an increase in the average NCE cost from the approved Rs. 4.27/unit to Rs. 4.78/unit. Similarly, for FY 2024-25, about 2,050 MUs of approved solar energy at an average tariff of Rs. 2.87/unit were not dispatched, and the additional procurement from other higher cost NCEs, resulting in an increase in the per-unit NCE cost from the approved Rs. 4.33/unit to Rs. 4.48/unit. Thus, the increase in

NCE tariff is attributable to changes in the actual energy mix and dispatch pattern, rather than any revision in approved tariffs.

- n) For the CGS stations, the Commission had approved 7,916 MU from TSTPP-1, of which 2,645 MU was actually dispatched, resulting in a shortfall of 5,271 MU. This shortfall was partly offset by higher than approved dispatch from several CGS stations such as NTPC, NPC-Kaiga, and NCE JNNSM Phase-1, thereby bringing the net shortfall to 4,340 MU. The petition highlighted only the major reasons for the variation. The calculated shortfall of 4,340 MU corresponds to approximately 20.54%, which was rounded to 21% for ease of understanding.

3.8.12 Following are the submissions made by the TGDISCOMs in this regard:

- a) The power requirement has not been overestimated but has been assessed prudently to meet projected demand and ensure grid stability, which are statutory obligations.
- b) While instances of surplus power may arise in certain periods, these are mainly due to seasonal demand variations, renewable energy intermittency, inflexibility of long-term PPAs, and changes in actual consumption patterns, and not because of inflated demand estimates.
- c) Though the overall quantum of power purchase has reduced, the total cost has increased mainly due to higher variable costs, driven by escalation in fuel prices, freight charges etc.
- d) Details of plant wise energy quantum and costs has been submitted.
- e) The market purchases were undertaken during time-blocks when market prices were relatively low, taking advantage of lower market prices. Such opportunities arise based on real-time market conditions, and hence the requirement and cost of market purchases cannot be accurately predicted in advance. Market prices are highly volatile and depend on multiple factors such as demand-supply balance, fuel prices, renewable generation, and grid conditions.
- f) The true-up claims have increased mainly due to uncontrollable variations in fuel costs, market prices, renewable intermittency, and real-time demand–supply conditions. Projections were made based on the best information available at the time of ARR filing, and deviations are inherent in the system. True-up is a regulatory mechanism to reconcile such differences, not a result of unrealistic

estimation. True-up claims arise from actual cost variations and are independent of subsidy decisions, all of which remain subject to prudence check by the Commission.

- g) The market purchases are based on real-time prices, demand requirements and is generally opted only when landed cost is less than variable cost of existing stations.
- h) The occurrence of surplus power is not continuous in nature. Such surplus, wherever observed, is only for limited durations, typically for about 2 to 3 hours in a day, arising due to variations in demand pattern, renewable generation profile, and grid balancing requirements.
- i) As submitted above, market purchases are made for two reasons, one to meet deficit and other for power purchase optimization.
- j) True-up model is computed strictly in accordance with the methodology approved by the Commission, wherein the approved agricultural sales are considered for deriving the energy requirement, rather than the actual agricultural consumption recorded in the books of accounts.

3.8.13 TGDISCOMs already have low-cost SECI/NTPC PPAs at Rs. 2.44/Rs. 2.53/Rs. 2.82 per unit as adopted in the Commission's tariff orders. Auction prices are ex-bus rates, while DISCOMs pay the landed cost, which includes ISTS/STU charges, transmission losses, etc.

Commission's Analysis & findings

3.8.14 The Commission has verified the actual energy procured by the TGDISCOMS, Annual Availability Factors, Hydel capacity indices certified by the TGSLDC for FY 2022-23, FY 2023-24 and FY 2024-25. Further, it was observed that

- i. the actual hydel generation is 5,742 MU, which is 54% higher than that of 3,719 MUs approved by the Commission for FY 2022-23.
- ii. the actual hydel generation is 1,181 MUs, which is 79% less than that approved by the Commission for FY 2023-24(i.e., 5,677 MUs), due to poor inflows of water from upstream states.
- iii. the actual hydel generation is 5,047 MUs, against 6,854 MUs approved by the Commission for FY 2024-25.

3.8.15 The Commission is of the view that that any variation in the hydel power generation will have substantial impact on the power purchase cost of the TGDISCOMs. The Commission has verified the actual capacity indices certified by the TGSLDC for FY 2022-23, FY 2023-24 and FY 2024-25. The Commission is in agreement with the petitioner's claim impact of power purchase cost due to on lower generation of the hydel stations during FY 2023-24 and FY 2024-25 leading to the procurement of the power from the short-term sources.

3.8.16 Regarding decrease in dispatch of energy from thermal power stations, the Commission has considered the actual energy procured from the stations as certified by the TGSLDC.

3.9 SHORT-TERM / MARKET PURCHASES

Stakeholders' Submissions

3.9.1 The stakeholder submitted that short-term market power is the costliest source of power and should be used only as a last resort. Excessive dependence on market purchases indicates failure in long-term power planning and demand forecasting. The Licensee has not demonstrated that all cheaper long-term, tied-up and allocated sources were fully exhausted prior to resorting to market purchases.

3.9.2 Hon'ble APTEL in PSPCL vs PSERC (Appeal No. 23 of 2014) and in BESCO vs KERC (Appeal No. 197 of 2010) has held that avoidable short-term power procurement arising out of planning failure is imprudent and cannot be passed on to consumers.

3.9.3 An Appeal no. 98 of 2021 was filed by Noida Power Company Ltd. in which the company had appealed against the disallowance of short-term power (power purchased from market). Hon'ble APTEL in judgement dated 02.12.2025 has observed that short-term procurement of power by distribution Licensee is to be allowed at the cost at which it was actually procured, provided that the quantum of power utilised remains within the approved short-term procurement quantum and the procurement price does not exceed the approved average cost of short-term power as specified in the ARR Order.

3.9.4 The case of TGDISCOMs is same and the principle laid down by Hon'ble APTEL needs to be applied. The approval granted by the Commission was much lower and at much lower price. Consumers have a legitimate expectation of efficient, cost-effective

power supply. The increase in power purchase cost due to inefficiency of the TGDISCOMs need not be passed on to the consumers. Therefore, the excess units over and above the approved quantum needs to be limited approved price or the price at which energy is purchased, whichever is lower.

3.9.5 Both the TGDISCOMs have shown market purchases as 9404 MUs for FY 2022-23, 9895 MUs for FY 2023-24 and 20870 MUs for FY 2024-25.

3.9.6 The TGDISCOMs have claimed short-term power purchase quantum of 5,126 MU and 2,140 MU, respectively, as against the approved quantum of 1,532 MU and 640 MU. This represents an increase of about 235% (3.35 times) in the case of TGSPDCL and about 234% in the case of TGNPDCL over the quantum approved by the Commission. At the same time, procurement from reliable TGGENCO thermal sources was lower than the approved quantum. In the case of TGNPDCL, only 6,968 MU was procured as against the approved 7,924 MU, and in the case of TGSPDCL, 16,692 MU was procured as against the approved 18,983 MU.

3.9.7 The simultaneous under-procurement from approved and economical thermal sources and excessive reliance on costly short-term market purchases clearly indicates lack of proper power planning, forecasting, and optimal scheduling by the DISCOMs.

3.9.8 Accordingly, the excess short-term procurement ought not to be considered prudent and should not be allowed in the True-up.

3.9.9 The reasons given by the TGDISCOMs for such market purchases at abnormal level are lesser generation of power by several power projects with whom they had long-term power purchase agreements. But the projections for availability of power, requirement, surplus/deficit, and need for market purchases continued to be made by the TGDISCOMs and determined by the Commission every financial year are not explained. Similarly, the projections of fixed and variable costs continued to be made by the TGDISCOMs and determined by the Commission every financial year unrealistically are not explained.

3.9.10 More than 50% of the power purchase cost true up claimed by TGDISCOMs is due to 5,094 MU of power procurement from market sources over and above the limit set by the Commission. TGDISCOMs attributed this higher power procurement from market sources to no power supply from STPP and CSPDCL (Which are part of other sources).

These filings also show that, apart from STPP and CSPDCL, actual dispatch from TGGENCO thermal units and CGS units was 7,591 MU less than the approved quantum. Had this power been dispatched there would have been no need to procure power from market sources. That is given the power supply situation, even in the absence of availability of power from STPP and CSPDCL, there was no need to resort to market purchases to meet power demand in the state. As such TGDISCOMs' claim regarding higher expenditure due to higher procurement of power from market sources shall not be allowed.

3.9.11 For the approved short-term purchases of 2171.87 MU in FY 2022-23, the Commission has considered the power purchase price of Rs.3.30/kWh. But TGDISCOMs procured power from market sources at an average cost of Rs. 6.53 per unit, which is double the purchase price stipulated by the Commission. The Commission is requested to adopt the purchase price of short-term sources as provided in the Tariff Order of FY 2022-23 and shall not allow the high prices claimed by TGDISCOMs.

3.9.12 The TGDISCOMs, in their reply regarding the higher market purchase price, have submitted that the cost claimed represents the actual cost borne by the TGDISCOMs, and that relevant details have been furnished in the filings. They have further stated that the cost was incurred to ensure reliable and continuous power supply to consumers, and that it is necessary for the TGDISCOMs to recover the same. The TGDISCOMs have contended that the rate of Rs. 3.30/unit approved in the Tariff Order was only an indicative estimate, whereas the actual market prices during the year were significantly higher. They have submitted that the average DAM and GDAM prices during FY 2022–23 was around Rs. 6.10/unit and Rs. 5.75/unit, respectively, which, after accounting for losses and other charges, resulted in a landed cost of Rs. 6.53/unit, and that such procurement reflects prudent market optimization.

3.9.13 However, the weighted average DAM rate as per IEX for the calendar year 2022 was Rs. 5.821/unit, which is lower than the claimed rate of Rs. 6.10/unit. Therefore, the Commission is respectfully requested to examine the discrepancy and verify the basis of the claimed market rates, and accordingly restrict the allowable power purchase cost to reasonable and prudently incurred levels.

3.9.14 The TGDISCOMs procured 7,266 MU from short-term sources in FY 2022–23, which increased to 9,895 MU in FY 2023–24 (an increase of about 36%) and further escalated

to 20,870 MU in FY 2024–25 (an increase of about 111% over the previous year). Overall, short-term power procurement has increased by approximately 187% over the two-year period. This steep and continuous rise in reliance on short-term sources indicates lack of proper long-term power planning and prudent procurement strategy on the part of the Licensees, resulting in avoidable financial burden on consumers.

3.9.15 However, it is submitted that the TGDISCOMs have not adequately explored alternative and more economical procurement options, such as procurement through the DEEP portal, short-term bilateral agreements, or medium-term power purchase arrangements. Instead, they have largely relied on costly power procurement through the power exchanges, without duly considering the resultant financial burden on consumers. Such procurement practices reflect a lack of prudent planning and optimal power procurement strategy.

3.9.16 The Central Electricity Authority's Resource Adequacy Plan for Telangana (November 2024) indicates that the state had sufficient capacity in 2023–24, with 18,958 MW tied up against a peak demand of 15,622 MW. Telangana's demand pattern is stable throughout the year, with peak hours between 08:00 and 17:00, enabling more reliable and cost-effective planning compared to regions with high seasonal variation. However, despite this adequacy, TGDISCOMs have increasingly relied on expensive short-term power purchases to manage real-time fluctuations, outages, and renewable energy variability, which has raised overall power procurement costs. The report emphasizes that such higher costs should not be fully passed on to consumers, as this would unfairly increase tariffs. Instead, it recommends optimizing the power purchase mix through better forecasting, demand-side management, and greater reliance on long- and medium-term contracts. It also notes that TGDISCOMs have not taken sufficient steps to align with CEA's resource adequacy targets and need to develop procurement plans that reduce dependence on short-term markets while ensuring reliable and affordable power supply.

3.9.17 Demand growth is significant pressure on infra and costs. Requires capex expediency. As of 31.03.2024 TGSPDCL has accumulated losses of 40,380 crores against paid up capital of Rs. 12,017 crores only with huge 28,362 crores negative net worth. Even considering the short- & long-term borrowings and capital, still the accumulated losses are more. The interest burden on short term increased 808 crores suggests prudent

management of borrowings. In view of the precarious financials of TGDISCOMs, the companies are not financially viable entities to carry on the huge essential public utility services. Structural financial crisis due to high purchase cost, subsidy burden.

3.9.18 In view of the above, the Commission is requested to disallow the excess costly procurement undertaken by the DISCOMs and direct them to adopt prudent and economically optimal power procurement planning in future.

Petitioner's Replies

3.9.19 TGDISCOMs stated that the energy procurement from short term sources is considered for the following reasons:

- a) Energy supply during hours of deficit (Power requirement > Power availability from generators)
- b) **Power purchase cost optimization:** TGDISCOMs have considered procurement from short term sources during hours when the Market price is lesser than the Variable cost (VC) of few generating stations with higher VC to optimize the overall cost of power procurement.

3.9.20 Here, it is pertinent to note that, the procurement from short term sources for deficit supply is done only when the entire generation capacity is dispatched and the procurement from short term sources for Power purchase optimization is done only by backing down the thermal generators having higher VC than the then existing market (Short term source) prices resulting only in the reduction of overall power procurement cost. Detailed explanation for power purchase cost projections is given in ARR submissions.

3.9.21 This is the actual cost borne by the TGDISCOMs and relevant details are submitted in the filings which is borne to provide reliable and continuous power supply to its consumers and it is important for the TGDISCOMs to get this claim. The rate of Rs. 3.30/unit approved in the Tariff Order was only an indicative estimate, whereas actual market prices during the year were significantly higher. The average DAM and GDAM prices during FY 2022-23 were around Rs. 6.10/unit and Rs. 5.75/unit, which, after accounting for losses and charges, translate to landed costs average procurement cost of Rs. 6.53/unit is reasonable and reflects prudent market optimization.

3.9.22 It is also to be noted that the objector's comparison is based on calendar year 2022,

whereas the True-up pertains to financial year FY 2022-23 and references of computation is attached below (source – IEX)

Market Snapshot			
Date: 01-04-2022 to 31-12-2022			
Year	Month	Weighted MCP (Rs/MWh)	Rs/Unit
2022	April	9524.24	9.5
2022	May	6810.33	6.8
2022	June	6884.79	6.9
2022	July	5496.85	5.5
2022	August	5431.08	5.4
2022	September	5875.13	5.9
2022	October	3963.44	4.0
2022	November	4795.49	4.8
2022	December	5597.86	5.6
2023	Jan	6375.48	6.4
2023	Feb	6639.79	6.6
2023	March	5436.19	5.4
average price DAM			5.76

3.9.23 Power procurement planning is carried out primarily to meet projected demand reliably and maintain grid stability. Projections are prepared conservatively to ensure reliability of supply, grid security, and compliance with planning norms, and do not necessarily translate into avoidable financial burden on consumers.

3.9.24 Before resorting to purchase from power exchanges, the TGDISCOMs explored and availed power through (i) Procurement through transparent bidding platforms, including the DEEP portal and (ii) Banking arrangements and swap mechanisms. After exhausting these options, power was procured from short-term market. In view of the above, TGDISCOMs respectfully submit that the short-term procurement undertaken during FY 2024–25 was necessary, prudent, and in the larger consumer interest to avoid load shedding and maintain statutory supply obligations. The Commission may kindly consider the same and allow the power purchase costs as claimed.

3.9.25 The plant-wise/source-wise details and market purchases, along with quantities and average rates, are submitted to the Commission.

Commission’s Analysis & findings

3.9.26 Regarding high quantum of market purchases, average cost per unit of market purchases works out to Rs. 6.53 for 2022-23, Rs. 5.35 for 2023-24 and Rs. 4.06 for 2024-25 against that approved in the tariff orders, the Commission has arrived at the short-term quantum as detailed below,

- a) **Must-Run Stations:** Energy from must-run stations has been considered first, irrespective of cost, and these includes TGGENCO Hydel stations, non-

conventional (renewable) energy, Bundled power and atomic power stations.

- b) **Thermal Stations:** The balance energy requirement (Energy requirement-must run stations) has been met from thermal stations, which includes TGGENCO thermal stations, Central Generating Stations, other thermal stations. The dispatch from these thermal stations has been carried out based on merit order.
- c) **Short-Term Purchases:** Any residual shortfall (energy requirement-must run stations-thermal MoD stations) has been met through short-term market purchases.

3.9.27 Accordingly, the discom-wise, short-term power procurement determined at the energy sales for FY 2022-23, FY 2023-24 and FY 2024-25.

3.9.28 The CEA Resource Adequacy Report shows the planned and tied-up capacity, but it does not guarantee that all this capacity is available in real time. Actual availability depends on many factors such as plant outages, renewable fluctuations, maintenance and other factors. Because of this, TGDISCOMs sometimes need short-term power to maintain continuous and reliable supply. The large tied-up capacity itself shows that long-term planning is already in place. Therefore, the claim that higher short-term purchase is due to poor planning is not correct. TGDISCOMs have stated that Energy procurement from short term sources is considered for the following reasons

- a) Energy supply during hours of deficit (Power requirement > Power availability from generators)
- b) **Power purchase cost optimization:** TGDISCOMs have considered procurement from short term sources during hours when the Market price is lesser than the Variable cost (VC) of few generating stations with higher VC to optimize the overall cost of power procurement.

3.9.29 The Commission has considered the actual average rate of Short-term procurement during the FY 2022-23, FY 2023-24 and FY 2024-25 for arriving at the short-term power purchase cost.

3.10 ADDITIONAL PENSION LIABILITY

Stakeholders' Submissions

3.10.1 The stakeholder submitted that the additional interest on pension bonds increased/ decreased by Rs. 1,307 crores for 2022-23, Rs. -211 for 2023-24 against Rs. 1,379

crores approved by the Commission and Rs. –137 for 2024-25 against Rs. 1,388 crores approved by the Commission. It has been repeatedly submitted to successive Commissions to reject claims of TGDISCOMs, TRANSCO and TGGENCO for pension liabilities and direct them to seek the same from the state government for very valid reasons elaborated in earlier submissions, but to no avail.

3.10.2 The Commission, in directive No. 24 in RSTO for 2025-26, directed the DISCOMs “to change the nomenclature from “interest on pension bonds” to “Additional pension liability” in subsequent filings. It is inexplicable if this innovative approach of changing nomenclature would make any material difference, as far as imposing all such burdens on consumers of power, much less justifying imposition of that burden on consumers, is inexplicable, if it is not like rechristening Tweedledee as Tweedledum.

Petitioner’s Replies

3.10.3 The TGDISCOMs submitted that the line item “Additional Pension Liability” has been presented and treated exactly as advised by the Commission in Directives. The year-wise variations reflect actual pension-related liabilities and related adjustments.

Commission’s Analysis & findings

3.10.4 The Commission has considered the objections raised by the Stakeholders, replies of the petitioner, and noted that Pension to the employees who rendered their services in the department are paid as per the Service Rules (i.e., State Pension Rules), Statutes (i.e., Employees’ Provident Funds & Miscellaneous Provisions Act, 1952 – EPS Scheme).

3.10.5 The Commission has expressed its opinion in earlier tariff order also that until alternative arrangements are made, this Commission is of the opinion that additional liability on pension of retired employees shall be allowed to be continued as approved in MYT order.

3.10.6 Hence, the Commission has approved the Additional Pension Liability same as claimed by the petitioner for FY 2022-23, FY 2023-34 and FY 2024-25.

3.11 FIXED COSTS

Stakeholders’ Submissions

3.11.1 During the FY 2022-23 though power dispatched was lower by 5,240 MU than

approved by the Commission power purchase cost increased by Rs. 7,285 Crore. Fixed costs of Central Generation Stations (CGS) increased by Rs. 248 Crore even though actual power dispatched by these CGS is 21.53% less than approved by the Commission, unlike TGGENCO and other thermal power station which had shown lower fixed costs along with lesser power dispatched than allowed by the Commission, and fixed costs claimed by CGS needs to be scrutinized.

Petitioner's Replies

3.11.2 TGDISCOMs submitted that the increase in overall power purchase cost during FY 2022-23, despite lower energy off-take, is primarily attributable to higher variable costs across certain categories. Correlating the quantum of power drawn with fixed costs paid is not appropriate, as fixed costs are contractual obligations meant to be recovered irrespective of energy off-take. So, it is not ideal to draw correlation between quantum of power drawn and fixed costs paid.

Commission's Analysis & findings

3.11.3 The Commission has verified the actual bills of the generators and observed that there is increase in overall power purchase cost during FY 2022-23, despite lower energy off-take, due to higher variable costs across certain stations. Correlating the quantum of power drawn with fixed costs paid is not appropriate, as fixed costs are contractual obligations meant to be recovered irrespective of energy off-take.

3.11.4 Regarding fixed charges paid for the thermal stations, the Commission has verified the actual invoices raised by the generators to TGDISCOMS for FY 2022-23, FY 2023-24 and FY 2024-25 and observed the following:

- i. The actual fixed charges paid by to the TGGENCO is in line with Annual Fixed Charges approved for stations in TGGENCO Tariff Orders & true up orders, corresponding to month-wise Actual Availability certified by the TGSLDC for the corresponding year.
- ii. The actual fixed charges paid to the Central Generating stations are in accordance with CERC Orders corresponding to the Share Allocation Orders issued by the Southern Region Power Committee (SRPC) from time to time, and monthly actual availability certified by the SRPC.

iii. The actual fixed charges paid to the Singareni Thermal Power Plant are in

accordance with the Tariff Orders & true up orders, corresponding to month-wise Actual Availability certified by the TGS LDC for the corresponding year.

- 3.11.5 Regarding fixed charges paid for the thermal stations for backed down of the energy, the Commission noted that backing down of stations is reflected in the actual availability of the stations and Fixed Charges are paid accordingly.

3.12 VARIABLE COSTS

Stakeholders' Submissions

- 3.12.1 The stakeholder submitted that TGDISCOMs have attributed the increase in PPC to escalation in variable cost on account of coal price increase, freight, royalty, green cess and forex variation. And submitted that fuel price and forex risks are known commercial risks inherent in thermal power procurement. The TGDISCOMs have not placed any evidence of fuel optimization, coal blending, alternate sourcing or cost-minimization efforts. Automatic pass-through of such escalation defeats tariff certainty and consumer protection.
- 3.12.2 Hon'ble APTEL in the matter of **Adani Power Ltd. vs CERC (2019)** held that fuel price risk is a commercial risk and not automatically pass-through. MERC Tariff Orders (multiple years) held that the Utilities must demonstrate mitigation measures before seeking pass-through. Hence, fuel price escalation is not an automatic pass-through and must be subjected to strict prudence scrutiny.
- 3.12.3 According to TGDISCOMs filings, Variable cost of TGGENCO thermal stations increased by 5%, variable cost of CGS increased by 13% and variable cost of other sources increased by 20%. Though all the coal based thermal power plants face the same fuel price structure and related policies variation in increase in variable costs of these plants is significant. From the TGDISCOMs' filings it is not clear how much of increase in variable cost was due to increase in fuel prices, changes in GCV of coal supplied and changes in Station heat rate of these plants.
- 3.12.4 The Note 43 of the Audited accounts of TGSPDCL provide that:
- In respect of provision for surcharge of M/s. Singareni Thermal Power Plant (STPP), as the Discom and STPP are Government companies, the Discom is taking up the issue with STPP to waive late payment surcharge. To avoid the burdening the consumers, TS Discoms have requested to waive the late payment surcharge as it is*

not covered in ARR order. The late payment surcharge levied to the end of 2022-23 is Rs. 3,459.65 Crore.

- 3.12.5 The Commission is requested to direct the Petitioner to clarify whether it has paid the Late Payment Surcharges and if it has, the same may be reduced from the power purchase cost.
- 3.12.6 The NTPC plants, such as NTPC Simhadri Stage-I and NTPC Kudgi, are among the generating stations that participated in the Ancillary Services Market during FY 2022–23. The Commission is respectfully requested to direct the Licensees to clarify whether the appropriate share of revenue earned from the Ancillary Services Market has been duly passed on by the Generators to the DISCOMs, in accordance with the applicable regulations and PPA provisions.

Petitioner's Replies

- 3.12.7 TGDISCOMs submitted that although coal-based thermal power plants operate under similar fuel pricing structures and policies, the variable cost of generation differs due to plant-specific factors. These include transportation and logistics costs based on plant location, variation in coal source, GCV and Station Heat Rates. Accordingly, the observed variation in the increase of variable costs across TGGENCO stations, CGS, and other sources is attributable to these inherent operational and logistical differences, and not solely due to changes in fuel prices.
- 3.12.8 While TGDISCOMs do consider and project the expected impact of coal and freight costs at the time of ARR filings, these are inherently provisional estimates and actuals vary due to fuel price volatility and statutory revisions. Variances between approved and actual costs have been captured in the true-up as per regulations outlined by the Commission and true-up mechanism is not an automatic pass-through.
- 3.12.9 TGDISCOMs submitted that the LPS amount is not included in the power purchase cost and that they have not claimed in the True-ups. As per the prevailing regulatory framework, the net gain or revenue from Ancillary Services, after accounting for fuel and other variable costs, is adjusted in accordance with CERC orders. Such adjustments are reflected in the monthly regional energy accounts (REA) through billing adjustments raised by the generator. The bills raised by NTPC, which are prepared in line with CERC regulations and verified through the Regional Power Committee mechanism.

3.12.10 The details pertaining to payment of LPS amounts is furnished as part of the additional information.

Commission's Analysis & findings

3.12.11 The Commission has verified the actual variable cost of the stations as per the monthly invoices of the generating stations submitted by the petitioners. The variable charges of the stations comprise of the energy charges, energy charges due to variation in Regional Energy Account (REA) for CGS stations, incentives, late payment charges etc., Upon verification, the Commission has approved the station-wise energy charges same as claimed by the petitioner. The Commission approved the actual quantum of power purchase & its cost from NCEs for FY 2022-23, FY 2023-24 and FY 2024-25 same as claimed by the petitioner.

3.12.12 The Commission finds merit in the suggestion of the stakeholder that Late Payment Surcharge has to be reduced from the power purchase cost. Accordingly, the Commission has reduced the LPS paid to the Generators based on the information furnished by the TGDISCOMs.

3.13 MISCELLANEOUS CHARGES

Stakeholders' Submissions

3.13.1 The stakeholder submitted that the TGSPDCL and TGNDPCL have claimed miscellaneous charges of Rs. 1,563 crores and Rs. 931 crores, respectively, for which no details have been provided.

3.13.2 Further submitted that the Commission has issued the order Dated: 21.11.2022 in respect of OP No. 8 of 2021 filed by M/s. Singareni-STPP allowing the water charges and Thermal incentive based on scheduled energy for the period from 2016-19. However, TGDISCOMs have already made provision in the books for thermal incentive and other Miscellaneous expenses.

3.13.3 The TGDISCOMs, in their reply to some of the objectors, have stated that the miscellaneous charges claimed by the TGDISCOMs for FY 2022–23 include expenses, of which a major portion amounting to Rs. 1,142 crore pertains to the TGGENCO MTR Order and Provision for FY 2022–23, banked energy, IEX cost adjustments, STOA and LTOA charges, reactive charges, deviation charges, and other related statutory and operational charges. The Licensees have further submitted that these

charges are incidental to power procurement and grid operations.

3.13.4 In this regard, the stakeholder requested the Commission to direct the Licensees to furnish a detailed head-wise and item-wise break-up of the aforesaid miscellaneous charges, along with supporting documents and reconciliation with the audited accounts. In the absence of such proper justification and documentary evidence, the Commission may kindly disallow the said claims.

3.13.5 The miscellaneous charges that are being claimed by the TGDISCOMs are essentially part of power purchase cost itself. Thus, allowing these costs separately will not be appropriate and hence have to be disallowed.

Petitioner's Replies

3.13.6 The miscellaneous charges claimed by the DISCOMs for FY 2022-23 to FY 2024-25 include expenses towards- banked energy, IEX Cost adjustments, STOA and LTOA charges, Reactive charges, Deviation charges and other related statutory and operational charges. Major portion 1,142 crs for FY 2022-23 is towards MTR Order and Provision-2022-23. These charges are incidental to power procurement and grid operations.

3.13.7 These amounts have been accounted for in line with regulatory requirements and are reflected in the audited accounts.

3.13.8 A detailed breakup of these miscellaneous charges is being furnished to the Hon'ble Commission as part of the additional information.

Commission's Analysis & findings

3.13.9 The miscellaneous charges claimed by the TGDISCOMs for FY 2022-23 to FY 2024-25 include expenses towards banked energy, IEX Cost adjustments, STOA and LTOA charges, Reactive charges, Deviation charges and other related statutory and operational charges and increase in charges determined in MTR Order and these charges are incidental to power procurement and grid operations. The Commission has approved the miscellaneous charges as claimed by the petitioner.

3.14 TRANSMISSION CHARGES

Stakeholders' Submissions

3.14.1 The stakeholder has submitted that TGSPDCL and TGNPDCL have claimed

Transmission Charges of Rs. 4,134 crores and Rs. 1,737 crores, respectively, in the True-up for FY 2022–23. However, the Annual Accounts of TGSPDCL reflect the amount as Rs. 4,091.61 crores, and those of TGNPDCL reflect the amount as Rs. 1,018.66 crores, and requested the Commission not to accept the claim of the Petitioner and to consider the figures as per the audited accounts.

- 3.14.2 The TGDISCOMs have claimed Transmission cost of Rs. 6,113 crores as against the approved cost of Rs. 5,376 crores for FY 2023–24. However, the audited accounts of TGNPDCL reflect Transmission & SLDC charges of Rs. 1,139.98 crores, while the audited accounts of TGSPDCL reflect Rs. 4,244.26 crores, aggregating to Rs. 5,384.24 crores. The claimed amount is therefore higher than the audited figures by Rs. 728.76 crore and also significantly above the approved cost.
- 3.14.3 TGSPDCL, has claimed Transmission Charges for FY 2024–25 amounting to Rs. 3,956 crores, whereas the audited accounts reflect Transmission Charges of Rs. 3,905.28 crores. This results in a variation of Rs. 50.72 crores between the claimed amount and the audited figures.
- 3.14.4 The TGDISCOMs have claimed higher transmission charges in comparison to the transmission charges in the income statement. The transmission charges should be limited to the cost that has been accounted and shown in the audited financial statements of the two companies. Thus, the cost of transmission charges of Rs. 832.73 Cr. in FY 2023, Rs. 728.76 Cr. in FY 2023-24 and Rs. 31.13 Cr. in FY 2024-25 should be disallowed.
- 3.14.5 Unrelated to the contracted capacity, transmission charges, primarily inter-state transmission charges of PGCIL, have been increased by Rs. 857 crores for 2022-23, Rs. 737 crores for 2023-24 and Rs. 199 crores for 2024-25. This is due to the irrational and imbalanced GNA regulations and orders of CERC against which petitions filed before appellate authorities by DISCOMs of some of the states are pending. TGDISCOMs attributed this to higher payments made to PGCIL. These higher transmission charges may be due to higher market purchases. While assessing the desirability of market purchases vis a vis existing power supply contracts along with market price of power additional transmission cost shall also be taken in to account. Market price along with additional transmission cost shall be compared with variable cost of the units which are sought to be backed down. The stakeholder has sought

clarification on the role TGDISCOMS are playing to contest the regulations and orders of CERC to protect larger consumer interest.

Petitioner's Replies

3.14.6 TGDISCOM submitted that, while the objector has compared certain line-item figures presented under specific accounting notes, it is respectfully submitted that the overall power purchase cost, including Transmission Charges, as claimed in the True-up, is fully reconciled with and tallying with the audited annual accounts of both TGDISCOMs.

3.14.7 TGDISCOMs submitted that while assessing the desirability of market purchases vis-à-vis Variable cost of existing PPAs, the comparison is made based on the landed cost of power and not on the standalone market price. The landed cost includes market price of power, transmission charges, losses, and other applicable charges. Accordingly, the decision to resort to market purchases during FY 2022-23 was taken after comparing the landed market price, including additional transmission charges paid to PGCIL, with the variable cost of backing down existing generating units. Market purchases were undertaken only where such landed cost was found to be competitive.

3.14.8 The TGDISCOMs stated that they are actively engaging with the issues arising out of the GNA framework through appropriate regulatory and legal channels and are closely coordinating with other State DISCOMs and utilities that have challenged the relevant regulations and orders of the CERC before the appropriate appellate authorities. Further, the concerns of TGDISCOMs are being consistently represented before the CERC during stakeholder consultations and proceedings, highlighting the need for a more balanced and usage-linked transmission charge mechanism.

Commission's Analysis & findings

3.14.9 The Commission has verified the Inter-state transmission charges and Intra-state transmission charges paid by the petitioner. The Commission has observed that inter-state transmission charges paid are as per the monthly invoices raised by the Grid-India. Further, the Commission observed that intra-state transmission charges are paid as per the transmission Tariff orders and True up orders of the corresponding years issued by the Commission.

3.15 INTER-STATE SALE/PURCHASE

Stakeholders' Submissions

- 3.15.1 The stakeholder submitted that the TGDISCOMs have claimed Interstate Sale/UI Sale/Purchase in 33 kV and below as Rs. (-735) crore for FY 2023–24, as against the approved value of Rs. (-1,862) crore. However, as per the audited accounts of TGNPDCL, the Company has claimed inter-state sales amounting to Rs. 234.34 crore and Unscheduled Interchange (UI) charges of Rs. 6.12 crore and requested to direct the Licensees to furnish the complete break-up and detailed reconciliation of the said claim with the audited accounts.
- 3.15.2 Compared to the abnormal quantum of market purchases of power being made by the TGDISCOMs every FY, sale of surplus power is insignificant and unremunerative for the simple reason that surplus power as per the principle of merit dispatch is of higher cost. In the face of projection of availability of abnormal quantum of surplus power every FY by the TGDISCOMs, purchase of abnormal quantum of power in the market shows:
- continued failure to ensure balance between demand curve and power mix to the extent technically possible to see that unwarranted surplus/deficit is limited to prudent levels by entering into long-term PPAs with thermal, RE and other power stations prudently.
 - Notwithstanding the claims of the TGDISCOMs that “they would be making enormous effort to procure power from long term sources”, failures and helplessness at politico-bureaucratic level in the face of delay in execution of power plants with whom the TGDISCOMs had PPAs and lesser generation and supply of power and avoidable legal litigations that arose as a result of their hasty and imprudent decisions in entering into long-term PPAs, etc. That the trend of availability of generation capacity and projection of surplus power abnormally, even exceeding 5% reserve margin, is continuing is evident from the estimates made for 2025-26 and projections made for 2026-27. Till such imbalances are corrected over a period of time, avoidable burdens would continue to be imposed on the consumers for the failures of commission and omission of politico-bureaucratic and regulatory dispensations, without any accountability.

Petitioner's Replies

- 3.15.3 The TGDISCOMs submitted that the audited annual accounts reflect the actual quantum and value of interstate sale/UI transactions recorded at the Company level.
- 3.15.4 For the purpose of the True-up computation, the split of the consolidated figures between TGNPDCL and TGSPDCL has been carried out based on their respective energy share (29.45% for TGNPDCL and 70.55% for TGSPDCL). Accordingly, there is no inconsistency between the audited accounts and the values presented in the True-up model; the variation is only due to this allocation methodology.
- 3.15.5 The TGDISCOMs respectfully submit that the occurrence of surplus power is not continuous in nature. Such surplus, wherever observed, is only for limited durations, typically for about 2 to 3 hours in a day, arising due to variations in demand pattern, renewable generation profile, and grid balancing requirements. These transient instances of surplus cannot be construed as sustained excess capacity. The TGDISCOMs submit that power procurement and sale are carried out based on merit-order dispatch, demand variability, renewable must-run obligations. TGDISCOMs have reiterated that energy procurement from short term sources is considered for the following reasons:
- a) Energy supply during hours of deficit (Power requirement > Power availability from generators)
 - b) **Power purchase cost optimization:** TGDISCOMs have considered procurement from short term sources during hours when the Market price is lesser than the Variable cost (VC) of few generating stations with higher VC to optimize the overall cost of power procurement.
- 3.15.6 The TGDISCOMs submitted that power procurement planning is carried out primarily to meet projected demand reliably and maintain grid stability. Projections are prepared conservatively to ensure reliability of supply, grid security, and compliance with planning norms, and do not necessarily translate into avoidable financial burden on consumers.
- 3.15.7 The TGDISCOMs also submitted that they are actively undertaking measures to optimise power procurement by aligning contracted capacity with actual demand, enhancing short-term and market-based procurement, and maximising scheduling

flexibility. Further, surplus capacity, wherever available, is being leveraged through power exchanges and other optimisation mechanisms to mitigate fixed cost impact. Over a period of time, as demand growth materialises and procurement strategies are refined, the perceived imbalance between availability and requirement is expected to reduce, thereby minimising any potential burden.

Commission's Analysis & findings

3.15.8 The Commission has approved the power purchase cost based on the energy despatched by the stations to meet the energy requirement determined by the Commission. The Energy despatched from the stations doesn't include the quantum of energy sale/ inter-state sales. The Commission has computed the cost incurred for quantum of energy sold and income/ revenue earned from the such inter-state sales. The net profit arising from cost incurred and revenue earned from such sale of inter-state sale is deducted from power purchase cost. Further, The share of net profit between TGNPDCL and TGSPDCL is as per their respective energy share (29.45% for TGNPDCL and 70.55% for TGSPDCL).

3.16 TOTAL POWER PURCHASE COST

For 2022-23

3.16.1 Based on the individual cost components discussed above, the Commission has worked out the Total Cost for FY 2022-23 as below

Table 3:9: Total Power Purchase Cost for FY 2022-23 (Rs Crores)

Category	TGSPDCL			TGNPDCL			TGDISCOMS		
	RSTO	Claim	Approved	RSTO	Claim	Approved	RSTO	Claim	Approved
Genco Thermal	8,657.37	8,331.88	8,331.88	3,613.88	3,478.02	3,478.02	12,271.25	11,809.90	11,809.90
Genco Hydel	938.87	938.87	938.87	391.92	391.92	391.92	1,330.79	1,330.79	1,330.79
CGS	5,543.54	6,245.30	6,317.78	2,314.06	2,607.00	2,637.26	7,857.60	8,852.30	8,955.04
NCE	2,981.96	3,078.54	3,078.54	1,295.06	1,288.93	1,288.93	4,277.02	4,367.47	4,367.47
Others	6,345.21	5,889.87	5,889.87	2,648.71	2,458.63	2,458.63	8,993.92	8,348.50	8,348.50
Market	505.06	3,348.57	1,961.13	210.84	1,397.81	818.64	715.90	4,746.38	2,779.77
Interstate Sale/UI/Sale/Purchase in 33kV & below	-1,142.30	-1,195.17	-170.79	-476.84	-498.91	-71.29	-1,619.14	-1,694.08	-242.08
D-D purchase/UI	60.12	-	233.21	-60.12	-	-233.21	-	-	-
Interest on Pension Bonds	922.40	922.40	922.40	385.04	385.04	385.04	1,307.44	1,307.44	1,307.44
Transmission Charges	3,530.04	4,134.14	4,134.14	1,483.99	1,736.68	1,736.68	5,014.03	5,870.82	5,870.82
Miscellaneous Charges	-	1,562.86	1,759.41	-	930.99	734.44	-	2,493.85	2,493.85
Total	28,342.27	33,257.25	33,396.42	11,806.54	14,176.12	13,625.06	40,148.81	47,433.37	47,021.48

For 2023-24 and 2024-25

3.16.2 Based on the individual cost components allowed and the discussion at para 3.5.10 to para 3.5.13 above, the Commission has worked out the total True up for Power Purchase Cost and Fuel Cost Adjustment Charges for FY 2023-24 and FY 2024-25, as shown in the table below:

Table 3:10: Total Power Purchase Cost for 2023-24 for TGSPDCL & TGNPDCL (Rs Crores)

Category	SPDCL				NPDCL			
	RSTO	Claim	Approved		RSTO	Claim	Approved	
			PP TRUE-UP	FCA			PP TRUE-UP	FCA
Genco Thermal	10,210.30	10,050.04	10,098.24	10,098.24	4,262.13	4,195.23	4,215.35	4,215.35
Genco Hydel	-	876.47	876.47	876.47	-	365.87	365.87	365.87
CGS	6,262.61	6,046.56	6,383.56	6,383.56	2,614.23	2,524.04	2,664.72	2,664.72
NCE	3,487.22	3,761.70	3,761.70	3,761.70	1,587.26	1,497.17	1,497.17	1,497.17
Others	6,946.56	5,382.44	5,382.44	5,382.44	2,899.73	2,246.82	2,246.82	2,246.82
Market	381.05	3,731.21	5,545.82	3,174.45	145.85	1,557.54	2,315.02	1,325.12
Interstate Sale/UI/Sale/Purchase in 33kV & below	-1,313.66	-518.72	-19.07	-19.07	-548.83	-216.53	-7.96	-7.96
D-D purchase/UI	209.91	-	458.75	125.13	-209.91	-	-458.75	-125.13
Interest on Pension Bonds	-	824.08	824.08	824.08	-	344.00	344.00	344.00
Transmission Charges	3,785.06	4,304.58	4,304.58	4,304.58	1,591.17	1,808.51	1,808.51	1,808.51
Miscellaneous Charges	-	275.02	44.48	44.48	-	-160.74	18.57	18.57
Other Charges	-	-	377.48	-	-	-	154.10	-
Total	29,969.05	34,733.39	38,038.54	34,956.06	12,341.63	14,161.90	15,163.40	14,353.04

Table 3:11: Total Power Purchase Cost for 2023-24 for TGDISCOMS (Rs Crores)

Category	TGDISCOMS			
	RSTO	Claim	Approved	
			PP TRUE-UP	FCA
Genco Thermal	11,869.66	14,245.27	14,313.59	14,313.59
Genco Hydel	1,223.82	1,242.35	1,242.35	1,242.35
CGS	8,876.84	8,570.60	9,048.27	9,048.27
NCE	5,074.48	5,258.87	5,258.87	5,258.87
Others	9,846.29	7,629.25	7,629.25	7,629.25
Market	526.90	5,288.75	7,860.83	4,499.57
Interstate Sale/UI/Sale/Purchase in 33kV & below	-1,862.49	-735.25	-27.03	-27.03
D-D purchase/UI	-	-	-0.00	0.00
Interest on Pension Bonds	1,378.97	1,168.08	1,168.08	1,168.08
Transmission Charges	5,376.23	6,113.09	6,113.09	6,113.09
Miscellaneous Charges	-	114.27	63.05	63.05
Other Charges	-	-	531.58	-
Total	42,310.70	48,895.29	53,201.94	49,309.10

Table 3:12: Total Power Purchase Cost for 2024-25 for TGSPDCL & TGNPDCL(Rs Crores)

Category	SPDCL				NPDCL			
	RSTO	Claim	Approved		RSTO	Claim	Approved	
			PP TRUE-UP	FCA			PP TRUE-UP	FCA
Genco Thermal	12,281.57	8,585.29	9,675.49	9,675.49	5,126.74	3,583.80	4,038.88	4,038.88
Genco Hydel	-	726.21	749.82	749.82	-	303.15	313.00	313.00
CGS	9,213.40	7,401.15	8,003.94	8,003.94	3,845.99	3,089.49	3,341.12	3,341.12
NCE	3,846.39	3,747.74	3,747.74	3,747.74	1,605.61	1,519.50	1,519.50	1,519.50
Others	3,710.09	3,345.56	3,345.56	3,345.56	1,548.72	1,396.55	1,396.55	1,396.55
Market	266.16	5,985.05	5,078.19	3,930.47	719.81	2,498.37	2,119.81	1,640.71
Interstate Sale/UI/Sale/Purchase in 33kV & below	-821.37	-309.07	-	-	-628.90	-129.02	-	-
D-D purchase/UI	723.80	-	357.69	181.16	-723.80	-	-357.69	-181.16
Interest on Pension Bonds	-	882.77	-	-	-	368.50	-	-
Transmission Charges	3,864.74	3,955.95	3,944.88	3,944.88	1,613.27	1,661.82	1,657.20	1,657.20
Miscellaneous Charges	-	570.48	-	-	-	-370.42	-	-
Other Charges	-	-	-	-	-	-	-	-
Total	33,084.78	34,891.13	34,903.32	33,579.06	13,107.44	13,921.74	14,028.38	13,725.81

Table 3:13: Total Power Purchase Cost for 2024-25 for TGDISCOMS(Rs Crores)

Category	TGDISCOMS			
	RSTO	Claim	Approved	
			PP TRUE-UP	FCA
Genco Thermal	17,408.31	12,169.09	13,714.38	13,714.38
Genco Hydel	-	1,029.35	1,062.82	1,062.82
CGS	13,059.39	10,490.64	11,345.07	11,345.07
NCE	5,452.00	5,267.24	5,267.24	5,267.24
Others	5,258.81	4,742.11	4,742.11	4,742.11
Market	985.97	8,483.42	7,198.00	5,571.18
Interstate Sale/UI/Sale/Purchase in 33kV & below	-1,450.27	-438.09	-	-
D-D purchase/UI	-	-	-0.00	-
Interest on Pension Bonds	-	1,251.27	-	-
Transmission Charges	5,478.01	5,617.77	5,602.08	5,602.08
Miscellaneous Charges	-	200.06	-	-
Other Charges	-	-	-	-
Total	46,192.22	48,812.86	48,931.70	47,304.87

3.17 POWER PURCHASE TRUE-UP

Petitioner's Claim

For FY 2022-23

3.17.1 The Petitioners have claimed an amount of Rs. 4915 Crores for TGSPDCL and Rs.2370 Crores for TGNPDCL and after deduction of Provisional true-up already

approved the net true-up claim is Rs. 4103.61 Crores and Rs. 2779 Crores respectively.

For FY 2023-24 and FY 2024-25

3.17.2 The Petitioners have filed an amount of Rs. 4774 Crores for TGSPDCL and Rs.1810 Crores for TGNPDCL for FY 2023-24 and filed an amount of Rs. 1830 Crores for TGSPDCL and Rs.665 Crores for TGNPDCL for FY 2024-25 and submitted that in accordance with the provision in clause 13.3 (d) of Regulation No. 2 of 2023, claims arising from failure to pass on FCA charges within the prescribed timelines shall not be allowed and submitted that they are not claiming the Power Purchase True-up amount for the FY2023-24 and 2024-25.

Stakeholders' Submissions

3.17.3 Stakeholders have submitted that at true up charges levying after 4 years on Industrial units will directly affect smooth functioning of SSI AND MSME UNITS. As the MSME units will calculate costing by taking into consideration electricity charges, salaries and wages, statutory payments like PF, ESI, bonus, incoming and outgoing freight charges, miscellaneous expenses. After 4 years, if electricity charges from old date is increased on account of true-up charges, how we can claim the difference of electricity charges from our customers. Already SSI units are struggling with multiple reasons. If you also put a hand by true-up charges on industries, it is big blow to our existence. Any move to increase charges or put any additional burden on Industries, particularly SSI units will affect crores of workers by losing jobs and the very existence itself is in jeopardy. More over any true-up charges will not be paid by people with below 200 units consumption. So left over poor people are SSI units. Hence, stakeholder has totally opposed any type of penalties like true up charges or any other charges in different ways.

3.17.4 Hon'ble APTEL in NPDCL vs DERC (Appeal No 39 of 2006) and Tata Power Co. Ltd. vs MERC (Appeal No 173 of 2009) had categorically held that only uncontrollable and prudent costs are eligible for true-up, whereas inefficiencies and imprudent expenditure cannot be compensated through true-up. The TGERC/ erstwhile APERC have, on multiple occasions, laid down binding principles relevant to the present Petition:

“APERC Tariff Order FY 2017-18 (APSPDCL & APCPDCL):

The Commission categorically held that excess power purchase due to inaccurate demand projection and avoidable short-term procurement shall not be allowed as pass-through and shall be borne by the utility.

APERC True-up Order for FY 2013-14:

The Commission disallowed a portion of power purchase cost attributable to deviation from merit order dispatch and failure to optimize internal generation sources.

TGERC Retail Supply Tariff Order FY 2020-21:

The Commission reiterated that policy-driven agricultural subsidies and supply obligations must be compensated by the State Government and shall not be loaded on retail consumers through tariff or true-up.

TGERC Order in O.P. No.4 of 2018:

The Commission emphasized that true-up is not intended to neutralize inefficiencies and that utilities must demonstrate prudence, necessity and least-cost procurement for every major deviation.”

- 3.17.5 It is respectfully submitted that True-up is not a matter of right and cannot be allowed mechanically. Such a large true-up itself reflects serious deficiencies in demand forecasting, power procurement planning and cost control. True-up is intended only for uncontrollable and unforeseeable variations, and not for inefficiencies, avoidable deviations or planning failures. TGNPDCL has claimed a net Power Purchase Cost (PPC) true up of Rs. 2779 Cr for FY 2022-23. The Licensee has failed to demonstrate that the excess costs claimed were unavoidable.
- 3.17.6 In view of the foregoing submissions, the stakeholder prayed the Commission to:
- Reject or substantially reduce the PPC true-up claim of Rs. 2,779 Cr for FY 2022-23.
 - Disallow imprudent short-term power procurement costs.
 - Exclude agricultural policy-driven costs from consumer recovery.
 - Apply strict prudence check as mandated under section 62 of the Electricity Act, 2003.
 - Issue directions to TGNPDCL for robust long-term power procurement planning.
 - Pass such other order(s) as deemed fit in the interest of justice and consumers.
- 3.17.7 The Stakeholder submitted that carrying costs on fuel or power purchase variations should be disallowed if such costs could have been recovered through the Fuel Surcharge Adjustment (FSA) in FY 2024–25 but were not due to TGNPDCL’s inaction and are now claimed in True-Up. While the legitimate underlying fuel cost may still be allowed to prevent financial stress, it will be approved without any carrying cost or interest, along with a warning against future non-compliance. Additionally, the Commission mandates strict adherence to timely FSA filings (monthly or quarterly),

stating that failure to file when costs vary significantly will be treated as regulatory non-compliance. Such lapses may lead to disallowance of carrying costs, possible adjustments to cost of capital, and mandatory reporting, and any delayed claims in True-Up without proper justification will be treated as controllable inefficiencies and approved without carrying cost.

3.17.8 The prayer seeking direction to the Commission to address the State Government for funding is legally untenable. The Commission is an independent statutory authority and cannot be used as a conduit between the Licensee and the Government.

3.17.9 Though the TGDISCOMs have submitted, with a request to the Commission to address a letter to the Energy Department, Government of Telangana, to extend financial support to them and arranging payment of True-up amounts, without passing the burden on the consumers and pass necessary orders as deemed fit, their claims for true-up amounts should be subjected to regulatory prudence check to determine their permissibility. When the TGDISCOMs have admitted that they have got the belated permission of the state government to file the subject petitions, it implies that they have got the permission or direction of the government not to collect the claimed true-up amounts from their consumers. Had they got such a consent from the state government, the TGDISCOMs should have submitted the same to the Commission categorically instead of shifting the onus of seeking financial support required from the state government to the Commission.

3.17.10 It is also not prudent on part of the TGDISCOMs to seek orders from the Commission in the event the state government does not provide the financial support fully to meet requirement of true-up claims of the TGDISCOMs to the extent the Commission determines as permissible without mentioning the statutory/regulatory provisions under which the Commission may do so.

3.17.11 The TGDISCOMs request to the Commission “to pass any other order as the Commission may deem fit and appropriate under the circumstances of the case and in the interest of justice” is also not appropriate.

Petitioner’s Replies

3.17.12 TGDISCOMs submitted that, for the reasons detailed in the petition, the True-Up petitions could not be filed earlier. The marginal delay in submission was procedural

and transitional in nature, and was neither intentional nor indicative of any deficiency in service.

3.17.13 TGDISCOMs further submitted that all future filings will be made strictly in accordance with Regulation No. 02 of 2023 and in adherence to the timelines prescribed under the Regulation.

3.17.14 TGDISCOMs couldn't file True-up petitions in view of all the reasons stated in the petition. The marginal delay in filing was thus procedural and transitional in nature, neither deliberate nor reflective of any service deficiency. However, TGDISCOMs have ensured the timely filing of the ARR for FY 2026–27 and will continue to do so for all future regulatory submissions.

3.17.15 TGDISCOMs acknowledged that while the Hon'ble APTEL has empowered SERCs to initiate Suo-motu proceedings in the absence of utility filings, the Commission would still require complete and accurate data from the TGDISCOMs to ensure a fair and accurate determination. Given the technical and regulatory complexities involved, it is preferable that TGDISCOMs file the True-Up petitions themselves. This ensures completeness, transparency, and avoids avoidable delays, supporting a more accurate and cost-reflective tariff determination process. TGDISCOMs iterated that the True-up filings for FY 2022-23, FY 2023-24 and FY 2024-25 have been made in accordance with regulations issued by Commission.

3.17.16 The TGDISCOMs submitted that true-up is not claimed as an automatic pass-through, but as a regulatory reconciliation mechanism for uncontrollable and unforeseeable variations, subject to the prudence check of the Commission and that variation in fuel cost is recognized as uncontrollable item in MYT Regulation No. 2 of 2023. TGDISCOMs respectfully submits that no avoidable regulatory assets are being sought to be created through present petitions. The true-up/down claims are restricted only to actual, uncontrollable variations between approved and actuals, in line with regulations.

3.17.17 Power Purchase True-up for FY 2022-23 has been claimed in accordance with the regulations, based on actual costs, and limited only to uncontrollable variations. The deviations in PPC for FY 2022-23 are mainly due to fuel cost variations, market price fluctuations, renewable intermittency, and real-time demand–supply conditions, all of which are beyond the control of the DISCOM. Projections in the ARR were made

based on the existing prices available at the time of filing. Deviations are inherent and do not indicate inefficiency or planning failure. Short-term power procurement/ Market Purchases during the year was undertaken prudently, to meet deficits and for cost optimization where market prices were lower than variable costs. Agricultural consumption more than approved quantum represents a variation between approved and actuals, arising due to factors such as monsoon variability and demand, and is therefore proposed for consideration under true-up, as per regulations. TGDISCOMs consistently followed a structured long-term power procurement plan through Commission approved PPAs, while actively optimizing its power procurement mix to align with demand patterns and resource availability.

3.17.18 It may be noted that Hon'ble APTEL has upheld cases where true-up was claimed by the licensee after following the due scrutiny and prudence check.

3.17.19 TGDISCOMs have not added any carrying costs in the filings for the true-ups of FY 2024-25. TGDISCOMs are diligently adhering to the current MYT regulations 2 of 2023 in calculating FCA and will continue do so. The TGDISCOMs have addressed letters to the GoTG for approval for collection of FCA amount regularly every month as per the provisions in the MYT Regulation.

3.17.20 The TGDISCOMs submitted that the prayer is not intended to seek any direction requiring the Commission to act as a conduit for securing financial assistance from the State Government. The submission is only to highlight that, in terms of the prevailing policy framework and past practice, certain costs particularly those arising from policy directives or factors beyond the control of the licensees are appropriately addressed through State Government support.

3.17.21 The Commission, while exercising its independent statutory functions, has the authority to recognize such policy-related costs and indicate the appropriate mechanism for their recovery, including through budgetary support from the State Government, wherever applicable. The prayer, therefore, neither impinges upon the independence of the Commission nor seeks to alter its statutory role, but is merely aimed at ensuring that the financial burden on consumers is minimized and that costs attributable to policy decisions are addressed through the appropriate institutional mechanism.

3.17.22 The request to the Commission to address the State Government is made as a

facilitative measure and keeping in view financial viability of TGDISCOMs and possible burden on consumer. TGDISCOMs will abide by the orders of the Commission. Section 65 of the Electricity Act, 2003, mentions that if the State Government decides to grant any subsidy, it shall do so and compensate the distribution licensee in advance. The present request is aligned with this provision, seeking Government support to absorb power purchase true-up costs without passing the burden on consumers keeping in view financial viability of DISCOMs and consumer burden.

3.17.23 TGDISCOMs fully agree that all true-up claims are subject to the Commission’s regulatory prudence scrutiny. The supporting data and computations have been submitted, and TGDISCOMs will provide any further details the Commission may seek.

3.17.24 TGDISCOMs clarify that no instructions have been received from the State Government directing TGDISCOMs not to recover Commission-permissible true-up amounts from consumers. The reference to “approval of filing of True ups for FY 2022-23 and FY 2023-24 pertaining to RSB” mentioned in filings pertains only to permission to file the petitions.

Commission’s Analysis & findings

FOR FY 2022-23

3.17.25 Based on the above, the Commission has approved the Power Purchase True-up for FY 2022-23 of the TGDISCOMs as shown in the table below:

Table 3:14: Power Purchase TRUE-UP of TGSPDCL and TGNPDCL for FY 2022-23 (Rs. Crore)

Category	TGSPDCL			TGNPDCL		
	RSTO	Allowable	True up	RSTO	Allowable	True up
	A	B	C=B-A	A	B	C=B-A
PP Cost including Transmission Charges	28,342.27	33,396.42	5,054.16	11,806.54	13,625.06	1,818.51
Less: Delayed Payment Surcharge	-	-	912.81	-	-	371.19
Sub-total	-	-	4,141.35	-	-	1,447.32
Less: Provisional true up	-	-	811.38	-	-	-409
True-up for 2022-23	-	-	3,329.97	-	-	1,856.32

Table 3:15: Power Purchase TRUE-UP of TGDISCOMs for FY 2022-23 (Rs. Crore)

Category	TGDISCOMs		
	RSTO	Allowable	True up
	A	B	C=B-A
PP Cost including Transmission Charges	40,148.81	47,021.48	6,872.67

Category	TGDISCOMs		
	RSTO	Allowable	True up
	A	B	C=B-A
Less: Delayed Payment Surcharge	-	-	1,284.00
Sub-total	-	-	5,588.67
Less: Provisional true up	-	-	402.38
True-up for 2022-23	-	-	5,186.29

FOR FY 2023-24 and FY 2024-25

3.17.26 The sub-clause 10.4 of Principal regulation 4 of 2005 read with third amendment Regulation 1 of 2023 applicable for FY 2023-24 and Clause 12 of Regulation 2 of 2023 applicable for 2024-25 has expanded the definition of uncontrollable factors to include Sales and Revenue from sales.

3.17.27 For FY 2023-24, the clause 12.5.2 of Principal regulation 4 of 2005 read with third amendment Regulation 1 of 2023, allows DISCOMs to collect Fuel Cost Adjustment (FCA) charges every month based on actual metered sales. However, agricultural sales should be limited to the levels approved in the tariff order for arriving FCA charges.

3.17.28 For FY 2024-25, the clause 13.3 of Regulation 2 of 2023 allows DISCOMs to collect Fuel Cost Adjustment (FCA) charges every month based on actual metered sales. However, agricultural sales should be limited to the levels approved in the tariff order for arriving FCA charges.

3.17.29 Based on the above, the Commission calculated the power purchase true-up for the financial years FY 2023-24 and FY 2024-25 as per clause 10.4 of third amendment Regulation No 1 of 2023 and clause 12 of Regulation No. 2 of 2023 respectively using the actual sales of the DISCOMs and also calculated the FCA charges using actual metered sales, while keeping agricultural sales within the approved limits.

3.17.30 However, the DISCOMs did not collect FCA charges as required under the regulation and within the given timelines. The relevant clauses of the regulations are extracted below:

“Regulation 4 of 2005 read with regulation 1 of 2023. (applicable for 2022-23 and 2023-24)

“12.5 (d) In the event of failure of distribution licensees in passing over the FCA charges within the timelines, such claims shall not be allowed in the process of passing through of gains and losses on variations in uncontrollable items of ARR if FCA

charges is positive and shall be reduced from the ARR of the ensuing tariff year if the FCA charges is negative.”

Regulation 2 of 2023(applicable for 2024-25)

“13.3(d) In the event of failure of distribution licensees in passing over the FCA charges within the timelines, such claims shall not be allowed in the process of passing through of gains and losses on variations in uncontrollable items of ARR if FCA charges is positive and shall be reduced from the ARR of the ensuing tariff year if the FCA charges is negative.”

3.17.31 The Commission has calculated the power purchase true-up and FCA as shown in the tables below:

Table 3:16: Power Purchase True-up of SPDCL & NPDCL for FY 2023-24 (Rs. Crore)

Category	SP			NP		
	RSTO	Approved	PP True up	RSTO	Approved	PP True up
	A	B	C=B-A	A	B	C=B-A
Fixed Cost	13,220.47	12,118.74	-1,101.73	5,529.84	5,070.40	-459.44
Variable Cost	15,775.72	24,958.66	9,182.94	6,405.69	9,691.78	3,286.09
Other Charges	972.86	961.14	-11.72	406.11	401.21	-4.90
Total	29,969.05	38,038.54	8,069.49	12,341.64	15,163.40	2,821.76
Less: Delayed Payment Surcharge			377.48			154.10
True-up for 2023-24			7,692.01			2,667.66

Table 3:17: Power Purchase True-up of TGDISCOMs for FY 2023-24 (Rs. Crore)

Category	TGDISCOMs		
	RSTO	Actual	PP True up
	A	B	C=B-A
Fixed Cost	18,750.31	17,189.14	-1,561.17
Variable Cost	22,181.41	34,650.44	12,469.03
Other Charges	1,378.97	1,362.36	-16.61
Total	42,310.69	53,201.94	10,891.25
Less: Delayed Payment Surcharge			531.58
True-up for 2023-24			10,359.67

Table 3:18: FCA for SPDCL & NPDCL for FY 2023-24 (Rs. Crore)

Category	SP			NP		
	RSTO	Approved	True up	RSTO	Approved	True up
	A	B	C=B-A	A	B	C=B-A
Fixed Cost	13,220.47	12,118.74	-1,101.73	5,529.84	5,070.40	-459.44
Variable Cost	15,775.72	21,876.18	6,100.46	6,405.69	8,881.42	2,475.73
Other Charges	972.86	961.14	-11.72	406.11	401.21	-4.90
Total	29,969.05	34,956.06	4,987.01	12,341.64	14,353.04	2,011.40
Less: Delayed Payment Surcharge			377.48			154.10
True-up for 2023-24			4,609.53			1,857.29

Table 3:19: FCA for TGDISCOMs for FY 2023-24 (Rs. Crore)

Category	TGDISCOMs		
	RSTO	Actual	True up
	A	B	C=B-A
Fixed Cost	18,750.31	17,189.14	-1,561.17
Variable Cost	22,181.41	30,757.60	8,576.19
Other Charges	1,378.97	1,362.36	-16.61
Total	42,310.69	49,309.10	6,998.41
Less: Delayed Payment Surcharge			531.58
True-up for 2023-24			6,466.83

3.17.32 Based on the above, the Commission has approved the Power Purchase Cost for FY 2024-25 of the TGDISCOMS as show in the table below,

Table 3:20: Power Purchase True-up of SPDCL & NPDCL for FY 2024-25 (Rs. Crore)

Category	SP			NP		
	RSTO	Approved	True up	RSTO	Approved	True up
	A	B	C=B-A	A	B	C=B-A
Fixed Cost	11,178.89	12,041.06	862.17	4,666.44	5,036.83	370.39
Variable Cost	20,917.34	22,862.26	1,944.92	8,028.35	8,991.55	963.20
Other Charges	988.55	-	-988.55	412.65	-	-412.65
Total	33,084.78	34,903.32	1,818.54	13,107.44	14,028.38	920.94
Less: Delayed Payment Surcharge			274.43			113.24
True-up for 2024-25			1,544.11			807.70

Table 3:21: Power Purchase True-up of TGDISCOMs for FY 2024-25 (Rs. Crore)

Category	TGDISCOMS		
	RSTO	Actual	True up
	A	B	C=B-A
Fixed Cost	15,845.33	17,077.89	1,232.56
Variable Cost	28,945.69	31,853.81	2,908.12
Other Charges	1,401.20	-	-1,401.20
Total	46,192.22	48,931.70	2,739.48
Less: Delayed Payment Surcharge			387.67
True-up for 2024-25			2,351.81

Table 3:22: FCA of SPDCL & NPDCL for FY 2024-25 (Rs. Crore)

Category	SP			NP		
	RSTO	Approved	True up	RSTO	Approved	True up
	A	B	C=B-A	A	B	C=B-A
Fixed Cost	11,178.89	12,041.06	862.17	4,666.44	5,036.83	370.39
Variable Cost	20,917.34	21,538.00	620.66	8,028.35	8,688.98	660.63
Other Charges	988.55	-	-988.55	412.65	-	-412.65
Total	33,084.78	33,579.06	494.28	13,107.44	13,725.81	618.37
Less: Delayed Payment Surcharge			274.43			113.24
True-up for 2024-25			219.85			505.13

Table 3:23: FCA of TGDISCOMs for FY 2024-25 (Rs. Crore)

Category	TGDISCOMS		
	RSTO	Actual	True up
	A	B	C=B-A
Fixed Cost	15,845.33	17,077.89	1,232.56
Variable Cost	28,945.69	30,226.99	1,281.30
Other Charges	1,401.20	-	-1,401.20
Total	46,192.22	47,304.87	1,112.65
Less: Delayed Payment Surcharge			387.67
True-up for 2024-25			724.98

3.17.33 Further, the TGDISCOMs have submitted in their prayer that in accordance with the provision in clause 12.5.2 (d) of Regulation No. 1 of 2023 and clause 13.3(d) of Regulation No. 2 of 2023, which stipulate that claims arising from failure to pass on FCA charges within the prescribed timelines shall not be allowed. Accordingly, the TGDISCOMs stated that they are not claiming the Power Purchase True-up amount for the FY 2023-24 and FY 2024-25.

3.17.34 It is observed that TGDISCOMs have not levied FCA charges on consumers for FY 2023-24 and FY 2024-25, and hence foregone the FCA charges. Further, the TGDISCOMs have also not claimed the power purchase true-up for FY 2023-24 and FY 2024-25. Hence, the Commission is not passing power purchase true up amount for FY 2023-24 and FY 2024-25 to the consumers, and accordingly, the Power purchase true up amount for FY 2023-24 and FY 2024-25 is NIL.

Table 3:24: Power Purchase True-up approved for TGDISCOMs for FY 2023-24 (Rs. Crore)

Particulars	Claimed			Computed			Approved		
	SP	NP	DISCOMS	SP	NP	DISCOMS	SP	NP	DISCOMS
Power Purchase True up	0	0	0	7,692.01	2,667.66	10,359.67	0	0	0
Less: FCA*	0	0	0	4,609.53	1,857.29	6,466.83	0	0	0
True up	0	0	0	3,082.48	810.36	3,892.84	0	0	0

* TGDISCOMS have not levied the FCA charges as per regulation

Table 3:25: Power Purchase True-up approved for TGDISCOMs for FY 2024-25 (Rs. Crore)

Particulars	Claimed			Computed			Approved		
	SP	NP	DISCOMS	SP	NP	DISCOMS	SP	NP	DISCOMS
Power Purchase True up	0	0	0	1,544.11	807.70	2,351.81	0	0	0
Less: FCA*	0	0	0	219.85	505.13	724.98	0	0	0
True up	0	0	0	1,324.26	302.56	1,626.82	0	0	0

* TGDISCOMS have not levied the FCA charges as per regulation

3.18 REVENUE TRUE-UP OF TGDISCOMS

Petitioner's Claim

3.18.1 The petitioners claimed the revenue true-up for FY 2023-24 and FY 2024-25 as shown

in table below:

Table 3:26: Revenue True-up claimed for FY 2023-24 and FY 2024-25 (Rs. Crore)

Particulars	2023-24		2024-25	
	TGSPDCL	TGNPDCL	TGSPDCL	TGNPDCL
Approved Revenue (LT)	11,029.52	3,399.92	11,736.70	3,588.21
Approved Revenue (HT)	22,944.97	5,652.42	22,170.84	5,481.72
Revenue from other sources/NTI	149.66	33.81	200.71	69.67
Total Approved Revenue (LT+HT)	34,124.16	9,086.15	34,108.22	9,139.59
Actual Revenue (LT)	11,989.82	3,823.26	12,851.32	4,118.57
Actual Revenue (HT)	19,509.79	5,077.03	21,266.59	5,550.66
Revenue from other sources/NTI	289.10	72.37	186.21	73.33
Total Actual Revenue (LT+HT)	31,788.71	8,972.67	34,304.12	9,742.56
Total True-Up (+)/ True-Down(-)	2,335.45	113.48	-195.90	-602.97

Stakeholders' Submissions

3.18.2 The Stakeholder has submitted that though dispatch of energy has come down vis-à-vis the quantum determined by the Commission in the RSTOs, revenue on sale of power has decreased/increased vis-à-vis the amount determined in the RSTOs for two FYs as given below:

DISCOM	Year	Revenue in Rs.cr.		Difference
		Approved	actual	
SPDCL	2023-24	34124.16	31788.7	2335.45
	2024-25	34108.22	34304.12	-195.90
NPDCL	2023-24	9086.15	8973.67	113.48
	2024-25	9139.59	9742.56	-602.97

3.18.3 The Collection Efficiency of TGDISCOMs has declined from 88.19% in FY 2023-24 to 84.23% in FY 2024-25. One major reason for such poor collection efficiency is the exceptionally low revenue Realization from Government Departments. Collection Efficiency of Govt. Departments for FY 2024-25 is only 19%. According to Form 9A submitted by TGNPDCL, total arrears of Rs. 50,000 and more pending for six months are a staggering Rs. 15,506 Cr. as on 30.03.2025. This translates to ~86% of the ARR of TGNPDCL.

3.18.4 The Stakeholder has requested to consider Collection Efficiency as 100% while approving the total Revenue for FY 2024-25. The difference between the actual Revenue Collected and the Revenue considering 100% Collection Efficiency should be borne by the Govt. of Telangana in the form of Subsidy

3.18.5 If supply of power to categories of consumers who provide cross-subsidy increases

and to subsidized consumers' decreases, then revenue on sale of power to the TGDISCOMs increases vis-à-vis the amount determined in the RSTOs and vice versa. Therefore, it is imperative that the TGDISCOMs give details of actual sales and revenue category-wise and slab-wise to substantiate their claims. Unrealistic estimates of demand for power by various categories of consumers lead to variations in revenue, thereby distorting estimates of revenue requirement, revenue deficit, need for subsidy from the government and/or tariff revision, later leading to claims for true-up/true-down.

3.18.6 TGSPDCL, has claimed the actual revenue realized from the HT category as Rs. 19,509.79 crores. However, the audited accounts of TGSPDCL reflect revenue earned from HT supply amounting to Rs. 19,608.47 crores.

3.18.7 TGSPDCL, has claimed revenue from other sources amounting to Rs. 289.10 crore, which appears to be understated when compared with the revenue from other sources as reflected in the audited accounts. TGNPDCL, has claimed Non-Tariff Income amounting to Rs. 72.37 crore, which appears to be understated when compared with the corresponding figures reflected in the audited accounts and has not considered Miscellaneous Charges from consumers amounting to Rs. 486.62 crore, Recoveries towards Theft/Malpractice amounting to Rs. 22.40 crore, and Delayed Payment Charges amounting to Rs. 166.08 crore.

Petitioner's Replies

3.18.8 TGDISCOMs submitted that collection efficiency is under continuous monitoring, and sustained measures are being undertaken to enhance revenue realisation. In cases where consumers fail to pay CC bills within the stipulated timelines, appropriate action is initiated in accordance with the Terms and Conditions of Supply. As stated in the filings, TGDISCOMs are persistently pursuing the State Government and various Government Departments for settlement of outstanding dues. TGDISCOMs reaffirmed their commitment to improving and strengthening their financial position and shall continue to take all necessary steps in this regard.

3.18.9 With respect to the suggestion to consider 100% Collection Efficiency, TGDISCOMs submitted that the present ARR filing is already premised on 100% collection efficiency, and earnest efforts will be made to achieve the same. TGDISCOMs submit that sales are recognized as uncontrollable item in MYT Regulation No. 2 of 2023.

Although, overall sales of energy have deviated from the approved quantum by the Commission in the Retail Supply Tariff Orders (RSTOs), the impact on revenue from sale of power is primarily driven by the change in the mix of sales w.r.t consumer categories.

3.18.10 In FY 2023-24, sales in cross-subsidized categories exceeded the approved levels, while sales in major cross-subsidizing categories are less than approved sales. This change in sales mix impacted revenue realization.

3.18.11 The TGDISCOMs submitted that the category-wise details of actual sales and revenue are duly reflected in the Annual Audited Accounts and are also made available on the official website.

3.18.12 The revenue shown in the True-up is based on category-wise mapping, not the audited line items. The total revenue of Rs. 31,499.6 crores fully matches the audited accounts when considering: LT revenue: Rs. 11,204.40 cr, HT revenue: Rs. 19,608.47 cr, Add: Customer charges Rs. 912.41 cr, Less: ED Rs. 225.67 cr. This reconciles exactly to Rs. 31,499.6 cr, which is the same total used in the True-up (LT Rs. 11,989.8 cr + HT Rs. 19,509.8 cr).

3.18.13 The amount of Rs. 289.10 crore represents revenue from Additional Surcharge, Cross-Subsidy Surcharge, and other Non-Tariff Income. DPS and miscellaneous charges from consumers have already been accounted for under the respective consumer categories. The amount of Rs. 72.37 crore shown under ‘other revenue’ pertains to theft cases and other non-tariff income

Commission’s Analysis & findings

3.18.14 The Commission has observed that there is discrepancy in the Revenue claimed in the petition and Audited Annual Accounts. The Commission has sought reconciliation statement for the revenue claimed and revenue as per the Audited Annual Accounts for FY 2023-24 & FY 2024-25. The Commission after prudent check of the reconciliation statements submitted, approved the revenue as shown in table below:

Table 3:27: Revenue approved for FY 2023-24 (Rs. Crore)

Particulars	Tariff Order		Claimed		Approved	
	TGSPDCL	TGNPDCL	TGSPDCL	TGNPDCL	TGSPDCL	TGNPDCL
Total Revenue	34,124.16	9,086.15	31,788.71	8,972.67	31,788.71	8,972.67

Table 3:28: Revenue approved for FY 2024-25 (Rs. Crore)

Particulars	Tariff Order	Claimed	Approved
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	TGSPDCL	TGNPDCL	TGSPDCL	TGNPDCL	TGSPDCL	TGNPDCL
Total Revenue	34,108.22	9,139.59	34,304.12	9,742.56	34,304.12	9,742.56

Table 3:29: Revenue True-up approved for FY 2023-24 (Rs. Crore)

Particulars	Claimed			Approved		
	TGSPDCL	TGNPDCL	TOTAL	TGSPDCL	TGNPDCL	TOTAL
Total True-Up (+)/ True-Down(-)	2,335.45	113.48	2,448.93	2,335.45	113.48	2,448.93

Table 3:30: Revenue True-down approved for FY 2024-25 (Rs. Crore)

Particulars	Claimed			Approved		
	TGSPDCL	TGNPDCL	TOTAL	TGSPDCL	TGNPDCL	TOTAL
Total True-Up (+)/ True-Down(-)	-195.90	-602.97	-798.87	-195.90	-602.97	-798.87

3.18.15 The Revenue True-Down approved for FY 2024-25 is passed on in the Aggregate revenue requirement of Retail supply business for FY 2026-27

3.19 POWER PURCHASE COST & REVENUE TRUE UP/DOWN

3.19.1 The Commission has determined the power purchase cost true up for FY 2022-23 and revenue true up/down for FY 2023-24 and FY 2024-25 as shown in table below:

Table 3:31: Power Purchase cost & revenue true up/down approved (Rs. Crore)

Sl. No	Particulars	TGSPDCL	TGNPDCL	Total
A	Power Purchase True-up/(True-down)			
1	FY 2022-23	3,329.97	1,856.32	5,186.29
B	Revenue True-up/(True-down)			
2	FY 2023-24	2,335.45	113.48	2,448.93
3	FY 2024-25*	-195.90	-602.97	-798.87

*Revenue True down for FY 2024-25 is passed on to ARR of RSB for FY 2026-27

3.19.2 The Commission has addressed a letter to the Government of Telangana vide letter dated 25.03.2026 communicating Power Purchase true up for FY 2022-23 at Rs. 5186.29 Crore and revenue true up for FY 2023-24 of Rs. 2448.93 Crore and requested the Government of Telangana to inform whether it is willing to support the TGDISCOMS by way of providing subsidy for true up of amount of Rs. 7635.22 Crore under section 65 of Electricity Act of 2003.

3.19.3 In reply, the Government of Telangana has communicated vide letter dated 29.03.2026 that the “with regard to the true up amounts aggregating to Rs. 7635.22 Crore (comprising power purchase true up of Rs. 5186.29 crores for FY 2022-23 and revenue true up of Rs. 2448.93 Crore for FY 2023-24), the Government is currently engaged in the detailed examination of the same. Additionally, the Government of Telangana is creating the Telangana Rythu Power Distribution Corporation Limited (TGRPDCL),

which will entail significant structural and institutional changes in the Distribution sector. In view of these developments, the Government requests that consideration of the true up for these two years be deferred by one year, and the Government will communicate its position in due course.”

3.19.4 In view of the Communication from the Government of Telangana, the Commission is of the view that following the approval for TGPRDCL by the Government of Telangana vide G.O.Ms.No. 44 dated 17.12.2025, a distribution license application is currently under consideration. The formation of this third entity will bring in significant structural and institutional changes in the Distribution sector like change in the consumer mix and energy requirements, impacting the ARR, Revenue Gaps and subsidy allocations for existing TGDISCOMs. Hence, the Commission will decide on the manner of passing on the Power purchase true-up of FY 2022-23 and revenue true-up of FY 2023-24 in due course of time.

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

Sd/-
CHERUKURI SRINIVASA RAO
MEMBER (FINANCE)

Sd/-
RAGHU KANCHARLA
MEMBER (TECHNICAL)

Sd/-
DR. JUSTICE DEVARAJU NAGARJUN
CHAIRMAN

// CERTIFIED COPY //

Newspaper clipping appeared in 'Times of India' on 10.01.2026

BEFORE THE HONOURABLE TELANGANA ELECTRICITY REGULATORY COMMISSION

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

SOUTHERN POWER DISTRIBUTION COMPANY OF TELANGANA LIMITED (TGSPDCL)				NORTHERN POWER DISTRIBUTION COMPANY OF TELANGANA LIMITED (TGNPDCL)																																			
PUBLIC NOTICE				PUBLIC NOTICE																																			
<p>1. Notice is hereby given to all that the Distribution Company viz., SOUTHERN POWER DISTRIBUTION COMPANY OF TELANGANA LIMITED (TGSPDCL) holding Distribution and Retail Supply License No.13/2000, as on 29-12-2000, filed petitions before the Telangana Electricity Regulatory Commission (TGERC) for (a) Power Purchase Cost True-up for FY 2022-23 and (b) Power Purchase Cost True-up & Revenue True-up for FY 2023-24 & FY 2024-25 for their Retail Supply Business. These filings have been taken on record by the Hon'ble Commission in following O.P. Nos. & I.A. Nos.</p>				<p>1. Notice is hereby given to all that the Distribution Company viz., NORTHERN POWER DISTRIBUTION COMPANY OF TELANGANA LIMITED (TGNPDCL) holding Distribution and Retail Supply License No.14/2000, as on 29-12-2000, filed petitions before the Telangana Electricity Regulatory Commission (TGERC) for (a) Power Purchase Cost True-up for FY 2022-23 and (b) Power Purchase Cost True-up & Revenue True-up for FY 2023-24 & FY 2024-25 for their Retail Supply Business. These filings have been taken on record by the Hon'ble Commission in following O.P. Nos. & I.A. Nos.</p>																																			
Sl. No.	Particulars of Petitions filed by TGSPDCL	O.P. /I.A. No.		Sl. No.	Particulars of Petitions filed by TGNPDCL	O.P. /I.A. No.																																	
1	Power Purchase Cost True-up for FY 2022-23 for RSB.	OP No. 58 of 2025 and IA No. 35 of 2025		1	Power Purchase Cost True-up for FY 2022-23 for RSB.	OP No. 56 of 2025 and IA No. 33 of 2025																																	
2	Power Purchase Cost True-up & Revenue True-up for FY 2023-24 for RSB.	OP No. 59 of 2025 and IA No. 36 of 2025		2	Power Purchase Cost True-up & Revenue True-up for FY 2023-24 for RSB.	OP No. 57 of 2025 and IA No. 34 of 2025																																	
3	Power Purchase Cost True-up & Revenue True-up for FY 2024-25 for RSB.	OP No. 82 of 2025		3	Power Purchase Cost True-up & Revenue True-up for FY 2024-25 for RSB.	OP No. 81 of 2025																																	
<p>2. Copies of the filings referred are available in the Office of the Chief Engineer (IPC & RAC), TGSPDCL, Corporate Office, 1st floor, 'A' block, Mint Compound, Hyderabad-500063 and the Superintending Engineer, Operation circles of the Distribution Company at Banjara Hills, Hyderabad (South), Hyderabad (Central), Medchal, Cybercity, Habsiguda, Secunderabad, Rajendranagar, Saroornagar, Vikarabad, Mahabubnagar, Gadwal, Nagarkurnool, Narayanpet, Wanaparthy, Medak, Siddipet, Sangareddy, Nalgonda, Yadadri and Suryapet. 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.tgsouthernpower.org in downloadable form and the same may be accessed at www.tgerc.telangana.gov.in. A copy of these filings can be obtained from the above offices from 10.01.2026 onwards on payment of charges for photocopying.</p>				<p>2. Copies of the filings referred are available in the Office of the Chief Engineer (IPC & RAC), TGNPDCL, H.No. 2-5-31/2, Vidyuth Bhavan, Nakkalagutta, Hanumakonda-506001 and the Superintending Engineer, Operation circles of the Distribution Company at Hanumakonda, Warangal, Mahabubabad, Jaya Shanker (Bhupalpally), Mulugu, Jangaon, Karimnagar, Jagtial, Peddapally, Khammam, Badrari Kothagudem, Nizamabad, Kamareddy, Adilabad, Nirmal, Mancheril and Komarambheem (Asifabad). 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.tgnpdcl.com in downloadable form and the same may be accessed at www.tgerc.telangana.gov.in. A copy of these filings can be obtained from the above offices from 10.01.2026 onwards on payment of charges for photocopying.</p>																																			
<p>3. Objections/suggestions/comments, if any, on the filings, together with supporting material may be sent to the Chief Engineer (IPC & RAC), TGSPDCL, Corporate Office, 1st floor, 'A' block, Mint Compound, Hyderabad-500063 in person or through Registered Post so as to reach on or before 31.01.2026 by 5 pm. A copy of the same must also be filed with the Commission Secretary, TGERC at the address mentioned above or at email id 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.</p>				<p>3. Objections/suggestions/comments, if any, on the filings, together with supporting material may be sent to the Chief Engineer (IPC & RAC), TGNPDCL, H.No. 2-5-31/2, Vidyuth Bhavan, Nakkalagutta, Hanumakonda-506001 in person or through Registered Post so as to reach on or before 31.01.2026 by 5 pm. A copy of the same must also be filed with the Commission Secretary, TGERC at the address mentioned above or at email id 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.</p>																																			
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<p>6. The gist of the filings of the TGD/ISCOM for (a) Power Purchase Cost True-up for FY 2022-23 and (b) Power Purchase Cost True-up & Revenue True-up for FY 2023-24 & FY 2024-25 for their Retail Supply Business are indicated in Schedule-I, II & III as given below.</p>				<p>6. The gist of the filings of the TGD/ISCOM for (a) Power Purchase Cost True-up for FY 2022-23 and (b) Power Purchase Cost True-up & Revenue True-up for FY 2023-24 & FY 2024-25 for their Retail Supply Business are indicated in Schedule-I, II, III as given below.</p>																																			
<p>7. Further, in this matter, the Telangana Electricity Regulatory Commission intends to conduct a Public Hearing at the Court Hall, Vidyut Niyamtran Bhavan, G.T.S Colony, Kalyan Nagar, Hyderabad, Telangana – 500 045 on 27.02.2026 (Friday) from 10:30 am onwards.</p>				<p>7. Further, in this matter, the Telangana Electricity Regulatory Commission intends to conduct a Public Hearing at the Court Hall, Vidyut Niyamtran Bhavan, G.T.S Colony, Kalyan Nagar, Hyderabad, Telangana – 500 045 on 27.02.2026 (Friday) from 10:30 am onwards.</p>																																			
Sd/-				Sd/-																																			
Place: Hyderabad		CHAIRMAN & MANAGING DIRECTOR		Place: Hanumakonda		CHAIRMAN & MANAGING DIRECTOR																																	
Date: 10.01.2026.		Southern Power Distribution Company Of Telangana Limited		Date: 10.01.2026.		Northern Power Distribution Company Of Telangana Limited																																	
SCHEDULE I Power Purchase Cost True-up for FY 2022-23 for Retail Supply Business Rs. In Crores				SCHEDULE II Power Purchase Cost True-up and Revenue True-up for FY 2023-24 for Retail Supply Business Rs. In Crores																																			
FY 2022-23		TGSPDCL	TGNPDCL	FY 2023-24		TGSPDCL	TGNPDCL																																
PP Cost True-up		4915	2370	PP Cost True-up after deducting the FCA claims		0	0																																
Less Provisional True-up for FY 2022-23 approved in RST order for FY 2023-24		811	(409)	Revenue True-up		2335	113																																
Net PP Cost True-up		4104	2779																																				
SCHEDULE III Power Purchase Cost True-up and Revenue True-up for FY 2024-25 for Retail Supply Business Rs. In Crores																																							
FY 2024-25		TGSPDCL	TGNPDCL																																				
PP Cost True-up after deducting the FCA claims		0	0																																				
Revenue True-up		(196)	(603)																																				
DIPR R.O.No.1041-PP/CL-AGENCY/ADVT/1/2025-26, Dt:09.01.2026																																							

Newspaper clipping appeared in 'The Hindu' on 10.01.2026

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

SOUTHERN POWER DISTRIBUTION COMPANY OF TELANGANA LIMITED (TGSPDCL)			N/D NORTHERN POWER DISTRIBUTION COMPANY OF TELANGANA LIMITED (TGNPDCL)				
PUBLIC NOTICE			PUBLIC NOTICE				
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Sd/-			Sd/-				
Place: Hyderabad Date: 10.01.2026. CHAIRMAN & MANAGING DIRECTOR Southern Power Distribution Company Of Telangana Limited			Place: Hanumakonda Date: 10.01.2026. CHAIRMAN & MANAGING DIRECTOR Northern Power Distribution Company Of Telangana Limited				
SCHEDULE I Power Purchase Cost True-up for FY 2022-23 for Retail Supply Business Rs. in Crores			SCHEDULE II Power Purchase Cost True-up and Revenue True-up for FY 2023-24 for Retail Supply Business Rs. in Crores				
FY 2022-23	TGSPDCL	TGNPDCL	FY 2023-24	TGSPDCL	TGNPDCL		
PP Cost True-up	4915	2370	PP Cost True-up after deducting the FCA claims	0	0		
Less Provisional True-up for FY 2022-23 approved in RST order for FY 2023-24	811	(409)	Revenue True-up	2335	113		
Net PP Cost True-up	4104	2779					
SCHEDULE III Power Purchase Cost True-up and Revenue True-up for FY 2024-25 for Retail Supply Business Rs. in Crores							
FY 2024-25	TGSPDCL	TGNPDCL					
PP Cost True-up after deducting the FCA claims	0	0					
Revenue True-up	(196)	(603)					
DIPR R.O.No.1041-PP/CL-AGENCY/ADVT/1/2025-26, Dt:09.01.2026							

Newspaper clipping appeared in ‘The Siasat Daily’ on 10.01.2026

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

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Annexure-II**List of stakeholders who submitted written Objections/suggestions/comments**

Sl. No.	Name and address of the stakeholders	Date of submission
1	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	29.01.2026
2	M. Thimma Reddy, Convener, Peoples Monitoring Group on Electricity Regulation, H. No.3-4-107/1, Plot No. 39, Radha Krishna Nagar, Attapur, Hyderabad - 500 048	29.01.2026
3	I. Gopinath Chief Executive Officer SOUTH INDIAN CEMENT MANUFACTURERS' ASSOCIATION, Administrative Office: 3rd Floor, 36th Square, Plot no. 481, Road no. 36, Jubilee Hills, Hyderabad – 500034.	30.01.2026 23.02.2026
4	T. HARISH RAO, M.L.A., 33-Siddipet Assembly Constituency & Deputy Floor Leader, BRSLP. Hyderabad. Office: Flat No. 805, MS-III Block, OLD MLA Quarters Hyderguda, Hyderabad - 500029.	31.01.2026
5	R V Subba Rao H.No.12-13-657, 2nd Floor, Lane No.1, Street No.14, Nagarjuna Nagar, Tarnaka, Secunderabad, Telangana State, India	30.01.2026
6	P V Subbareddy Convener, Bharatiya Agro Economic & Research, Centre, 2- 2-24/P, DD Colony, Baghamberpet, Hyderabad- 500013	31.01.2026
7	POWER FOUNDATION OF INDIA B-28, Qutab Institutional Area, New Delhi-110 016	09.02.2026
8	T. Sujatha, Sr. Director FTCCI, 11-6-841. Federation House, Federation Marg, Red Hills, Hyderabad - 500004	16.02.2026
9	Telangana Spinning & Textile Mills Association Surya Towers, 1st Floor, Sardar Patel Road, Secunderabad- 500 003.	17.02.2026
10	Telangana Iron & Steel Manufacturers Association (TISMA), Regd. Office: Flat No. 101, 1st Floor, Satya Sarovar Apt, Ghansi Bazar, Near High Court, Hyderabad- 500002.	17.02.2026
11	UPPAL NOTIFIED MUNICIPAL INDUSTRIAL AREA SERVICE SOCIETY (Regd. No. 1857/ 16 Dated 04.04.1996) K-2,Plot No. 9, RPR-UPL-NH 202, IDA, UPPAL, HYDERABAD - 500 039.	26.02.2026
12	L.N. Packaging Industries Off & Fac: C-8/2B-12, D.A , Uppal Hyderabad - 500 039.	28.02.2026

Annexure-III**List of stakeholders who participated in Public Hearing held on 27.02.2026**

Sl. No.	Name and address of the stakeholders
1	South Indian Cement Manufacturers' Association-Hyderabad
2	Uppal Notified Municipal Industrial Area Service Society, Hyderabad.
3	CREDAI Hyderabad
4	Tuljaram Singh -Hyderabad.

