TELANGANA ELECTRICITY REGULATORY COMMISSION

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

ORDER

ON

TRUE-UP FOR FY 2024-25

AND

REVISED AGGREGATE REVENUE REQUIREMENT AND WHEELING TARIFFS FOR FY 2026-27

FOR DISTRIBUTION BUSINESS

IN THE SUPPLY AREAS OF

SOUTHERN POWER DISTRIBUTION COMPANY OF TELANGANA LIMITED (TGSPDCL)

AND

NORTHERN POWER DISTRIBUTION COMPANY OF TELANGANA LIMITED (TGNPDCL)

28.03.2026

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TABLE OF CONTENTS

CHAPTER-1 : INTRODUCTION 11
1.1 THE COMMISSION 11
1.2 TGDISCOMs 11
1.3 REGULATION NO.2 OF 2023 12
1.4 APPROVAL OF TGDISCOMs' RESOURCE PLAN AND BUSINESS PLAN FOR 5th & 6th CONTROL PERIODS 12
1.5 APPROVAL OF TGDISCOMs' AGGREGATE REVENUE REQUIREMENT (ARR) AND WHEELING TARIFFS FOR DISTRIBUTION BUSINESS FOR THE 5th CONTROL PERIOD (FY2024-25 TO FY2028-29) 12
1.6 APR FOR FY 2023-24 AND NET AGGREGATE GAINS OR LOSSES FOR 4th CONTROL PERIOD FOR FY2019-20 TO FY2023-24 AND DETERMINATION OF REVISED ARR AND WHEELING TARIFF FOR FY 2025-26 13
1.7 STATUTORY AND REGULATORY PROVISIONS 13
1.8 ADMISSION OF PETITIONS 14
1.9 DATA GAPS 14
1.10 PUBLIC NOTICE 14
1.11 RESPONSE TO PUBLIC NOTICE 15
1.12 PUBLIC HEARING 15
CHAPTER-2 SUMMARY OF FILINGS 16
2.1 PETITIONERS' SUBMISSIONS 16
2.2 True-up for FY 2024-25 16
2.3 Revised Aggregate Revenue Requirement for FY2026-27 18
CHAPTER-3 TRUE UP FOR FY 2024-25 21
3.1 SUGGESTIONS MADE ON FILINGS 21
3.2 CAPITALISATION FOR FY 2024-25 21
3.3 Operation & Maintenance expenses 25
3.4 Depreciation 33
3.5 Interest and Finance Charges on Loan 40
3.6 Return on Equity 51
3.7 Interest on Working Capital 61
3.8 Non-Tariff Income 66
3.9 Revenue from Open Access 71
3.10 Other Expenditure 72
3.11 Separate Audited accounts- Wheeling & Retail supply business for FY 2024-25 75
3.12 Aggregate Revenue Requirement for FY 2024-25 77
CHAPTER-4 REVISED ARR AND WHEELING CHARGES FOR FY 2026-27 83
4.1 Capital Expenditure 83

4.2 Capitalisation ... 104
4.3 Operation and Maintenance Expenses ... 105
4.4 Depreciation ... 111
4.5 Interest and Finance Charges on Loan ... 116
4.6 Return on Equity ... 120
4.7 Interest on working Capital ... 126
4.8 Non-Tariff Income ... 128
4.9 Revenue from Open Access ... 131
4.10 Revised ARR for FY 2026-27 ... 132
4.11 Contracted Capacities ... 139
4.12 Wheeling Charges and losses ... 140
Applicability ... 148
Terms & Conditions ... 148
Appendix – A ... 150
Schedule of approved wheeling tariffs for FY 2026-27 ... 150
Appendix – B ... 151
COMMISSION’S DIRECTIVES ... 151
Annexure-I ... 153
Public Notice ... 153
Annexure-II ... 158
List of Stakeholders who submitted Written Objections/Suggestions ... 158
Annexure-III ... 159
List of Stakeholders who participated in the Public Hearing on Dt: 24-01-2026 ... 159

List of Tables:

Table 2-1: Summary of Capital investment and Capitalisation of FY 2024-25 as claimed by TGSPDCL 16
Table 2-2: Summary of Capital investment and Capitalisation of FY 2024-25 as claimed by TGNPDCL 16
Table 2-3: Summary of True up of FY 2024-25 as claimed by TGSPDCL 17
Table 2-4: Summary of True up of FY 2024-25 as claimed by TGNPDCL 17
Table 2-5: Summary of Total Capital Expenditure claimed by TGSPDCL for FY 2026-27 18
Table 2-6: Summary of Total Capital Expenditure claimed by TGNPDCL for FY 2026-27 18
Table 2-7: Summary of Revised ARR claimed by TGSPDCL FY 2026-27 18
Table 2-8: Summary of Revised ARR claimed by TGNPDCL for FY 2026-27 19
Table 2-9: Summary of Wheeling Charges claimed by TGSPDCL for FY 2026-27 20
Table 2-10: Summary of Wheeling Charges of claimed by TGNPDCL for FY 2026-27 20
Table 3-1: Capitalisation claimed by TGSPDCL for 2024-25 21
Table 3-2: Capitalisation claimed by TGNPDCL for 2024-25 22
Table 3-3: Capitalisation claimed and approved for FY 2024-25 25
Table 3-4: Operation and Maintenance Expenses claimed for FY 2024-25 25
Table 3-5: O&M expenses claimed and approved for FY 2024-25 32
Table 3-6: Depreciation claimed for FY 2024-25 33
Table 3-7: Depreciation claimed and approved for FY2024-25 40
Table 3-8: Interest and Financing charges on Loan claimed by TGSPDCL for FY 2024-25 40
Table 3-9: Interest and Financing charges on Loan claimed by TGNPDCL for FY 2024-25 41
Table 3-10: Interest and Finance charges on Loan claimed and approved for TGSPDCL for FY 2024-25 51
Table 3-11: Interest and Finance charges claimed and approved for TGNPDCL for FY 2024-25 51
Table 3-12: Return on Equity claimed by TGSPDCL and TGNPDCL for FY 2024-25 52
Table 3-13: Return on Equity claimed and approved for TGSPDCL for FY 2024-25 59
Table 3-14: Return on Equity claimed and approved for TGNPDCL for FY 2024-25 60
Table 3-15: Interest on Working Capital claimed by TGSPDCL and TGNPDCL for FY 2024-25 61
Table 3-16: Interest on working capital claimed and approved for TGSPDCL for FY 2024-25 65
Table 3-17: Summary of Interest on Working Capital claimed and approved for TGSPDCL for FY 2024-25 65
Table 3-18: Interest on working capital claimed and approved for TGNPDCL for FY 2024-25 65
Table 3-19: Summary of Interest on Working Capital (Rs. Crores) claimed and approved for TGNPDCL for FY 2024-25 66
Table 3-20: Non- Tariff Income claimed by TGSPDCL for FY 2024-25 66
Table 3-21: Non- Tariff Income claimed by TGNPDCL for FY 2024-25 67
Table 3-22: Non- Tariff Income claimed and approved for TGSPDCL for FY 2024-25 70
Table 3-23: Non- Tariff Income claimed and approved for TGNPDCL for FY 2024-25 71
Table 3-24: Revenue from open access as claimed for FY 2024-25 71
Table 3-25: Revenue from open access claimed and approved for FY2024-25 72
Table 3-26: Other expenditure claimed for FY 2024-25 72
Table 3-27: Other expenditure approved for FY 2024-25 74
Table 3-28: ARR claimed by TGSPDCL for FY 2024-25 77
Table 3-29: ARR claimed by TGNPDCL for FY 2024-25 77
Table 3-30: ARR claimed and approved for TGSPDCL for FY 2024-25 81
Table 3-31: ARR claimed and approved for TGNPDCL for FY 2024-25 82

Table 4-1: Base Capital expenditure claimed for FY2026-27 84
Table 4-2: Other Capital expenditure claimed for FY2026-27 85
Table 4-3: Additional Capital expenditure by TGNPDCL for FY2026-27 85
Table 4-4: Capital expenditure claimed for FY2026-27 88
Table 4-5: Capital Investment claimed and approved for TGSPDCL for FY 2026-27 102
Table 4-6: Capital Investment claimed and approved for TGNPDCL for FY2026-27 103
Table 4-7: Capitalisation claimed for FY2026-27 104
Table 4-8: Capitalisation claimed and approved for FY2026-27 105
Table 4-9: O&M Expenses claimed for FY 2026-27 106
Table 4-10: Employee expenses claimed and approved for FY 2026-27 109
Table 4-11: A&G expenses claimed and approved for FY 2026-27 110
Table 4-12: R&M expenses claimed and approved for FY 2026-27 110
Table 4-13: Gross O&M expenses claimed and approved for TGSPDCL for FY2026-27 111
Table 4-14: Gross O&M expenses claimed and approved for TGNPDCL for FY2026-27 111
Table 4-15: Depreciation Claimed for FY2026-27 112
Table 4-16: Depreciation claimed and approved for TGSPDCL and TGNPDCL for FY 2026-27 115
Table 4-17: Interest and Finance charges on Loan claimed for FY 2026-27 116
Table 4-18: Interest and Finance charges on loan claimed and approved for TGSPDCL for FY 2026-27 119
Table 4-19: Interest and Finance charges on loan claimed and approved for TGNPDCL for FY 2026-27 120
Table 4-20: Return on Equity claimed for FY 2026-27 120
Table 4-21: Return on Equity claimed and approved for TGSPDCL for FY 2026-27 124
Table 4-22: Return on Equity claimed and approved for TGNPDCL for FY 2026-27 125
Table 4-23: Interest on Working Capital claimed for FY2026-27 126
Table 4-24: Interest on Working Capital claimed and approved for TGSPDCL for FY 2026-27 128
Table 4-25: Interest on Working Capital claimed and approved for TGNPDCL for FY 2026-27 128
Table 4-26: Non-Tariff Income claimed by TGSPDCL for FY2026-27 129
Table 4-27: Non-Tariff Income as claimed by TGNPDCL for FY2026-27 129
Table 4-28: Non-Tariff Income claimed and approved for TGSPDCL for FY2026-27 131
Table 4-29: Non-Tariff Income claimed and approved for TGNPDCL for FY2026-27 131
Table 4-30: Revenue from open access claimed for FY2026-27 132
Table 4-31: Revenue from open access claimed and approved for FY 2026-27 132
Table 4-32: Revised ARR claimed for FY2026-27 132
Table 4-33: Revised ARR claimed and approved for TGSPDCL for FY 2026-27 136
Table 4-34: Revised ARR claimed and approved for TGNPDCL for FY2026-27 136
Table 4-35: Allocation Matrix for Wheeling and Retail Supply Business of ARR as per Regulation 2 of 2023 137
Table 4-36: Net ARR claimed and approved for Wheeling Business for TGSPDCL for FY 2026-27 138
Table 4-37: Net ARR claimed and approved for Distribution Wheeling Business for TGN PDCL for FY 2026-27 138
Table 4-38: Net ARR claimed and approved for Retail supply Business for TGSPDCL for FY 2026-27 139
Table 4-39: Net ARR claimed and approved for Retail supply Business for TGNPDCL for FY 2026-27 139
Table 4-40: Contracted capacities claimed for FY2026-27 140
Table 4-41: Contracted capacity claimed and approved for FY2026-27 140

Table 4-42: Voltage wise losses claimed for FY 2026-27 ... 140
Table 4-43: Wheeling charges claimed for FY 2026-27 ... 141
Table 4-44: Voltage wise losses claimed and approved for FY2026-27 ... 147
Table 4-45: Wheeling charges (Long Term & Medium Term) claimed and approved for FY 2026-27 ... 147
Table 4-46: Wheeling charges (Short Term) claimed and approved for FY 2026-27 ... 147

List of Abbreviations

A&G	Administrative and General
APTransco	Transmission Corporation of Andhra Pradesh Limited
APCPDCL	Andhra Pradesh Central Power Distribution Corporation Limited
APERC	Andhra Pradesh Electricity Regulatory Commission
APNPDCL	Northern Power Distribution Company of Andhra Pradesh Limited
ARR	Aggregate Revenue Requirement
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 Works 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
MYT	Multi Year Tariff
NEP	National Electricity 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
PTC	Power Trading Corporation
PTR	Power Transformer
R&M	Repairs & Maintenance
RBI	Reserve Bank of India
RE	Renewable Energy
REC	Rural Electrification Corporation
RMI	Renovation, Modernisation & Improvement
RoCE	Return on Capital Employed
RoE	Return on Equity
RRB	Regulated Rate Base

TELANGANA ELECTRICITY REGULATORY COMMISSION

'Vidyut Niyantran Bhavan', G.T.S. Colony, Kalyan Nagar, Hyderabad 500 045

Dated 28 .03.2026

Present

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

OP No.70 of 2025 and O. P. No. 72 of 2025

Southern Power Distribution Company of Telangana Limited (TGSPDCL)

O.P. No.71 of 2025 and O.P.No.73 of 2025.

Northern Power Distribution Company of Telangana Limited (TGNPDCL)

… Applicants

Southern Power Distribution Company of Telangana Limited (TGSPDCL) and Northern Power Distribution Company of Telangana Limited (TGNPDCL) (hereinafter referred to as "Applicants" or "Petitioners" or "TGDISCOMs" or "Licensees") filed petitions for True-up for FY 2024-25 of TGSPDCL on Dt: 28.11.2025, of TGNPDCL on Dt: 29.11.2025 , and Determination of revised ARR and Wheeling Tariffs for Distribution Business for FY 2026-27 of TGSPDCL on Dt: 29.11.2025 and of TGNPDCL on 29.11.2025 under Section 61 of the Electricity Act, 2003 and in accordance with provisions under Multi Year Tariff Regulation No.2 of 2023.

The Commission, in exercise of its powers under the Electricity Act, 2003 and Regulation No. 2 of 2023 after considering Petitioner's submissions, comments, suggestions and objections of the stakeholders, responses of Petitioners and all other relevant material, passed the following.

COMMON ORDER

CHAPTER-1 : INTRODUCTION

BACKGROUND

1.1 THE COMMISSION

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

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

1.2 TGDISCOMs

1.2.1 Consequent on formation of Telangana State w.e.f. 02.06.2014, the APCPDCL has been renamed as TSSPDCL duly excluding the Kurnool and Anantapur circles. Likewise, the APNPDCL has been renamed as TSNPDCL duly excluding seven (7) mandals viz., Chintoor, Kunavaram, Vara ramachandrapuram, Kukunuru, Velairupadu, Badrachalam (excluding Badrachalam town) and part of Burgampadu (excluding twelve (12) revenue villages), which have become part of residuary State of Andhra Pradesh and merged with the then existing APSPDCL and APEPDCL respectively on the appointed date i.e., 02.06.2014.

1.2.2 The statement of bifurcation of assets and liabilities between Telangana and APDISCOMs approved by Expert Committee formed for recommendation on bifurcation of assets & liabilities was communicated to Government of Telangana for further instructions and implementation.

1.2.3 During FY 2016-17, State Government of Telangana vide G.O.Ms.No.225, 234 and 240 dated 11.10.2016, has issued orders for reorganization of districts and formation of new districts in the State of Telangana. Accordingly, seven (7) revenue mandals under the territorial jurisdiction of TSNPDCL have been merged with Siddipet district of TSSPDCL, Gundala mandal of Nalgonda which is under the territorial jurisdiction of TSSPDCL has been demerged/hived off and merged with Jangaon district under the territorial jurisdiction of TSNPDCL.

1.2.4 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 and with regard to the transfer of assets and liabilities, the TSSPDCL has taken over the network of Gundala mandal w.e.f. 02.04.2019 which was during the FY2019-20. Accordingly, the assets and liabilities of Gundala are incorporated in TSSPDCL in FY2019-20.

1.2.5 The Commission in its order dated 17th March 2017 in O.P.Nos.3 and 4 of 2017, has allowed the name of the license to be the Southern Power Distribution Company of Telangana Limited (TSSPDCL) in place of APCPDCL and the Northern Power Distribution Company of Telangana Limited (TSNPDCL) in place of APNPDCL.

1.2.6 In the wake of the State Government issuing U.O. Note No.4634/Genl, L&C/ 2024, dated 17.05.2024 to replace all references to "TS" with "TG" in the nomenclature of all State PSUs, Agencies, Autonomous Institutions and other government bodies, the TSSPDCL and TSNPDCL have replaced the abbreviated form of the company from TSSPDCL and TSNPDCL to TGSPDCL and TGNPDCL respectively and also to use the revised logo in all official documents.

1.3 REGULATION NO.2 OF 2023

1.3.1 This Commission has notified Multi Year Tariff Regulation, 2023 [Regulation No.2 of 2023] on 30.12.2023.

1.4 APPROVAL OF TGDISCOMs' RESOURCE PLAN AND BUSINESS PLAN FOR 5th & 6th CONTROL PERIODS

1.4.1 Based on filings, the Commission passed order on 29.12.2023 approving the Resource Plan and Business Plan of TGDISCOMs for 5th control period for FY2024-25 to FY2028-29 and 6th control period for FY2029-30 to FY2033-34. In the said order it was also stated that the Commission shall examine the MYT filings as per the MYT Regulation in force.

1.5 APPROVAL OF TGDISCOMs' AGGREGATE REVENUE REQUIREMENT

(ARR) AND WHEELING TARIFFS FOR DISTRIBUTION BUSINESS FOR THE 5th CONTROL PERIOD (FY2024-25 TO FY2028-29)

1.5.1 Based on the filings made and after comprehensive public consultation process on the filings the Commission passed order on 28.10.2024 on Aggregate Revenue Requirement (ARR) and Wheeling Tariffs for Distribution Business for the 5th control period for FY2024-25 to FY2028-29.

1.6 APR FOR FY 2023-24 AND NET AGGREGATE GAINS OR LOSSES FOR 4th CONTROL PERIOD FOR FY2019-20 TO FY2023-24 AND DETERMINATION OF REVISED ARR AND WHEELING TARIFF FOR FY 2025-26

1.6.1 The Commission has determined APR for FY 2023-24 for Distribution Business in its order dated 29.04.2025 in O.P Nos 1 and 2 of 2025 and also passed orders on the Aggregate Gains or Losses for 4th control period from FY 2019-20 to 2023-24 vide its order 29.04.2025 in O.P Nos 3 and 4 of 2025 and passed orders on revised ARR and Wheeling Tariffs for FY 2025-26 in OP No.1 of 2025, O.P .No. 3 of 2025 and O.P.No.31 of 2024 for TGSPDCL and O.P. No.2 of 2025, O.P.No.4 of 2025 and O.P.No.32 of 2024 for TGNPDCL on Dt: 29.04.2025.

1.7 STATUTORY AND REGULATORY PROVISIONS

1.7.1 As per Section 62 of the Electricity Act, 2003 the Commission can determine the tariff for supply of electricity by a generating company to a distribution licensee, further the Commission is empowered to determine tariff for generation and sale of electricity within the State and regulate electricity purchase and procurement process under Section 86(1)(a) & 86(1)(b) of the Act.

1.7.2 The Commission had notified Multi Year Tariff Regulation [Regulation No.2 of 2023].

1.7.3 As per clause 6.2 and other applicable clauses as provided in Regulation No. 2 of 2023 TGDISCOMs are required to file petition for truing up of Wheeling Business for FY 2024-25 and revised ARR and tariff for FY 2026-27. Applicable clauses of Regulation No. 2 of 2023 are reproduced below:

> 6.2 The petitions to be filed for each Control Period under this Regulation are as under: e) After first year of the Control Period and onwards, the annual petitions by transmission licensee, distribution licensee (for Wheeling business) and SLDC shall comprise of:

i. True-up of preceding year;

ii. Aggregate Revenue Requirement for ensuing year of the Control Period;

iii. Proposal of Revised tariff and charges for the ensuing year of the Control Period.

TGSPDCL and TGNPDCL have separately filed the following petitions:

- ➢ True-up for FY 2024-25
- ➢ Revised ARR and wheeling tariffs for Distribution Business for FY 2026-27

1.8 ADMISSION OF PETITIONS

1.8.1 The Original Petitions submitted by TGDISCOMs were scrutinised and found to be generally in order as required under (Conduct of Business) Regulations, 6 of 2015 (Regulation No.2 of 2015). The Commission has admitted the petitions and the same were taken on record by assigning the numbers as

i. True-up for FY 2024-25: O.P.No 70 of 2025 & O.P.No 71 of 2025 for TGSPDCL and TGNPDCL respectively.

ii. Revised ARR and determination of wheeling tariffs for FY 2026-27-: O.P.No 72 of 2025 & O.P.No 73 of 2025 for TGSPDCL and TGNPDCL respectively.

1.9 DATA GAPS

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

1.10 PUBLIC NOTICE

1.10.1 The petitioners, as directed by the Commission, published for information of all stakeholders a Public Notice in two (2) English, two (2) Telugu and One (1) Urdu daily newspapers on 21.12.2025 - (Annexure-1).

1.10.2 The Public Notice was to inform stakeholders and the general public at large that petitioners have filed petitions before the Commission for True up of FY 2024-25 and revised ARR & Wheeling Tariffs for FY 2026-27. It was also notified in the Public Notice that, objections/suggestions on the filings may be filed with the petitioners with a copy marked to the Commission Secretary by 12.01.2026 and considering the request of stakeholders the due date was extended upto 20.01.2026. In the Public Notice it was also indicated the public hearing shall be held on 24.01.2026 (Saturday) from 11:00 AM onwards in the Court Hall of the Commission, 'Vidyut Niyantran Bhavan', G.T.S. Colony, Kalyan Nagar, Hyderabad 500 045. The filings along with supporting material have been made available by the petitioners. The Public Notice, filings and supporting material were also hosted on the websites of the petitioners as well as the Commission.

1.11 RESPONSE TO PUBLIC NOTICE

1.11.1 In response to the Public Notice, objections/suggestions were received from Eight (8) stakeholders. The details of stakeholders who submitted objections/ suggestions is enclosed as Annexure-II. The petitioners were directed to give their response in writing to all the written objections received by the petitioners by sending the same to the respective objector with a copy to the Commission before the scheduled date of Public Hearing. The replies were also posted on the website of the Commission.

1.12 PUBLIC HEARING

1.12.1 The Commission has conducted the Public Hearing on 24.01.2026. During the Public Hearing, the petitioners have made brief presentation on their filings and then the Commission heard the objectors desiring to be heard in person. Six objectors were present in the Public Hearing and 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 stakeholders who attended the public hearing is enclosed at Annexure-III.

CHAPTER-2 SUMMARY OF FILINGS

2.1 PETITIONERS' SUBMISSIONS

2.1.1 The Petitioners have made the following submissions in their original filings and additional information:

- True-up for FY 2024-25
- Revised ARR and wheeling tariffs for FY 2026-27

The summary of the submissions is detailed below:

2.2 True-up for FY 2024-25

2.2.1 The summary of Capital investment and Capitalisation for FY 2024-25 claimed by TGDISCOMs is as shown in the Table below:

Table 2-1: Summary of Capital investment and Capitalisation of FY 2024-25 as claimed by TGSPDCL

(Rs. Crores)

Particulars	MYT Order	Claim	Variance
Capitalization (Capex)	2528.76	2055.31	-473.45
New Investment	2172.94	1905.21	-267.73
O&M Expenses Capitalised	330.89	136.77	-194.12
Interest During Construction capitalised	24.93	13.33	-11.60
Investment capitalized (Transfer to Fixed Assets)	2506.45	1752.09	-754.36

Table 2-2: Summary of Capital investment and Capitalisation of FY 2024-25 as claimed by TGNPDCL

(Rs. Crores)

Particulars	MYT Order	Claim	Variance
Capital Investment	1,427	823	-604
New Investment	1,228	716	-512
O&M Expenses Capitalised	109	71	-38
Interest During Construction capitalised	91	37	-54
Investment capitalized (Transfer to fixed Assets)	**1,652**	**889**	**-763**

2.2.2 The summary of True up for FY 2024-25 claimed by TGDISCOMs is as shown in the Table below

Table 2-3: Summary of True up of FY 2024-25 as claimed by TGSPDCL

(Rs. Crores)

Particulars	MYT Order	Claim	Variance
Operation & Maintenance expenses	3585.56	4025.43	439.87
Depreciation	535.37	809.32	273.95
Interest and Finance Charges on Loan	469.64	533.88	64.24
Interest on Working Capital	85.17	126.30	41.13
Return on Equity	168.76	301.54	132.77
Other Expenditure	0.00	25.60	25.60
Aggregate Revenue Requirement	**4844.50**	**5822.06**	**977.56**
Less: Non-Tariff Income	153.55	570.44	416.89
Less: Revenue from Open Access consumers (Wheeling charges)	1.21	16.70	15.49
Net Aggregate Revenue Requirement	**4689.74**	**5234.92**	**545.18**
ARR transferred to RSB	**4689.74**	**5234.92**	**545.18**
Net Regulatory Gap True-up/(true-down)	**0**	**545.18**	**545.18**

2.2.3 TGSPDCL requested to approve Net ARR of **Rs. 5,234.92 Crores** and Revenue Gap of **Rs. 545.18 Crores** for FY 2024-25.

Table 2-4: Summary of True up of FY 2024-25 as claimed by TGNPDCL

(Rs. Crores)

Particulars	MYT Order	Claim	Variance
Operation & Maintenance expenses	2,623	2,783	159
Depreciation	317	414	97
Interest and Finance Charges on Loan	244	328	83
Interest on Working Capital	58	82	24
Return on Equity	84	177	93
Other Expenditure	0	25	25
Aggregate Revenue Requirement	3,327	3,808	482
Less: Non-Tariff Income	172	175	4
Less: Revenue from Open Access consumers (Wheeling charges)	6	0.24	-5.76
Net Aggregate Revenue Requirement	**3,149**	**3,633**	**484**
Gap Transferred to ARR for FY 2026-27		**484**	**484**

2.2.4 TGNPDCL requested to approve Net ARR of **Rs. 3,632.94 Crores** and Revenue Gap of **Rs. 483.77 Crores** for FY 2024-25.

2.3 Revised Aggregate Revenue Requirement for FY2026-27

2.3.1 The summary of total capital expenditure for FY 2026-27 claimed by TGDISCOMs is as shown in the Table below:

Table 2-5: Summary of Total Capital Expenditure claimed by TGSPDCL for FY 2026-27

(Rs. Crores)

Particulars	Claimed
Base Capex	3,589
Other Capex	3,919
Total Capex	**7,508**

Table 2-6: Summary of Total Capital Expenditure claimed by TGNPDCL for FY 2026-27

(Rs. Crores)

Particulars	Claimed
Base Capex	1,207
Other Capex	435
Additional Capex Proposed (Already approved by TGERC)	95
Total Capex	**1,736**

2.3.2 The summary of revised ARR claimed by TGDISCOMs for Distribution Business for FY 2026-27 is as follows:

Table 2-7: Summary of Revised ARR claimed by TGSPDCL FY 2026-27

(Rs. Crores)

Particulars	Claimed
Operation and Maintenance Charges	4,072
Depreciation	1,034
Interest and finance charges on Loan	840
Interest on working capital	150

Particulars	Claimed
Return on Equity	434
Impact of True-up for FY 2024-25	545
Total Expenditure	**7,075**
Less	
Income from Open Access charges	1.20
Non-Tariff income	532
Income from Other Business	-
Net Distribution ARR	**6,542**

2.3.3 TGSPDCL requested to consider and approve revised ARR and Wheeling Tariff including all requested regulatory treatments in the filing.

Table 2-8: Summary of Revised ARR claimed by TGNPDCL for FY 2026-27

(Rs. Crores)

Particulars	Claimed
Operation and Maintenance Charges	2,818
Depreciation	595
Interest and finance charges on Loan	360
Interest on working capital	100
Return on Equity	220
Total Expenditure	**4,093**
Less	
Income from Open Access charges	3.23
Non-Tariff income	183
Income from Other Business	0
Net Distribution ARR	**3,907**
Add: Impact of True-up for FY 2024-25	484
Total Distribution ARR	**4,391**

2.3.4 TGNPDCL requested to consider and approve ARR and Wheeling Tariff including all requested regulatory treatments in the filing.

2.3.5 The summary of Wheeling Charges for FY 2026-27 claimed by TGDISCOMs is as shown in the Table below:

Table 2-9: Summary of Wheeling Charges claimed by TGSPDCL for FY 2026-27

Sl. No.	Particulars	Voltage	UoM	Claimed
1	long-term and medium-term open access	33 kV	(Rs./kVA/Month)	94.18
		11 kV	(Rs./kVA/Month)	275.33
		LT	(Rs./kVA/Month)	767.27
2	short-term open access	33 kV	(Rs./kVA/hr)	0.1308
		11 kV	(Rs./kVA/hr)	0.3824
		LT	(Rs./kVA/hr)	1.0656

Table 2-10: Summary of Wheeling Charges of claimed by TGNPDCL for FY 2026-27

Sl. No.	Particulars	Voltage	UoM	Claimed
1	long-term and medium-term open access	33 kV	(Rs./kVA/Month)	117.40
		11 kV	(Rs./kVA/Month)	392.93
		LT	(Rs./kVA/Month)	1,196.99
2	short-term open access	33 kV	(Rs./kVA/hr)	0.1631
		11 kV	(Rs./kVA/hr)	0.5457
		LT	(Rs./kVA/hr)	1.6625

CHAPTER-3 TRUE UP FOR FY 2024-25

ISSUES RAISED BY STAKEHOLDERS, RESPONSES OF PETITIONERS AND COMMISSION'S ANALYSIS AND FINDINGS

3.1 SUGGESTIONS MADE ON FILINGS

3.1.1 Eight (8) stakeholders have filed objections/suggestions on the petition for True up for FY 2024-25 and revised Aggregate Revenue Requirement and Wheeling Tariffs for Distribution Business for FY 2026-27 as discussed under Chapter-3 and 4. The petitioners have filed replies on the objections/suggestions received from the stakeholders. The Commission has considered all the objections/ suggestions of the stakeholders made in writing as well as oral submissions made during the Public Hearing and the responses of the petitioners. For the sake of brevity, the objections/suggestions raised by the stakeholders and responses of the petitioners have been consolidated and summarized issue-wise. In case any suggestions are not specifically elaborated it does not mean that the same has not been considered.

TRUE UP OF FY 2024-25

3.2 CAPITALISATION FOR FY 2024-25

Petitioners' claim

3.2.1 TGSPDCL has claimed Rs. 1752.09 Crores towards capitalization against the approved amount of Rs.2506.45 Crores in MYT order as shown in below table:

Table 3-1: Capitalisation claimed by TGSPDCL for 2024-25

(Rs. Crores)

Particulars	MYT Order	Claimed	Variance
Capex	2172.94	1905.21	-267.73
O&M Expenses Capitalised	330.89	136.77	-194.12
Interest During Construction capitalised	24.93	13.33	-11.60
Investment capitalized (Transfer to Fixed Assets)	**2506.45**	**1752.09**	**-754.36**

3.2.2 TGSPDCL submitted that the capital investments during the FY 2024-25 are lower than that approved by Rs. 473.45 Crores and also submitted that as per the directives issued by the Commission in dated 28.10.2024 at clause 4.16 of Appendix C, the TGSPDCL has complied and sent the Quarterly Physical Completion Certificates (PCCs) & Financial Completion Certificates (FCCs) submitted to the Commission in the following references.

1. Lr.No.CE(RAC)/SE(RAC)/DE(RAC)/F.No. e323634/D.No. 364/24, Dt: 21.09.2024
2. Lr.No.CE(RAC)/SE(RAC)/DE(RAC)/F.No. C/28/1 D.No. 661/24, Dt: 17.12.2024
3. Lr.No.CE(RAC)/SE(RAC)/DE(RAC)/F.No. C/28/1 D.No. 776/24, Dt: 18.02.2025
4. Lr.No.CE(RAC)/SE(RAC)/DE(RAC)/F.No. e323634/D.No. 120/24, Dt: 28.05.2025

3.2.3 TGNPDCL has claimed Rs. 889 Crores towards capitalization against the approved amount of Rs. 1652 Crores in MYT order as shown in below table:

Table 3-2: Capitalisation claimed by TGNPDCL for 2024-25

(Rs. Crores)

Particulars	MYT Order	Claimed	Variance
Capex	1,228	716	-512
O&M Expenses Capitalised	109	71	-38
Interest During Construction capitalised	91	37	-54
Investment capitalized (Transfer to fixed Assets)	**1,652**	**889**	**-763**

Stakeholders' submissions

3.2.4 One of the stakeholder has submitted that the Commission vide order dt. 28.10.2024 determined the ARR and Wheeling tariffs for the 5th MYT Control period FY 2024-29 and vide order dated 29.04.2025 determined the True up for FY 2023-24 and revised ARR/ wheeling tariffs for the FY 2025-26 and issued several directives to TGDISCOMs

3.2.5 The stakeholder submitted that the petitioners have not submitted the compliance reports to the directives particularly on capital investments and is a fallout of the clause 7.8 and 7.9 of the Tariff Regulations. While the TGSPDCL has submitted the copy of intimation for Q1-Q3 of FY 2024-25 along with the True up petition, TGNPDCL has not submitted any details. Since, capital investment contributes significantly to the ARR of the Distribution business, non-compliance of the aforesaid directive should be treated seriously and punitive action for non-compliance be taken to ensure that the distribution capex is properly recorded and put to use.

3.2.6 Stakeholder further submitted that TGSPDCL and TGNPDCL have claimed capitalization to the tune of Rs. 1752 Crores and Rs. 889 Crores for the FY 2024-25 respectively. The Commission vide MYT Order dated 28.10.2024 has approved the capital investment plan for the 5th Control Period (FY 2024-25 to FY 2028-29). The

Petitioner while claiming the capital investment plan had deviated from that approved in the Business Plan Order. The Commission disallowed the additional claim

3.2.7 Stakeholder further submitted that in a similar manner, the petitioners have claimed additional Capex to that approved for the FY 2025-26.

3.2.8 The Commission has not admitted the variation in capital investment in both the MYT and Tariff Order for FY 2025-26 and held that the approval would be restricted to approved capex as per the Resource Plan order dt. 29.12.2023 and the capital investment towards smart meters is not approved. The petitioners have not submitted scheme-wise break-up, nature of works, and funding details for FY 2024-25 true up shall be admitted strictly in accordance with the MYT Order dated 28.10.2024.

3.2.9 Further, stakeholder commented that petitioners have sought additional capex without evidence to establish that such expenditure pertains only to approved schemes, instead, the claims are merely stated as "as per Accounts" without any regulatory correlation or justification. Since distribution tariff is predominantly driven by capex and capitalization, absence of substantiating and documentary evidence warrants strict regulatory scrutiny and only 75% of the claimed capex / capitalization be provisionally admitted and the balance 25% be withheld, subject to submission and verification of complete scheme-wise details.

3.2.10 The assessment of the stakeholder for allowable capex and capitalization for True up of FY 2024-25 is as under:

Table 3: Summary of allowable Capex and Capitalization for the FY 2024-25

(All figures in Rs. Crores)

Particulars	Claimed		Allowable	
	Capex	Capitalization	Capex	Capitalization
TGSPDCL	2,055	1,752	1,541	1,314
TGNPDCL	823	889	617	667

Petitioners' Replies

3.2.11 The petitioners submitted that, compliance with directives issued in the MYT and Tariff Orders is an ongoing process, and both DISCOMs are adhering to the requirements stipulated under the applicable Regulations, including those relating to investment approval, capitalisation procedures, and submission of PCC/FCC certificates. Wherever capital works are completed, the PCC and FCC are being issued by the competent authorities and submitted to the Commission in line with the timelines prescribed.

3.2.12 Petitioners stated that they have already submitted the quarterly intimations for FY 2024-25 as part of the true-up filings and reiterated that all capitalisation entries admitted into ARR will be strictly subject to prudence check, verification of PCC/FCC, and Commission approval, ensuring that only assets duly completed, recorded, and put to use are reflected in OCFA. Therefore, the concern regarding non-compliance or lack of oversight does not arise.

3.2.13 TGNPDCL submitted that PCC/FCC certificates are submitted to the Commission for Q1 to Q3 of FY 2024-25 vide Lr.No.CE /(I&R)/ DE(RAC)/ TGNPDCL/WGL/F.PCC &FCC /D.No.455/ 24-25, Dt:04.02.2025 and Q4 of FY 2024-25 vide Lr.No.CE/ (I&R) /DE(RAC) /TGNPDCL/ WGL/ F.PCC &FCC/ D.No.116/25, Dt:19.07.2025 and also stated that the utility has been complying with the directives in accordance with the Commission's instructions, and any pending submissions are being furnished in the formats and frequently communicated by the Commission.

Commission's Analysis and Findings

3.2.14 The Commission has carefully examined the objections raised by the stakeholders and submissions of the petitioners with regard to claim on capital expenditure and capitalisation for FY 2024-25 and agrees with the suggestion of the stakeholder that compliance of directives issued in the MYT Order dated 28.10.2024 and Order dated 29.04.2025, particularly in respect of submission of Physical Completion Certificates (PCCs) and Financial Completion Certificates (FCCs), is mandatory for admission of capitalisation in the Original Cost of Fixed Assets (OCFA). The records placed before the Commission indicate that the petitioners have submitted the requisite PCCs and FCCs for the relevant quarters of FY 2024-25 and the same have been verified with reference to the claims.

3.2.15 Further the capitalisation admitted in ARR must be supported by proper documentation, confirmation of physical completion, financial closure, and transfer from Capital Work in Progress (CWIP) to fixed assets, upon prudence check and reconciliation with the audited financial statements and the Commission has considered only such amounts as are duly supported and found admissible.

3.2.16 Accordingly, the Commission approved the capitalisation for FY 2024-25 as shown below:

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

(Rs. Crores)

Particulars	TGSPDCL			TGNPDCL		
	MYT Order	**Claimed**	**Approved**	**MYT Order**	**Claimed**	**Approved**
Capex	2,172.94	1905.21	1,757.65	1,227.53	716	764.88
O&M Expenses Capitalised	330.89	136.77	136.77	108.73	71	70.73
Interest During Construction capitalised	24.93	13.33	12.24	90.70	37	36.34
Investment capitalized (Transfer to fixed Assets)	**2,506.45**	**1752.09**	**1,752.09**	**1652.10**	**889**	**888.65**

3.3 Operation & Maintenance expenses

Petitioners' claim

3.3.1 TGSPDCL has claimed Rs. 4025.43 Crores towards Operation & Maintenance expenses against Rs. 3585.56 Crores approved in MYT order, TGNPDCL has claimed Rs. 2783 Crores against Rs. 2623 Crores approved in MYT order as shown in below table:

Table 3-4: Operation and Maintenance Expenses claimed for FY 2024-25

(Rs. Crores)

Particulars	MYT Order	Claimed	Variance
TGSPDCL			
Employee cost	3162.37	3611.43	449.06
Admin & General expenses	217.64	201.04	-16.60
Repairs & Maintenance	205.55	212.96	7.41
Gross O&M Expenses	3585.56	4025.43	439.87
TGNPDCL			
Employee cost	2,361	2,496	135
Admin & General expenses	135	153	18
Repairs & Maintenance	127	134	7
Gross O&M Expenses	2,623	2,783	159

3.3.2 TGSPDCL has submitted that there is an increase of **Rs. 439.87** Crores in O & M

Expenses for FY 2024-25 due to the following reasons.

- Employee Cost: Employee Cost has increased due to increase in DA to an extent of Rs. 239 Crores, an increment of employer contribution towards provident fund is Rs. 160 Crores due to Actuarial Valuation and an increment of Rs. 45.22 Crores because of Employee's Medical Reimbursement.
- Admin & General Expenses: The Admin & General Expenses have reduced to an extent of Rs. 17 Crores mainly due to the reduction in consultancy and professional charges and a slight decrease in the vehicle hire charges.
- Repairs & Maintenance Expenses: Slight increase in the Repairs & Maintenance Expenses due to regular maintenance works taken up for UG cable networks to an extent of Rs. 11.42 Crores and Rs. 5.08 Crores majorly for maintenance of substations and conducting other civil works.

3.3.3 TGNPDCL has submitted that the Operations and Maintenance expenses are higher than that by Rs. 159 Crores for FY 2024-25 as the actual expenditure incurred is taken from the audited figures of annual report of FY 2024-25, whereas the MYT approved O&M expenditure computed as per Clause 81 of Regulation No.2 of 2023 and submitted the following reasons:

- **Employee Expenses:** The major contributor to this variance is the employee cost, which was Rs. 2,496 Crores against the approved Rs. 2,361 Crores primarily due to statutory increments, DA adjustments, and pension obligations. Another major factor was the rise in pension and gratuity provisioning for employees appointed prior to 01.02.1999. The company bears 26% of these obligations, and actuarial valuations during the year resulted in higher provisioning compared to the previous year and the actual employee expenses for FY 2024-25 are Rs. 2,496 Cr.
- **Administration & General Expenses:** Administration and General Expenses for FY 2024–25 registered an increase compared to the previous year, primarily due to higher operational and service-related costs, key contributors include legal charges and professional fees, vehicle hire charges and manpower hiring costs escalated, driven by expanded field operations and support activities. The actual Administrative & General expenses are Rs. 153 Cr. against Rs. 135 Cr. approved, which is an increase of Rs. 18 Cr.

- **Repairs & Maintenance Expenses:** Repairs and Maintenance expenses increased during FY 2024-25 mainly due to floods, and costs for restoring distribution infrastructure and operational assets. TGNPDCL has undertaken extensive maintenance of lines, cables, and transformers, which led to a rise in material and labour charges. Additionally, periodic servicing of plant and machinery, coupled with emergency repair works following outages and weather-related damages, contributed to the overall increase. The actual Repairs and Maintenance expenses are Rs. 134 Cr. against Rs. 127 Cr. approved, which is an increase of Rs. 7 Cr.

Stakeholders' submissions

3.3.4 Some of the Stakeholders submitted that TGSPDCL has claimed O&M Expenses to the tune of Rs. 4025 Crores and Rs. 4524 Crores for the FY 2024-25 and FY 2026-27 respectively. Likewise, TGNPDCL has claimed O&M Expenses to the tune of Rs. 2783 Crores and Rs. 3130 Crores for the FY 2024-25 and FY 2026-27 respectively and the petitioners have claimed O&M Expenses for the True-up year based on actuals from Audited Accounts, rather than adopting the normative framework mandated under the Tariff Regulation. It is further submitted that the O&M Expenses claimed by TGNPDCL appear disproportionately high, particularly when compared with TGSPDCL, despite TGNPDCL owning only about half the asset base and handling nearly one-third of the energy sales of TGSPDCL and requested the Commission to undertake a robust benchmarking exercise for O&M Expenses, duly factoring employee deployment across key functions such as consumer services, substation operations, and asset management, and aligning the allowance with prudent utility practices and efficiency norms rather than untested actuals.

3.3.5 Stakeholders further submitted that TGSPDCL has attributed the increase in O&M primarily to escalation in Employee Expenses, A&G Expenses, and R&M Expenses stating that the employee cost has increased by about Rs. 239 Crores on account of DA increase, Rs. 160 Crores towards enhanced employer contribution to Provident Fund based on actuarial valuation, and Rs. 45.22 Crores towards Employee Medical Reimbursement. While these figures are asserted, the petitioner has not demonstrated the prudence, necessity, or efficiency of such escalations, nor established that the same are unavoidable and in line with regulatory benchmarks.

3.3.6 Further, the Petitioner submitted that a marginal increase in Repairs & Maintenance Expenses, citing regular maintenance of UG cable networks (Rs. 11.42 Crores) and expenditure of about Rs. 5.08 Crores towards substation maintenance and allied civil works which are presented as routine, require proper justification, benchmarking, and demonstration of efficiency gains, and cannot be admitted merely on the basis of narration and further stated that the O&M Expenses have been claimed in complete violation of the clause 81 of the Regulation No. 2 of 2023 and opined that the employee costs and A&G expenses for the first year of the new Control Period are to be computed based on the average of the Trued-up costs from the previous period, adjusted for efficiency gains or losses and requested the Commission to exclude unusual or abnormal expenses.

3.3.7 The stakeholders have stated that in MYT order the Commission has determined the normative O&M Expenses in accordance with the Regulations and the Petitioner's claim seeking variation in O&M is not in line with the Regulation. The petitioner has failed to demonstrate as to how the variation is admissible beyond the normative level of expense and that the variation is routine expenditure warranting intervention of the Commission and to approve the O&M expenses for FY 2024-25 on normative basis.

3.3.8 The stakeholder further stated that the opening GFA has undergone change in the true up of FY 2023-24 and requested to approve the R&M expenses as shown in table below. Employee and A&G Expenses shall be the same as approved in the MYT Order

Table 13: Summary of admissible R&M Expenses for the FY 2024-25 and FY 2026-27

(All figures in Rs. Crores)

Particulars	TGSPDCL		TGNPDCL	
	FY 2024-25	FY 2026-27	FY 2024-25	FY 2026-27
GFA (opening)	22,171.49	25,813.77	10,139.40	11,911.71
K-factor	0.90%	0.90%	0.90%	0.90%
WPI	4.93%	4.93%	4.93%	4.93%
R&M Expenses	**209.38**	**243.78**	**95.75**	**112.49**

3.3.9 Based on the above the allowable O&M Expenses as per the assessment of the stakeholder is as under:

(All figures in Rs. Crores)

Particulars	TGSPDCL		TGNPDCL	
	FY 2024-25	FY 2026-27	FY 2024-25	FY 2026-27
Employee Expenses	3,162.37	3,539.21	2,360.89	2,642.23
R&M Expenses	209.38	243.78	95.75	112.49
A&G Expenses	217.64	239.64	135.41	149.10
Total	**3,589.39**	**4,022.63**	**2,592.05**	**2,903.82**

Petitioners' Replies

3.3.10 Petitioners submitted that, the Commission has approved O&M expenses by applying escalation on the average of the trued-up expenses for the immediately preceding control period, and this if further escalated for 3 years as per clause 81 of Regulation No. 2 of 2023. However, the approved amount so derived is lower than the actual expenditure incurred during FY 2023-24. O&M cost escalation is based on CPI/WPI indices in accordance with clause 81.3 based on actuals for FY 2024-25. This revision is primarily on account of actual employee cost, R&M activities, and administrative expenses, projected based on CPI/WPI.

3.3.11 Further, the methodology specified by the Commission does not consider three aspects viz. (i) the impact of variation in number of employee's year on year, (ii) impact of Pay Revision (iii) impact of the yearly increments of the employees of the licensees and requested to allow the actual expenditure incurred towards employee expenses as per audited annual accounts of FY 2024-25.

3.3.12 TGSPDCL has submitted that, there is an increase of Rs. 449.06 Crores in the employee expenses compared with the expenses approved i.e., Rs. 3611.43 Crores vis-à-vis Rs. 3162.37 Crores is due to massive retirements (there was pause in retirements due to increasing the retirement age from 58 to 61 years by the GoTG) and the TGSPDCL has undertaken actuarial valuation towards pension and gratuity provision and final EL encashment obligations in respect of employees who have retired due to superannuation.

3.3.13 Further, submitted that the increase in the employee cost due to new recruitments in various cadres and the impact of yearly increments of the employees during the year and requested to allow the actual expenditure incurred towards O&M expenses as per audited annual accounts of FY 2024-25 and also requested to approve the projected

O&M expenses as per the filings.

Commission's Analysis and Findings

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

"81 Operation and Maintenance (O&M) expenses

"81. OPERATION AND MAINTENANCE COSTS

81.1 The Operation and Maintenance Expense for Distribution Business shall comprise of the following:

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

81.2 The O&M expenses for distribution licensee for each year of the Control Period shall be approved based on the formula shown below:

O&Mn = EMPn + R&Mn + A&Gn

Where,

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

EMPn – Employee Cost for the nth year;

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

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

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

EMPn = (EMPn-1) x (CPI Inflation);

R&Mn = k (GFAn) x (WPI Inflation);

A&Gn = (A&Gn-1) x (WPI Inflation);

Where,

EMPn-1 – Employee Costs for (n-1)th year;

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

any other factor considered appropriate by the Commission;

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

A&Gn-1 – Administrative and General Cost for (n-1)th year;

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

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

Provided that the employee cost and A&G expenses for the first year of the

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

3.3.15 The Commission has taken note of the submissions of the stakeholders and sought detailed information regarding increase in the employee expenses and examined the justifications submitted by the petitioners for variation in employee cost, factors such as DA revisions, actuarial valuation of terminal benefits, retirements, recruitment and increments do influence employee cost. The Petitioners have not substantiated that the claimed deviations are extraordinary, uncontrollable, or beyond the regulatory framework prescribed under Clause 81.

3.3.16 The Commission further observed that certain portions of Employee and A&G expenses which are capitalized during the year were not reduced from the Gross O&M expenses while arriving at the claim. Since such capitalized expenses form part of capital cost and are recovered through depreciation, interest on loan and Return on Equity, allowing the same again under O&M would amount to double recovery. Accordingly, the Commission on prudence check with the audited accounts has deducted the capitalized portion of Employee and A&G expenses from the Gross O&M expenses.

3.3.17 Revised normative O&M expenses for FY 2024-25 are computed as per the regulation by:

- Considering the trued-up figures of FY 2023-24;
- Applying CPI/WPI escalation factors as stipulated under clause 81.3
- Revising R&M expenses based on admissible opening GFA and the approved ‘k’ factor.

3.3.18 O & M expenses is a controllable factor as per Clause 12.1(e) of Regulation No. 2 of 2023. The relevant extract of the Regulation is as follows:

“12.1 Variations or expected variations in the performance of the Petitioner, which may be attributed by the Commission to controllable factors include, but are not limited to the following:
(a) Variation in Distribution losses;
(b) Variation in Transmission losses;
(c) Variation in operational norms;
(d) Variation in amount of interest on working capital;
(e) Variation in Operation & Maintenance expenses;

(f) Variation in Coal transit losses"

3.3.19 Further, Clause 14 of the Regulation No. 2 of 2023 prescribes the mechanism for sharing gains and losses arising from controllable factors. The relevant extract of the Regulation is as follows:

> *"14.1 The approved aggregate gain to the generating entity or licensee or SLDC on account of controllable factors shall be dealt with in the following manner:*
> *(a) Two-third of the amount of such gain shall be passed on as a rebate in tariff over such period as may be stipulated in the Order of the Commission;*
> *(b) The balance amount of such gain shall be retained by the generating entity or licensee or SLDC.*
>
> *14.2 The approved aggregate loss to the generating entity or licensee or SLDC on account of controllable factors shall be dealt with in the following manner:*
> *(a) One-third of the amount of such loss may be passed on as an additional charge in tariff over such period as may be stipulated in the Order of the Commission;*
> *(b) The balance amount of such loss shall be absorbed by the generating entity or licensee or SLDC."*

3.3.20 The Commission has verified the annual accounts and recomputed the O & M expenses in accordance with Regulation No.2 of 2023, the gains/losses attributable to controllable factors are arrived at by comparing the recomputed normative O&M expenses and actual O&M expenses. In accordance with clause 14 of Regulation 2 of 2023 sharing of gains/losses is computed. O & M expenses approved for FY 2024-25 are arrived at by adding the sharing of gains/losses to the revised normative computed.

3.3.21 Accordingly, the O&M expenses after sharing gains/losses approved for FY 2024-25 is shown in table below:

Table 3-5: O&M expenses claimed and approved for FY 2024-25

(Rs. Crores)

Particulars	MYT Order	Claimed	Actuals as per Audited Account	Revised Normative	Gain/ loss	Sharing of gain/ loss	Approved (e)=(b)+(d)
		a	b	c	d=b-c	e*	f=c+e
TGSPDCL							
Employee Expenses	3162.37	3611.43	3611.43	3379.36	232.07	77.36	3456.72
A&G Expenses	217.64	201.04	201.04	216.58	-15.54	-10.36	206.22
R&M Expenses	205.55	212.96	212.96	222.57	-9.61	-6.40	216.16
O&M Expenses (Gross)	**3585.56**	**4025.43**	**4025.43**	**3818.51**	**206.92**	**60.59**	**3879.10**

Particulars	MYT Order	Claimed	Actuals as per Audited Account	Revised Normative	Gain/ loss	Sharing of gain/ loss	Approved (e)=(b)+(d)
		a	b	c	d=b-c	e*	f=c+e
Less: O&M Expenses Capitalized			136.77	129.00			129.00
O & M Expenses (Net)	**3585.56**	**4025.43**	**3888.66**	**3689.51**	**206.92**	**60.59**	**3750.10**
TGNPDCL							
Employee Expenses	2360.89	2496	2495.65	2417.27	78.38	26.13	2443.39
A&G Expenses	135.41	153	152.68	123.80	28.88	9.63	133.43
R&M Expenses	127.15	134	133.73	123.52	10.21	3.40	126.92
O&M Expenses (Gross)	**2623.45**	**2783**	**2782.06**	**2664.59**	**117.47**	**39.16**	**2703.74**
Less: O&M Expenses Capitalized			70.73	67.87			67.87
O & M Expenses (Net)	**2623.45**	**2783**	**2711.33**	**2596.72**	**117.47**	**39.16**	**2635.88**

*If gain, 2/3rd as rebate to the beneficiaries and if loss, 1/3rd as additional charge to the beneficiaries

3.4 Depreciation

Petitioners' claim

3.4.1 TGSPDCL has claimed Rs. 809.32 Crores towards depreciation against the approved amount of Rs. 535.37 Crores, TGNPDCL has claimed Rs. 413.97 Crores against the approved amount of Rs. 317.39 Crores as shown in below table:

Table 3-6: Depreciation claimed for FY 2024-25

(Rs. Crores)

Particulars	MYT Order (A)	claimed as per CERC	claimed as per MYT Regulation 2 of 2023 (B)	Variance (C = B-A)
TGSPDCL				
Depreciation during the year	535.37	890.10	809.32	273.95
TGNPDCL				
Depreciation during the year	317.39	400.07	413.97	96.58

3.4.2 TGSPDCL has submitted that the actual depreciation shown in audited accounts is as per CERC methodology. TGSPDCL further submitted that, in compliance to the clause 28 of MYT Regulation No. 2 of 2023, the asset wise depreciation has been computed and the same is considered while computing the True-Up for FY 2024-25.

3.4.3 TGSPDCL further submitted that, amortised depreciation on Consumer Contribution assets is Rs. 428.53 Crores as per books of accounts is included in the actual depreciation

3.4.4 TGNPDCL has submitted that, it has historically computed depreciation based on CERC norms, which were embedded in the accounting system. However, depreciation is now calculated as per MYT Regulation. Further, it has projected a depreciation of Rs. 430 Cr. for FY 2024-25, whereas the Commission has approved Rs. 317 Crores depreciation incurred for FY 2024-25 is similar to the projections made by TGNPDCL in the 5th Control Period. This difference is due to lower depreciation approved by the Commission.

3.4.5 TGNPDCL further submitted that, amortised depreciation on Consumer Contribution assets of Rs. 154.56 Crores as per books of accounts is included in the actual depreciation

Stakeholders' submissions

3.4.6 One of the stakeholders submitted that, TGSPDCL has claimed Rs. 1,034 Crores of depreciation in FY 2024-25, detailed calculations for which have not been provided. However, as per Note 11 of the Audited Accounts of TGSPDCL, the retired assets in FY 2024-25 are worth of Rs. 17.74 Crores and the net depreciation for TGSPDCL for FY 2024-25 should be after reducing the impact of retired assets.

Note No.11 - Property Plant, Equipment and Intangibles (Rs. In Crore)

S. No	Particulars	Gross Carrying Values					Depreciation & Amortization					Net Carrying Values	
		As at April 1, 2024	Additions	Deletions/ Adjustments	Deletions Through Business Combinations	As at 31st March 2025	As at 1st April 2024	Depreciation charge for the year	Deletions/ Adjustments	Additions through business combinations	As at 31st March 2025	As at 31st March 2025	As at March 31, 2024
a	**Plant, Property and Equipment**												
	Land	8.64	-	-		8.64	-	-	-		-	8.64	8.64
	Buildings	383.76	13.02	-		396.78	131.50	12.86	-		144.36	252.42	252.26
	Other Civil Works	229.23	6.95	-		236.18	51.97	7.78	-		59.75	136.43	177.26
	Plant and Machinery	9,719.32	797.77	3.08		10,514.01	5,104.43	399.91	2.51		5,501.83	5,012.18	4,614.89
	Lines and Cable Network	9,503.40	804.96	-		10,308.36	4,500.63	407.68	-		4,908.31	5,400.05	5,002.77
	Meters and Metering equipment	1,994.68	146.87	19.94		2,121.61	1,197.48	60.02	15.21		1,242.29	879.32	797.20
	Vehicles	7.36	-	-		7.36	6.39	0.02	-		6.41	0.95	0.97
	Furniture and Fixtures	18.60	0.64	-		19.24	12.05	0.63	-		12.68	6.56	6.55
	Office Equipment	57.74	2.47	0.03		60.18	34.63	2.16	0.02		36.77	23.41	23.11
	Air Conditioners	2.77	0.07	-		2.84	1.77	0.07	-		1.84	1.00	1.00
	Computer & IT Equipment	200.11	2.41	-		202.52	158.15	12.20	-		170.35	32.17	41.96
	Sub Total	**22,125.61**	**1,775.16**	**23.05**	-	**23,877.72**	**11,199.00**	**903.33**	**17.74**	-	**12,084.59**	**11,793.13**	**10,926.61**
b	**Intangible Assets**												
	Computer Software	70.80	-	-		70.80	53.77	4.51			58.28	12.52	17.03
	Sub Total	**70.80**	-	-	-	**70.80**	**53.77**	**4.51**	-	-	**58.28**	**12.52**	**17.03**
c	**Capital Work in Progress**	1,128.78	2,006.54	1,851.77		1,283.55	-	-			-	1,283.55	1,128.78
	Sub Total	**1,128.78**	**2,006.54**	**1,851.77**	-	**1,283.55**	-	-	-	-	-	**1,283.55**	**1,128.78**
d	**GRAND TOTAL (a+b+c)**	**23,325.19**	**3,781.70**	**1,874.82**	-	**25,232.07**	**11,252.77**	**907.84**	**17.74**	-	**12,142.87**	**13,089.20**	**12,072.42**
	Grand Total of Previous Year	**21,639.86**	**3,526.73**	**1,841.40**	-	[illegible]	[illegible]	[illegible]	[illegible]	-	[illegible]	[illegible]	[illegible]

* Depreciation rates as per Hon'ble CERC Notification have been adopted from the financial year 2022-23

3.4.7 TGNPDCL has claimed Rs. 413.97 Crores of depreciation in FY 2024-25, detailed calculations for which have not been provided. However, as per Note 13 of the Audited Accounts of TGNPDCL, the retired assets in FY 2024-25 are worth of Rs. 17.15 Crores and the net depreciation for TGNPDCL for FY 2024-25 should be after reducing the impact of retired assets.

NORTHERN POWER DISTRIBUTION COMPANY OF TELANGANA LIMITED

Note: 13 - PROPERTY, PLANT AND EQUIPMENT & INTAGIBLE ASSETS

(Rs in Crore)

Sl. No.	ASSET GROUP	GROSS BLOCK				ACCUMULATED DEPRECIATION				NET BLOCK	
		As at 01.04.2024	Additions	Deductions/ Adjustments	As at 31.03.2025	As at 01.04.2024	For the year	Deductions/ Adjustments	As at 31.03.2025	As at 31.03.2025	As at 31.03.2024
I.	PROPERTY PLANT AND EQUIPMENT:										
1)	Free Hold Land	1.86	0.01	0.00	1.87	-	-	-	-	1.87	1.86
2)	Buildings	352.18	10.84	0.02	363.00	89.31	11.68	-	100.99	262.01	262.87
3)	Plant and Equipment										
	a) Plant and Machinery	4,604.65	313.29	7.53	4,910.41	2,524.31	180.36	5.59	2,699.09	2,211.33	2,080.34
	b) Lines and Cable Network	4,310.23	544.55	-	4,854.78	2,133.56	174.75	-	2,308.32	2,546.46	2,176.66
	c) Meters and Metering equipment	738.86	40.19	14.90	764.15	433.71	23.84	11.04	446.51	317.64	305.15
4)	Office Equipment										
	a) Office Equipment	19.10	0.65	0.21	19.54	10.00	1.08	0.19	10.89	8.65	9.10
	b) Air conditioners	1.08	0.04	-	1.12	0.83	0.02	-	0.85	0.27	0.25
5)	Furniture and Fixture	5.36	0.25	-	5.61	3.95	0.12	-	4.06	1.54	1.41
6)	Vehicles	2.72	-	0.04	2.68	2.45	0.00	0.03	2.42	0.26	0.27
7)	Computers and IT Equipment	84.18	1.78	0.30	85.66	70.49	5.89	0.30	76.09	9.58	13.69
	Sub Total (a)	10,120.22	911.60	23.00	11,008.82	5,268.62	397.75	17.15	5,649.21	5,359.61	4,851.60
II.	INTANGIBLE ASSETS:										
	Computer Software	34.94	0.05	-	34.99	28.97	2.31	0.00	31.29	3.70	5.97
	Sub Total (b)	34.94	0.05	-	34.99	28.97	2.33	-	31.30	3.70	5.97
	Grand Total (a+b)	10,155.16	911.65	23.00	11,043.81	5,297.59	400.07	17.15	5,680.51	5,363.31	4,857.57
	Previous Year	9,602.59	568.18	15.61	10,155.16	4,941.35	368.26	12.02	5,297.59	4,857.57	4,661.24

3.4.8 Further, as per the Regulatory Provisions, depreciation on assets funded by consumer / user contributions shall not be allowed in the ARR of the DISCOM as per clause 26 of Regulation No. 2 of 2023. Depreciation claimed by TGSPDCL & TGNPDCL includes amortised depreciation on Consumer Contribution assets of Rs. 429 Crores and Rs. 155 Crores respectively. However, this has not been adjusted and gross depreciation has been claimed. The amortised depreciation on Consumer Contribution assets is instead considered as part of Non-Tariff Income by TGSPDCL and TGNPDCL, referred to as Deferred Revenue Income. The depreciation of Consumer Contributed assets cannot be categorized as "Income". Moreover, while calculating the Interest & Finance Charges TGSPDCL considers the Gross Depreciation (Depreciation including Depreciation on Consumer Contributed Assets) & equated it to Repayment of Loan.

3.4.9 There are three key means of financing Assets – (i) funded through ARR, (ii) Consumer Contribution (iii) Government Grants. Assets which are financed through Consumer Contribution are handled by the DISCOM on behalf of the consumers and cannot be used for claiming depreciation. Most of the SERCs adjust the amortised depreciation of consumer contributed assets in the gross depreciation and do not treat it as Non-Tariff Income. Relevant extract from DERC (Terms and Conditions for Determination of Tariff) Regulations, 2017 is as follows.

> *"29. Any grant or contribution or facility or financial support received by the Utility from the Central and/or State Government, any statutory body, authority,*

consumer or any other person, whether in cash or kind, for execution of the project or scheme, which does not involve any servicing of debt or equity or otherwise carry any liability of payment or repayment or charges shall be excluded from the Capital Cost for the purpose of computation of interest on loan, return on equity and depreciation."

3.4.10 Relevant extract from HERC (Terms and Conditions for Determination of Tariff for Generation, Transmission, Wheeling and Distribution & Retail Supply under Multi Year Tariff Framework) Regulations, 2024 is as follows.

"18. CAPITAL COST

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.

(8) The amount of any contribution made by the consumers, open access consumers and Government subsidy towards works for connection to the distribution system or transmission system of the distribution /transmission licensee, shall be deducted from the original cost of the project for the purpose of calculating the amount under debt and equity under these Regulations."

3.4.11 Accordingly, the stakeholder requested the Commission to approve depreciation for FY2024-25 taking into account the retired assets and the impact of assets funded by Consumer Contribution or through any capital subsidy or Grant which should not be more than Rs. 363 Crores and Rs. 243 Crores. The difference between the claimed Depreciation of Rs. 1034 Crores and Rs. 363 Crores for TGSPDCL and Rs. 414 Crores and Rs. 243 Crores for TGNPDCL proposed by stakeholder should not be passed on to the consumers through ARR and should be borne by the Govt. of Telangana in the form of subsidy.

3.4.12 Another stakeholder submitted that, TGSPDCL has claimed depreciation to the tune of Rs. 809 Crores and Rs. 1149 Crores for the FY 2024-25 and FY 2026-27 respectively and TGNPDCL has claimed depreciation to the tune of Rs. 414 Crores and Rs. 661 Crores for the FY 2024-25 and FY 2026-27 respectively.

3.4.13 The Petitioners have computed the depreciation based on the rates as per the Tariff Regulation. As per the Tariff formats provided along with the petition, it is observed that the Petitioner has claimed depreciation on the asset funded out of consumer contribution and grants as well. At the same time, it has proposed adjustment of amortization (of grants) under non-tariff income. Furthermore, the balances of Gross Fixed Asset (GFA) and consumer contribution & grants claimed by the petitioners are incorrect and clause 26 of Tariff Regulations 2023 in respect of treatment of

Consumer Contribution, Deposit Work, Grant and Capital Subsidy

3.4.14 The methodology adopted by the Petitioner is in not in line with that followed by the Commission in the Order for FY 2025-26, wherein the Commission had specifically observed that the depreciation claim was not supported with proper segregation between existing and new assets and did not clearly indicate whether amortization of consumer contribution had been duly accounted for. In the present Petition as well, similar deficiencies persist, rendering the depreciation claim unverifiable and contrary to the Commission's established approach.

Petitioners' Replies

3.4.15 The petitioners have submitted that the depreciation amount considered does not include fully depreciated assets, the fully depreciated assets are net off while calculating the Return on Equity and Interest on loan components. The petitioners have considered the depreciation on assets funded through consumer contributions as deferred revenue income under NTI. Net ARR i.e., the gross ARR minus the NTI is considered for the purpose of computation of wheeling charges and requested to consider the depreciation as filed by the petitioners.

3.4.16 Depreciation has been computed strictly as per Regulation, applying the notified rates on the regulatory asset base and adjusting for consumer contribution and grants to the extent identifiable from audited accounts and scheme-wise records. There is no double recovery, as amortisation of grants and consumer contribution is duly reflected under non-tariff income in line with the Commission's methodology.

3.4.17 The stakeholder's inference that depreciation has been claimed on assets funded through grants/consumer contribution is incorrect. TGSPDCL followed the regulatory requirement that depreciation is not claimed to the extent assets are funded through such support, subject to availability of scheme-wise funding details and audited classification.

3.4.18 The approach adopted in the petition is consistent with past orders of the Commission. Accordingly, the depreciation claim is compliant, verifiable and requested to consider and approve the same as per the filings.

Commission's Analysis and Findings

3.4.19 The Commission has examined the submissions made by the petitioners and the objections raised by the stakeholders regarding the depreciation claimed for FY 2024-25. The provisions relating to depreciation are specified under clause 28 of Regulation No. 2 of 2023. The relevant extract of the Regulation is as follows:

"28 Depreciation

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

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

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

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

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

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

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

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

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

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

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

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

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

3.4.20 As per Regulation No 02 of 2023, the depreciation has to be calculated for the assets available as on 01.04.2024 and assets capitalised after 01.04.2024. Accordingly for computation of depreciation, the Commission has sought additional information on (i) Asset wise classification of OCFA at the beginning of the year (ii) Asset wise classification of OCFA of fully depreciated asset at the beginning of the year. (iii) Asset wise classification of OCFA of the assets capitalized during the year along with asset wise classification of OCFA of the retired or replaced or de-capitalized assets during the year. (iv) Asset wise classification of OCFA of fully depreciated asset during the year. In response, the petitioners have submitted relevant data as per clause 28 of Regulation 2 of 2023.

3.4.21 In accordance with Clause 28.3 of Regulation No. 2 of 2023, for existing assets as on 01.04.2024, the balance depreciable value has been computed by deducting the cumulative depreciation admitted by the Commission up to 31.03.2024 from the gross depreciable value of such assets. The balance depreciable value has then been apportioned over the remaining useful life of the assets to determine the depreciation for FY 2024-25.

3.4.22 For assets capitalised on or after 01.04.2024, depreciation has been computed using the applicable depreciation rates and useful life specified in the Regulation 2 of 2023. The depreciation for existing assets and newly capitalised assets has been aggregated to determine the gross depreciation for the year.

3.4.23 The Commission notes the concerns raised by stakeholders regarding the treatment of Consumer Contribution, Deposit Works, Government Grants, and Capital Subsidy in the computation of depreciation. As per clause 26.2(c) of Regulation No. 2 of 2023, depreciation shall not be allowed to the extent assets are funded through consumer contribution, grants, or capital subsidy. Accordingly, the Commission has deducted the amortisation corresponding to Consumer Contribution, Deposit Works, Grants, and Capital Subsidy from the gross depreciation to arrive at the net admissible depreciation for FY 2024-25 and such amortisation has not been considered under

Non-Tariff Income.

3.4.24 Further, from the additional information submitted by TGNPDCL the revised depreciation in terms of Regulation 2 of 2023 is Rs. 392.68 for FY 2024-25 and the same has been considered by the Commission.

3.4.25 Depreciation claimed and approved for FY 2024-25 is shown in table below:

Table 3-7: Depreciation claimed and approved for FY2024-25

(Rs. Crores)

Particular	MYT order	Claimed	Approved
TGSPDCL			
Opening GFA	21774.18	22196.00	22171.49
Additions during the year	2506.45	1752.00	1752.09
Closing GFA	24280.62	23948.09	23923.58
Gross Depreciation	962.75	809.32	812.86
Amortisation on CC & Grant	401.40	428.53	379.27
Uday Amortization Impact	25.98	-	24.94
Net Depreciation	**535.37**	**380.79**	**408.66**
TGNPDCL			
Opening GFA	10062.83	10155.16	10139.39
Additions during the year	1652.10	888.64	888.65
Closing GFA	11714.93	11043.81	11028.04
Gross Depreciation	444.86	392.68*	392.26
Amortisation on CC & Grant	114.61	154.56	104.83
Uday Amortization Impact	12.86	-	11.78
Net Depreciation	**317.39**	**238.12**	**275.65**

* Considered as per revised claim

3.5 Interest and Finance Charges on Loan

Petitioners' claim

3.5.1 TGSPDCL has claimed Rs. 533.88 Crores towards Interest and Finance Charges on Loan against the approved amount of Rs. 469.64 Crores, TGNPDCL has claimed Rs. 328 Crores against the approved amount of Rs. 244 Crores as shown in below table:

Table 3-8: Interest and Financing charges on Loan claimed by TGSPDCL for FY 2024-25

(Rs. Crores)

Particulars	**MYT Order**	**Claimed**	**Variance**
Opening Balance Net Normative Loan	4221.68	5546.31	1324.63
Less: Reduction of Normative Loan due to retirement or replacement of Assets	0.00	0.00	0.00
Addition of Normative Loan due to capitalization during the year	1283.59	834.49	449.10

Particulars	MYT Order	Claimed	Variance
Repayment of Normative Loan during the year	535.37	809.32	273.95
Equity portion of Fully Depreciated Assets	0.00	3.07	3.07
Closing Balance of Net Normative Loan	4969.90	5574.55	604.65
Average Balance of Net Normative Loan	4595.79	5560.43	964.64
Weighted average Rate of Interest on Actual Loan	10.22%	9.60%	0.62%
Interest and Finance Charges	**469.64**	**533.88**	**64.24**

Table 3-9: Interest and Financing charges on Loan claimed by TGNPDCL for FY 2024-25

(Rs. Crores)

Particulars	MYT Order	Claimed	Variance
Opening Balance of Normative Loan	1874.54	3,117	
Receipt of New Loans (excl. consumer contributions)	1110.83	541	
Repayment of loan (Depreciation for the year)	317.39	414	
Equity portion of GFA of fully depreciated assets	0.00	26	
Closing Balance of Normative Loan	2667.99	3,270	
Average Balance of Normative Loan	2271.26	3,194	
Rate of interest	10.75%	10.26%	
Interest and Finance Charges	**244**	**328**	**84**

3.5.2 The petitioners have submitted that the interest expenditure on account of long-term loans depends on the outstanding loan, repayments, and prevailing interest rates on the outstanding loans. Further, the projected capital expenditure and the funding of the same also have a major bearing on the long-term interest expenditure. Further submitted that considering the normative opening loan, normative loan addition during the year and loan repayment equal to depreciation and the weighted average interest rates have computed the interest expenses on normative basis for FY 2024-25.

3.5.3 TGNPDCL submitted that it has projected its normative loan of Rs. 2,869 Crores for FY 2024-25 whereas Commission in MYT order has considered Rs. 1,875 Crores only for computation of Interest and Finance Charges, which led to lower interest costs. The net assets considered by Commission are lower than the actuals of the

Company as per annual accounts. This has led to lower approvals for TGNPDCL.

Stakeholders' submissions

3.5.4 One of the stakeholders submitted that the petitioners have calculated the Interest and Finance Charges considering Gross Depreciation (i.e. depreciation including depreciation on consumer contributed assets) which is against the Regulatory Provisions.

3.5.5 Further, opening balance of normative loan has been considered as per audited accounts and not as per regulatory provisions. The Commission, in Distribution Wheeling MYT Order dated 28/10/2024 had calculated the opening normative loan for FY 2024-25 based on the closing normative loan at the end of FY 2023-24. Relevant extract from the said Order is as follows.

"4.7.3 The Commission has determined the opening loan base for FY2024-25 by taking the approved Gross Fixed Assets (GFA) as on 01.04.2024, adjusted for accumulated depreciation, consumer contributions, and grants, and apportioning it based on a debt-equity ratio of 75:25. Additionally, in accordance with Clause 27.1 of Regulation No. 2 of 2023, the Commission has applied the same 75:25 debt-equity ratio to the approved capitalisation during the year, net of consumer contributions and grants, to calculate the loan addition for each year of the Control Period"

3.5.6 Accordingly, the stakeholder has recomputed the Interest & Finance Charges after considering the opening balance of normative loan for FY 2024-25 same as closing balance of normative loan for FY 2023-24 & deduction of depreciation on consumer contributed assets from gross depreciation.

For TGSPDCL

(Rs. Cr.)

Particulars	Claimed by TGSPDCL	PFI Working	Difference
Opening Balance of Normative Loan	5546	4222	
Receipt of New Loans (exc. Consumer contribution)	834	834	
Repayment of loan (Dep. Adjusted for CC)	809	363	
Equity portion of GFA of fully depreciated assets	3	3	
Closing Balance of Normative Loan	5575	4696	
Average Balance of Normative Loan	5560	4459	
Rate of Interest	9.60%	9.60%	
Interest & Finance Charges	**534**	**428**	**(106)**

For TGNPDCL

(Rs. Cr.)

Particulars	Claimed by TGNPDCL	PFI Working	Difference
Opening Balance of Normative Loan	3117	1875	
Receipt of New Loans (exc. Consumer contribution)	541	541	
Repayment of loan (Dep. Adjusted for CC)	414	243	
Equity portion of GFA of fully depreciated assets	26	26	
Closing Balance of Normative Loan	3270	2199	
Average Balance of Normative Loan	3194	2037	
Rate of Interest	10.26%	10.26%	
Interest & Finance Charges	**328**	**209**	**(119)**

3.5.7 The stakeholder further requested the Commission to consider reducing Interest & Finance Charges claimed by TGSPDCL and TGNPDCL by Rs. 106 Crores and Rs.119 Crores respectively and the same should be borne by the Govt. of Telangana in the form of subsidy.

3.5.8 Other stakeholders have submitted that TGSPDCL has claimed interest on loan to the tune of Rs. 534 Crores and Rs. 934 Crores for FY 2024-25 and FY 2026-27 respectively. Likewise, TGNPDCL has claimed interest on loan to the tune of Rs. 328 Crores and Rs. 400 Crores for FY 2024-25 and FY 2026-27 respectively.

3.5.9 The stakeholder further submitted that the treatment of interest expense and Return on Equity has materially changed from FY 2024-25 onwards pursuant to the revised Regulations, which provide for allowance of Return on Equity and interest on loan in place of the earlier framework of Return on Capital Employed. This regulatory shift has correspondingly altered the methodology for computing interest on loan and Return on Equity. While the Objector is broadly aligned with the petitioner's approach in principle, the key issue that remains pertains to the determination of the opening balances of Loan and Equity, which must be established strictly in accordance with regulatory provisions and principles of financial prudence.

3.5.10 The stakeholder stated that in order to arrive at the opening balance of normative loan, the reference is drawn to the Tariff order for FY 2025-26 wherein the Commission while determining the interest on loan observed as follows

> *"3.22.11 The Commission has determined the opening loan base for FY2024-25 by taking the approved Gross Fixed Assets (GFA) as on 01.04.2024 adjusted for accumulated depreciation, consumer contributions, and grants and apportioning it based on a debt-equity ratio of 75:25. Additionally, in accordance with Clause 27.1 of Regulation No. 2 of 2023, the Commission has applied the same 75:25 debt-equity ratio to the approved capitalisation during*

the year, net of consumer contributions and grants, to calculate the loan addition for FY 2025-26."

3.5.11 The stakeholder submitted that the claim made by TGSPDCL towards opening balance of normative loan is shown as under:

Table 7: Summary of TGSPDCL's claim of Opening balance of Loan for the FY 2024-25

(All figures in Rs. Crores)

Particulars	2024-25
GFA as on 31.03.2024	22196
Consumer Contribution	7600
GFA excluding CC	14596
Loan = 75% of GFA excl. CC	10947
Accumulated Dep excl. CC	7201
Accumulated Depreciation excluding Consumer contribution 75%	5401
Opening Balance	**5546**

3.5.12 Further submitted that the opening balance of consumer contribution & grants for FY 2024-25 must be considered equivalent to the closing balance of consumer contribution & grants approved by the Commission in the True up of FY 2023-24 and similarly the opening balances of GFA must be considered equivalent to the closing balance of the GFA approved in the True up of FY 2023-24 and the relevant extracts of the Tariff Order depicting the opening GFA balance (and additions during (FY 2023-24) and the opening consumer contribution & grants (and additions during (FY 2023-24) for the FY 2023-24 are shown as under:

Table 3.7: ROCE claimed and approved for FY 2023-24 for TGSPDCL

Rs.in crore

Particulars	Approved in MYT Order dated:29.04.2020	Actuals as claimed in APR	Approved
Original Cost of Fixed Assets at the beginning of the year		20432.89	20407.97
Accumulated Depreciation at the beginning of the year		6621.11	5820.55
Consumer Contribution at the beginning of the year		8960.02	8956.40
Grants under UDAY Scheme			656.48
Regulated Rate Base		**4851.76**	**4974.53**
Investments capitalised during the year		1763.52	1763.52
Depreciation during the year		829.45	828.44
Consumer Contribution addition during the year		1157.80	1157.80
Change in Rate Base		**-111.87**	**-111.36**
O&M expenses		296.68	296.68
Working Capital		**296.68**	**296.68**
Regulated Rate Base for RoCE		**5036.58**	**5159.86**

Table 3.8: ROCE claimed and approved for FY 2023-24 for TGNPDCL

Rs.in crore

Particulars	Approved in MYT Order dated: 29.04.2020	Actuals as claimed in APR	Approved
Original Cost of Fixed Assets at the beginning of the year		9602.59	9586.83
Accumulated Depreciation at the beginning of the year		4941.35	4204.53
Consumer Contribution at the beginning of the year		2036.94	2619.26
Grants under UDAY Scheme			332.53
Regulated Rate Base		**2624.31**	**2430.52**
Investments capitalised during the year		552.57	552.57
Depreciation during the year		356.24	355.65
Consumer Contribution addition during the year		179.41	179.42
Change in Rate Base		**8.46**	**8.75**
O&M expenses		218.79	209.68
Working Capital		**218.79**	**209.68**
Regulated Rate Base for RoCE		**2851.55**	**2648.95**

3.5.13 Additionally, on perusal of audited accounts of TGSPDCL and TGNPDCL indicates that the consumer contribution & grants amounting to Rs. 1221 Crores and Rs. 302 Crores have been received during the FY 2024-25. Relevant extracts of the Note 3 of the Audited Accounts are reproduced hereunder:

TGSPDCL

3 - RESERVES & SURPLUS

Particulars	As at March 31, 2025	As at March 31, 2024
	Rs. in Crore	Rs. in Crore
a. Consumer Contribution towards capital assets		
Opening Balance	8,719.68	7,562.09
(+) Current year Receipts	1,220.99	1,157.59
Closing Balance	**9,940.67**	**8,719.68**
b. Subsidies towards cost of capital assets		
Opening Balance	73.40	73.40
(+) Current year Receipts	-	-
Closing Balance	**73.40**	**73.40**
c. Grants/Donations towards cost of capital assets		
Opening Balance	1,324.74	1,324.53
(+) Current year Receipts	0.13	0.21
(-) Current Year Utilization	(0.13)	-
Closing Balance	**1,324.74**	**1,324.74**
Total (Closing balance of a+b+c)	**11,338.81**	**10,117.82**

TGNPDCL

Note: 3 - RESERVES AND SURPLUS (Rs in Crore)

Particulars	As at 31.03.2025	As at 31.03.2024
A) Capital reserve		
i) Consumer contributions for service connections		
At the beginning of the year	1,794.53	1,600.98
Add: Received during the year	297.25	318.35
Less: Amortised during the year	124.94	124.79
At the end of the year	**1,966.84**	**1,794.53**
ii) Subsidies/Grants towards cost of Capital assets (PMIE-Urban INDIRAMMA, DDG,RGGVY,DDUGJY,IPDS , Sowbagya,STSDF ST Habitations,RAPDRP-Part A, and RAPDRP SCADA Works)		
At the beginning of the year	421.82	435.96
Add: Received during the year	4.63	1.78
Less: Amortised during the year	29.62	15.92
At the end of the year	**396.83**	**421.82**

3.5.14 Additions to consumer contribution and grants as per the audited accounts for the True up of FY 2024-25 are considered and calculated the balances of GFA and consumer contribution & grants admissible for FY 2024-25 based on the admissible capitalization during the year (as discussed in the preceding sections) and additions to consumer contribution & grants during the FY 2024-25 as under:

Table 5: Summary of admissible GFA and Consumer contribution & Grants for the FY 2024-25

(All figures in Rs. Crores)

Particulars	TGSPDCL	TGNPDCL
GFA		
Opening as on 01.04.2023 (As per Tariff Order)	20407.97	9586.83
Additions during FY 2023-24 (As per Tariff Order)	1763.52	552.57
Closing as on 31.03.2024	**22171.49**	**10139.4**
Additions during FY 2024-25	1,314.07	666.48
Closing as on 31.03.2025	**23,485.56**	**10,805.88**
Consumer contribution and grants		
Opening as on 01.04.2023 (As per Tariff Order)	9612.88	2951.79
Additions during FY 2023-24 (As per Tariff Order)	1157.8	179.42
Closing as on 31.03.2024	**10770.68**	**3131.21**
Additions during FY 2024-25	1,221.12	301.88
Closing as on 31.03.2025	**11,991.80**	**3,433.09**

3.5.15 The stakeholder submitted that the petitioner has not provided any justification for applying 75% to accumulated depreciation (excluding consumer contribution) while deducting it from the loan (i.e., 75% of GFA less CC) and stated that the accumulated depreciation (excluding CC) is fully available for loan repayment, and therefore, the application of 75% only lacks regulatory and financial rationale. Further, the Tariff Regulations explicitly stipulate that repayment shall be equivalent to depreciation, rendering the application of a 75% factor unwarranted and clause 26 of MYT Regulation 2023 in respect of treatment of consumer contribution, deposit works, grants and capital subsidy.

3.5.16 Further the stakeholder submitted that the petitioner has not furnished the break-up of consumer contribution & grants forming part of accumulated depreciation, in the absence of such details contribution of consumer contribution & grants to accumulated depreciation be considered in proportion to the ratio of total consumer contribution as on 01.04.2024 to total GFA as on 01.04.2024, ensuring consistency and prudence in computation.

3.5.17 In view of the above, the revised opening balance of loan for TGSPDCL (as on 01.04.2024), as worked out by the stakeholder in accordance with regulatory principles and financial prudence, is set out below:

Table 8: Summary of Opening balance of Loan for TGSPDCL for the FY 2024-25

(All figures in Rs. Crores)

Particulars	As claimed by the Petitioner	As per Objector's assessment
GFA as on 31.03.2024 [A]	22,196.00	22,171.49
Consumer Contribution [B]	7,599.84	10,770.68
GFA excluding CC [C = A-B]	14,596.16	11,400.81
Loan = 75% of GFA excl. CC [D = C x 75%]	10,947.12	8,550.61
Accumulated Dep excl. CC [E]	7,201.08	5,786.25
Accumulated Depreciation excluding Consumer contribution 75% [E x 75%]	5,400.81	NA
Opening Balance of Normative Loan	**5,546.31**	**2,764.36**

Petitioners' Replies

3.5.18 The petitioners have submitted that they adopted the methodology applied by the Commission in the MYT Order for computing interest on loan, including the treatment of depreciation, which serves as the normative loan repayment as per clause 31.3 and the depreciation considered for loan repayment is exactly as recognised in the ARR computation framework approved by the Commission, including the consumer contribution funded assets.

3.5.19 TGDISCOMS submitted that the interest on loan has been computed strictly as per Regulation No. 2 of 2023, applying the normative 75:25 debt-equity ratio to the asset base, consistent with the methodology adopted by the Commission. The treatment of loan opening balances, loan additions, and repayment equivalent to depreciation has been done as per Regulation.

3.5.20 The suggestion that accumulated depreciation should be applied at 100% for normative loan repayment does not align with the normative capital structure stipulated by the Regulations, which requires debt and equity to be maintained in the 75:25 ratio for all regulatory computations, including loan additions and repayment.

3.5.21 Further, with respect to consumer contribution and grants reconciliation of opening GFA and consumer contribution/grants is undertaken with reference to the audited accounts, and all variations are fully subject to the Commission's prudence check during true-up. The petitioners also reiterate that capitalization entries, funding pattern, and asset addition details are furnished to the Commission for scrutiny along with supporting documents. Depreciation and loan computations exclude the grant-funded/consumer contribution portion of assets, fully complying with clause 26 and requested to approve interest on loan as per the filings.

Commission's Analysis and Findings

3.5.22 The Commission has examined the submissions made by the petitioners, the objections raised by the stakeholders, and the replies furnished by petitioners with reference to the applicable provisions of the Regulation No. 2 of 2023 governing computation of interest and finance charges on loan. Clause 31 of Regulation 2 of 2023 specifies the provisions related to interest and finance charges on loan. The relevant extract of the Regulation is as follows:

> *"31.1 The loans arrived at in the manner indicated in clause 27 on the assets put to use shall be considered as gross normative loan for calculation of interest on loan: Provided that in case of retirement or replacement or de-capitalisation of assets, the loan capital approved as mentioned above, shall be reduced to the extent of outstanding loan component of the original cost of such assets based on documentary evidence.*
>
> *31.2 The normative loan outstanding as on 01.04.2024, shall be worked out by deducting the cumulative repayment as admitted by the Commission up to*

31.03.2024, from the gross normative loan.

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

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

31.5 The rate of interest shall be the weighted average rate of interest computed on the basis of the actual long-term loan portfolio at the beginning of each year:

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

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

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

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

Provided also that if the entity as a whole does not have actual long-term loan, then the Base Rate at the beginning of the respective year shall be considered as the rate of interest for the purpose of allowing the interest on the normative loan.

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

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

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

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

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

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

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

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

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

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

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

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

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

Provided also that the net savings in interest shall be computed after factoring all the terms and conditions, and based on the weighted average rate of interest of actual portfolio of loans taken from Banks and Financial Institutions recognised by the Reserve Bank of India, before and after re-financing of loans:

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

3.5.23 The Commission in accordance with clause 26 of Regulation 2 of 2023, has ensured that capital cost funded through Consumer Contributions and Grants has been excluded while determining the admissible loan base for computation of interest on loan.

3.5.24 With regard to the determination of the opening normative loan for FY 2024-25, the Commission has determined the opening loan base by considering the approved Gross Fixed Assets (GFA) as on 01.04.2024 after adjusting for Consumer Contributions and Grants approved by the Commission and applying the normative debt-equity ratio of 75:25 in accordance with Clause 27.1 of Regulation No. 2 of 2023. Further, in line with Clause 31.3 of the Regulation, accumulated depreciation on assets excluding those funded through Consumer Contributions and Grants has been considered for cumulative repayment of loan upto seventy-five percent (75%) of the asset cost, and accumulated depreciation beyond this level has been treated as repayment of equity.

3.5.25 For capitalization during FY 2024-25, the Commission has applied the actual debt-equity ratio where the equity infused is less than the normative 25%, after deducting Consumer Contributions and Grants from the capitalisation during the year. The Commission has also considered additions towards Consumer Contributions and Grants during FY 2024-25 as per the audited accounts, after due prudence check.

3.5.26 In a reply to additional information TGSPDCL submitted that there is no equity infusion for FY 2024-25. TGNPDCL has submitted that an amount of Rs.823.05 Crores spent towards capital expenditure, out of which Rs. 431.26 Crores availed through Debt, Rs. 89.91 Crores through Internal funds, Rs. 297.25 Crores through consumer contributions and Rs. 4.63 Crores through Grants during FY 2024-25. After prudence check the Commission has allowed Rs. 485.54 Crores towards loan portion of allowed capitalization Rs. 888.65 Crores during the year in proportionate to the net capitalization of Rs. 586.77 Crores for FY 2024-25.

3.5.27 The Commission has considered the rate of interest applicable for computation of Interest and Finance Charges based on the weighted average rate of interest on actual long-term loan portfolio, in accordance with Clause 31.5 of Regulation No. 2 of 2023. Further, as specified under Clause 12.2 of the Regulation, variation in market interest rates for long-term loans is treated as an uncontrollable factor. Accordingly, the Commission has considered the actual weighted average interest rate while recomputing the interest and finance charges and has approved the Interest and Finance Charges on Loan for FY 2024-25 as under:

Table 3-10: Interest and Finance charges on Loan claimed and approved for TGSPDCL for FY 2024-25

(Rs. Crores)

Particulars	MYT order	Claimed	Approved
Opening balance of net normative loan	4221.68	5546.31	5145.36
Addition of normative loan due to capitalisation during the year	1283.59	834.49	531.10
Repayment of normative loan during the year	535.37	809.32	374.32
Equity portion of GFA of fully depreciated assets depreciated	0.00	3.07	0.00
Closing balance of net normative loan	4969.90	5574.55	5302.14
Average balance of net normative loan	4595.79	5560.43	5223.75
Weighted average rate of interest on actual loans (%)	10.22%	9.60%	9.60%
Interest	469.64	533.88	501.55
Finance charges	0.00	0.00	
Interest & Finance charges	**469.64**	**533.88**	**501.55**

Table 3-11: Interest and Finance charges claimed and approved for TGNPDCL for FY 2024-25

(Rs. Crores)

Particulars	MYT order	Claimed	Approved
Opening balance of net normative loan	1874.54	3117	1693.41
Addition of normative loan due to capitalisation during the year	1110.83	541	485.54
Repayment of normative loan during the year	317.39	414	266.51
Equity portion of GFA of fully depreciated assets depreciated	0.00	26	0.00
Closing Balance of Net Normative Loan	2667.99	3270	1912.44
Average balance of net normative loan	2271.26	3194	1802.92
Weighted average rate of interest on actual loans (%)	10.75%	10.26%	10.26%
Interest	244.22	328	184.99
Finance charges	0.00		
Interest & Finance charges	**244.22**	**328**	**184.99**

3.6 Return on Equity

Petitioners' claim

3.6.1 TGSPDCL has claimed Rs. 301.54 Crores towards Return on Equity against the approved amount of Rs. 168.76 Crores, TGNPDCL has claimed Rs. 177 Crores against the approved amount of Rs. 84 Crores as shown in below table:

Table 3-12: Return on Equity claimed by TGSPDCL and TGNPDCL for FY 2024-25

(Rs. Crores)

Particulars	TGSPDCL			TGNPDCL		
	MYT Order	Claimed	Variance	MYT Order	Claimed	Variance
Regulatory Equity at the beginning of the year	1407.29	1848.77	441.48	624.85	1,039	
Net Capitalization during the year	1711.45	834.49	-876.96	1481.10	721	
Equity portion of capitalisation during the year	427.86	208.62	-219.24	370.28	180	
Equity portion of fully depreciated assets	0	136.93	136.93	0	43	
Reduction in Equity Capital on account of retirement / replacement of assets	0	0	0	0	0	
Regulatory Equity at the end of the year	1835.15	1920.46	85.31	995.12	1,176	
Base rate of Return on Equity	11.00%	16%	5.00%	0%	16%	
Effective Income Tax rate	0	0	0		0	
Rate of Return on Equity	11.00%	16.00%	5.00%	14%	16.00%	
Return on Regulatory Equity at the beginning of the year	154.80	295.80	141.00	68.73	166	
Return on Regulatory Equity addition during the year	23.53	5.74	-17.80	20.37	11	
Less:			0			
UDAY Grant on Equity Component	87.01	0	-87.01	44.08	0	
Impact of UDAY on RoE	9.57	0	-9.57	4.85	0	
Total Return on Equity	**168.76**	**301.54**	**132.77**	**84**	**177**	**93**

3.6.2 TGSPDCL has submitted that, it has computed the opening equity by considering the recomputed GFA as specified in Regulation No. 2 of 2023 instead of opening GFA as per audited accounts as the migration of accounts TGSPDCL from existing CERC methodology to Regulation No. 2 of 2023 is under process. TGSPDCL has further submitted that, it has determined the opening equity base for FY 2024-25 by considering the computed GFA as on 01.04.2024 duly adjusting the accumulated depreciation and equity portion of fully depreciated assets by adopting the normative debt-equity ratio of 75:25 as specified by the Commission in Regulation No. 2 of

2023 to the capitalization after deducting the consumer contributions and grants. Return on Equity is claimed at 16% that is 2 % addition on 14 % as TGSPDCL has met standards of performance for FY 2024 -25 and also submitted the quarterly and annual reports of Standards of Performance for FY 2024-25 to the Commission vide reference Lr.No.CE (IPC&RAC)/SE(RAC)/DE(RAC) /ADE2/F.E-166/D.No.321/25, Dt: 22.08.2025.

3.6.3 TGNPDCL submitted that the return on equity computed as per the methodology specified in the Regulation No. 2 of 2023 and also submitted that similar to depreciation and interest costs discussed above, the net assets considered by Commission are lower than the actuals from their books of accounts. This has again led to lower approvals of return on equity for TGNPDCL. Further submitted that, the deviation in actuals of Return on Equity over approved is due to considering lower base rate on return on equity i.e., 11% instead of 14%. Additional 2% is considered for compliance of TGNPDCL's performance towards meeting Standards of Performance (SOP) for FY 2024-25 and submitted that TGNPDCL has submitted quarterly report on "SOP" to the Commission in FY 2024-25 vide Letter No. Lr.No.CE(I&R)/GM/(I&R)/DE(RAC)/ TGNPDCL/WGL/F.SOP/ D.No.58/25 dt. 12.05.2025.

Stakeholders' submissions

3.6.4 One of the stakeholders have submitted that while TGSPDCL is claiming 78.67% higher expenditure under return on equity (RoE), TGNPDCL is claiming 110.71% higher expenditure under RoE during the FY 2024-25. TGDISCOMs are claiming higher RoE than allowed by the Commission in the Order dated 28-10-2024 and further submitted that the Commission in its Order reduced the RoE for FY 2024-25 to 11% for delay in filing ARR and tariff proposals

3.6.5 By seeking a change in the RoE at the stage of True-Up, the petitioner is effectively attempting to reopen and modify the Tariff Order, which is impermissible in law. Once the Commission determines the norms and parameters in a Tariff Order, the same attain finality and cannot be altered except where the Regulations themselves expressly permit such variation.

3.6.6 It is well settled through a catena of judgments of the Hon'ble APTEL that the True-Up mechanism is only meant to reconcile approved estimates with actuals based on the already approved norms and cannot be used to revise, substitute, or re-determine the tariff parameters. The scope of True-Up is limited to adjustment within the framework of the Tariff Order and not to re-write the tariff itself. Therefore, permitting relaxation in the Rate of RoE at the True-Up stage would not only amount to modification of the Tariff Order, but would also dilute the intent of the Tariff Regulations, which link RoE to regulatory discipline, including adherence to prescribed timelines, any such relaxation would undermine regulatory certainty and defeat the very objective of incentivizing compliance by the utility.

3.6.7 The stakeholders have to maintain the same rates.

3.6.8 Furthermore, the Licensees have also claimed an incentive of 2% over the base rate of RoE citing compliance to TGERC (Licensees' Standards of Performance) Regulations, 2016 and have submitted the compliance report to the Commission through separate communications.

3.6.9 At the outset, the stakeholder submitted that compliance with SOP and the associated incentive framework is an integral part of the Tariff Regulations and cannot be presumed or admitted merely on assertion. The Licensees are obligated to place on record verifiable data and documentary evidence substantiating such compliance. A bald statement of compliance does not confer eligibility for incentive and must withstand the test of regulatory scrutiny and public examination. Further, questioned the quality and robustness of the compliance being reported to the Commission. Stakeholder opined that it is imperative to examine whether the underlying data is systematically monitored, audited, and governed by clearly defined reporting guidelines. In the absence of any critical and objective evaluation of distribution performance beyond mere statistics, the claim for incentive lacks merit.

3.6.10 Without prejudice to the above, the stakeholder submits that the Licensees cannot, in law or equity, simultaneously suffer penalties and seek incentives on the very same regulatory obligations. Where the Commission has already taken cognizance of non-compliance by imposing penalties for delayed filings, the Licensees are estopped from claiming incentive for alleged SOP compliance in the same regulatory regime. Penalty and incentive are mutually exclusive consequences attached to performance standards under the Regulations, and permitting both to coexist for the same period and parameter would be arbitrary, inconsistent with regulatory discipline.

3.6.11 The stakeholder further requested not to accept the petitioner's additional claim of 2% higher RoE for achieving standards of performance (SoP). Their claims related to achieving SoP needs to be verified on the ground and it should be subjected to third party scrutiny as stakeholder opined that frequently they come across news about arrest of TGDISCOMs staff by Anti-Corruption Bureau (ACB) for indulging in corrupt practices, these facts deny TGDISCOMs' claims about achieving SoP and requested to direct the petitioners to provide details regarding their staff arrested by ACB and action taken against them.

3.6.12 Other stakeholders have submitted that, TGSPDCL has claimed Return on Equity to the tune of Rs. 302 Crores and Rs. 482 Crores for FY 2024-25 and FY 2026-27 respectively. Likewise, TGNPDCL has claimed Return on Equity to the tune of Rs. 177 Crores and Rs. 245 Crores for FY 2024-25 and FY 2026-27 respectively and the petitioners have claimed RoE at a rate of 16% for FY 2024-25 and FY 2026-27 wherein Licensees have sought an additional 2% (towards compliance of SOP) over the base rate of 14%.

3.6.13 Treatment of Interest Expense and Return on Equity has materially changed from FY 2024-25 onwards pursuant to the revised Regulations, which provide for allowance of Return on Equity and Interest on Loan in place of the earlier framework of Return on Capital Employed. Further, the opening balances of Equity must be established strictly in accordance with regulatory provisions and principles of financial prudence.

3.6.14 The stakeholder submitted the claim made by the petitioner (TGSPDCL) towards opening balance of Equity (as on 01.04.2024) is shown as under:

Table 10: Summary of TGSPDCL's claim of Opening balance of Equity for the FY 2024-25

(All figures in Rs. Crores)

Particulars	FY 2023-24
Total GFA as on 31.03.2023	22196
Consumer Contribution assets in GFA as on 31.03.2023	7599.84
Fixed Assets post removal of CC as on 31.03.2023	14596
Total Accumulated Depreciation as on 31.03.2023	11252.69
Contribution of CC in Accumulated Depreciation	4051.61
Accumulated Depreciation post removal of Dep due to CC	7201
Balance Assets after deduction of accumulated Depreciation	7395
Balance Assets Equity Portion (25%)	**1849**

3.6.15 With reference to GFA and consumer contribution & grants in respect of RoE, stakeholder requested to consider their submissions. Further, in the absence of break-up of consumer contribution & grants forming part of accumulated depreciation, the stakeholder proposed that the contribution of consumer contribution & grants to accumulated depreciation be considered in proportion to the ratio of total consumer contribution as on 01.04.2024 to total GFA as on 01.04.2024, ensuring consistency and prudence in computation.

3.6.16 The stakeholder submitted the assessment to be admissible for opening Equity for TGSPDCL (as on 01.04.2024) as under:

Table 11: Summary of admissible Opening balance of Equity for TGSPDCL for the FY 2024-25

(All figures in Rs. Crores)

Particulars	As claimed by the Petitioner	As per Objector's assessment
Total GFA as on 31.03.2023	22,196.00	22,171.49
Consumer Contribution assets in GFA as on 31.03.2023	7,599.84	10,770.68
Fixed Assets post removal of CC as on 31.03.2023	14,596.16	11,400.81
Total Accumulated Depreciation as on 31.03.2023	11,252.69	11,252.69
Contribution of CC in Accumulated Depreciation	4,051.61	5,466.44
Accumulated Depreciation post removal of Dep due to CC	7,201.08	5,786.25
Balance Assets after deduction of accumulated Depreciation	7,395.08	5,614.56
Balance Assets Equity Portion (25%)	**1,848.77**	**1,403.64**

3.6.17 Further stated that TGNPDCL has not furnished the details of computation of opening Equity and further requested to adopt the same methodology..

3.6.18 Based on the above arguments, it is submitted that the Rate of RoE should be approved at 11.0% for the FY 2024-25. The allowable Return on Equity for both Discoms for the FY 2024-25 and FY 2026-27 as per stakeholder's assessment is shown as below:

Table 12: Summary of admissible Return on Equity for the FY 2024-25 and FY 2026-27

(All figures in Rs. Crores)

Particulars	TGSPDCL		TGNPDCL	
	FY 2024-25	FY 2026-27	FY 2024-25	FY 2026-27
Opening Equity	1,403.64	1,570.08	836.65	1,073.67
Additions during the year	23.24	154.16	91.15	155.76
Closing Equity	1,426.88	1,724.24	927.80	1,229.43
Average Equity	1,415.26	1,647.16	882.22	1,151.55
Rate of RoE	11%	14%	0.11	0.14
Tax Rate	0%	0%	-	-
Return on Equity	**155.68**	**230.60**	**97.04**	**161.22**

Petitioners' Replies

3.6.19 The petitioners have submitted that RoE has been considered at 11% by Commission during 2024-25. Further, TGDISCOMs have claimed a RoE of 16% based on clause

29.2(e), which permits a base RoE of 14% with an additional incentive of up to 2% linked to compliance with the Standards of Performance (SoP). The additional Return on Equity (RoE) claimed reflects their sustained efforts toward improving service quality and operational efficiency and requested the Commission to approve the claim in accordance with the performance-linked incentive provisions.

3.6.20 Further submitted that, while there was a delay in filing ARR and tariff proposals, it was due to complexities in data segregation and compliance with new MYT formats and the delay was not intentional and occurred during the transition to the 5th Control Period and requested the Commission to consider this context and allow the RoE as claimed, as the delay did not impact consumer service delivery. The additional 2% RoE claimed is in accordance with clause 29.2(e), which incentivizes licensees for achieving SoP. Petitioners submitted that they have implemented measures to improve reliability, reduce interruptions, and enhance consumer grievance redressal and requested to approve the claim.

3.6.21 Petitioners stated that isolated incidents reported in the media do not reflect the overall performance of TGDISCOMs and mentioned that they have robust internal vigilance mechanisms and take disciplinary action against erring staff and requested to consider performance metrics and audited compliance reports rather than anecdotal reports. The details of the action taken against erring staff for FY 2024-25 and FY 2025-26 are submitted as a part reply to stakeholder.

3.6.22 Return on Equity has been computed strictly as per Regulation No. 2 of 2023, applying the normative 75:25 debt–equity ratio to the asset base, in line with the methodology adopted by the Commission. The RoE rate of 14% + 2% SOP incentive, as permitted under the Regulations, has been applied uniformly.

3.6.23 The computation of opening equity, equity additions and exclusion of consumer-contribution/grant-funded assets has been carried out, consistent with the framework. The stakeholder’s presumption of misalignment is therefore not correct. Where consumer contribution and grants form part of asset funding, such portions are excluded from the equity base and requested to approve the rate of 16% for calculation of Return on Equity as per the filings

Commission’s Analysis and Findings

3.6.24 The Commission has taken note of the submissions made by the Petitioners, stakeholders, and the replies furnished by petitioners with reference to the applicable provisions of the Regulation No. 2 of 2023 governing computation of Return on Equity (RoE). Clause 29 of Regulation No. 2 of 2023 specifies provisions related to Return on Equity. The relevant extract of the Regulation is as follows:

> *"29 Return on Equity*
>
> *29.1 Return on Equity shall be computed in rupee terms, on the equity base determined in accordance with clause 27.*
>
> *29.2 Return on Equity shall be computed at the following base rates:*
>
> .....
>
> *(e) Distribution licensee: Base Return on Equity of 14% and additional Return on Equity up to 2% linked to Licensee's performance towards meeting standards of performance: Provided that the Commission at the time of true-up shall allow the additional Return on Equity up to 2% based on Licensee meeting the summary of overall performance standards as specified in Clause 1.11 of Schedule III of TSERC (Licensees' Standards of Performance) Regulations, 2016."*

3.6.25 The Commission has determined the opening equity base for FY 2024-25 after considering the approved Gross Fixed Assets as on 01.04.2024, duly adjusting Consumer Contributions, and Grants, and applying the normative debt-equity ratio of 75:25 adjusting accumulated depreciation excluding consumer contributions and grants beyond 75%, in line with the provisions of Regulation No. 2 of 2023.

3.6.26 For capitalization during FY 2024-25, the Commission has applied the actual debt-equity ratio where the equity infused is less than the normative 25%, after deducting Consumer Contributions and Grants from the capitalisation during the year. The Commission has also considered additions towards Consumer Contributions and Grants during FY 2024-25 as per the audited accounts, after due prudence check.

3.6.27 The request of the petitioner to condone the delay in filing of 5th MYT tariff petitions and to allow RoE 14 % instead of 11 % is not considered by this Commission as the delay was not considered in order dated 28.10.2024 and that orders were not challenged before the concerned authorities and it has become final and also the petitioner has not placed new points for consideration. In view of the above the Commission has considered the RoE for FY 2024-25 as 11% as approved in MYT order dated 28.10.2024.

3.6.28 With regard to the additional RoE linked to Standards of Performance, the

Commission has examined the quarterly and annual SoP reports submitted by the Licensees and evaluated their performance with reference to the summary of overall performance standards specified under Clause 1.11 of Schedule III of the (Licensees' Standards of Performance) Regulations, 2016. After analysing the submitted information, the Commission observed that TGNPDCL has submitted the data showing that they have complied with the summary of overall performance standards, whereas TGSPDCL has not met certain parameters under the overall performance standards during FY 2024-25. Accordingly, the Commission has allowed the additional RoE 1.97 % proportionately based on the number of overall performance parameters achieved during the year for TGSPDCL and full additional RoE of 2% to TGNPDCL in accordance with Regulation 29.2(e).

3.6.29 In a reply to additional information TGSPDCL submitted that there is no equity infusion for FY 2024-25. TGNPDCL has submitted that an amount of Rs.823.05 Crores spent towards capital expenditure, out of which Rs. 431.26 Crores availed through Debt, Rs. 89.91 Crores through Internal funds, Rs. 297.25 Crores through consumer contributions and Rs. 4.63 Crores through Grants during FY 2024-25. After prudence check the Commission has allowed Rs. 101.23 Crores towards equity portion of allowed capitalization of Rs. 888.65 Crores during the year in proportionate to the net capitalization of Rs. 586.77 Crores for FY 2024-25. Accordingly, the approved the Return on Equity is shown in table below:

Table 3-13: Return on Equity claimed and approved for TGSPDCL for FY 2024-25

(Rs. Crores)

Particulars	**MYT Order**	**Claimed**	**Approved**
Regulatory Equity at the beginning of the year	1407.23	1848.77	2656.86
Net Capitalisation during the year	1711.45	834.49	531.10
Equity portion of capitalisation during the year	427.86	208.62	0.00
Equity portion of fully depreciated assets added in that Year	0.00	136.93	0.00
Equity repayment during the year			34.33
Reduction in Equity Capital on account of retirement / replacement of assets	0.00	0.00	0.00
Regulatory Equity at the end of the year	1835.09	1,920.46	2622.53

Particulars	MYT Order	Claimed	Approved
Rate of Return on Equity			
Base rate of Return on Equity	14%	16%	15.97%
Reduction in Base ROE for delay in filling of Petition (6 Month)	3%		3.00%
Allowable rate of Return on Equity	11%		12.97%
Effective Income Tax rate	0%	0%	0%
Net Rate of Return on Equity	11%	16%	12.97%
Return on Equity Computation			
Return on Regulatory Equity at the beginning of the year	154.79	295.80	344.66
Return on Regulatory Equity addition during the year	23.53	5.74	-2.23*
Less:			
Uday Grant Equity component	87.01	0	80.61
Impact of Uday on ROE	9.57	0	8.87
Total Return on Equity	**168.76**	**301.54**	**333.57**

*Computed as per clause 28.5 of Regulation 2 of 2023

Table 3-14: Return on Equity claimed and approved for TGNPDCL for FY 2024-25

(Rs. Crores)

Particulars	MYT Order	Claimed	Approved
Regulatory Equity at the beginning of the year	624.85	1,039	1424.38
Net Capitalisation during the year	1481.10	721	586.77
Equity portion of capitalisation during the year	370.28	180	101.23
Equity portion of fully depreciated assets added in that Year	0.00	43	0.00
Equity repayment during the year			9.14
Reduction in Equity Capital on account of retirement / replacement of assets	0.00	0.00	0.00
Regulatory Equity at the end of the year	995.12	1176	1516.47
Rate of Return on Equity	0%		
Base rate of Return on Equity	14%	16%	16.00%
Reduction in Base ROE for delay in filling of Petition (6 Month)	3%		3.00%
Allowable rate of Return on Equity	11%		13.00%
Effective Income Tax rate	0%	0%	0%
Net Rate of Return on Equity	11%	16%	13.00%
Return on Equity Computation			
Return on Regulatory Equity at the beginning of the year	68.73	166	185.17
Return on Regulatory Equity addition during the year	20.37	11	5.99
Less:			

Particulars	MYT Order	Claimed	Approved
Uday Grant Equity component	44.08		40.93
Impact of Uday on ROE	4.85		4.50
Total Return on Equity	**84.25**	**177**	**186.65**

3.7 Interest on Working Capital

Petitioners' Claim

3.7.1 TGDISCOMs submitted that they have computed Interest on Working capital in accordance with clause 33 of Regulation No. 2 of 2023 by considering one-year SBI MCLR plus 150 base point for FY 2024-25.

3.7.2 TGSPDCL has claimed Rs. 126.30 Crores towards Interest on Working Capital against the approved amount of Rs. 85.17 Crores, TGNPDCL has claimed Rs. 82 Crores against the approved amount of Rs. 58 Crores as shown in below table:

Table 3-15: Interest on Working Capital claimed by TGSPDCL and TGNPDCL for FY 2024-25

(Rs. Crores)

Particulars	TGSPDCL			TGNPDCL		
	MYT Order	Claimed	Variance	MYT Order	Claimed	Variance
O&M Expenses	268.92	335.45	66.54	196.76	232	35.24
Maintenance Spares	50.66	221.96	171.30	22.49	102	79.51
Receivables	519.51	645.40	125.89	347.95	448	100.05
Total Working Capital requirement	**839.09**	**1202.81**	**363.73**	**567.20**	**781**	**213.80**
Interest rate %	10.15%	10.50%	0.35%	10.15%	10.50%	0.35%
Interest on working capital to Distribution business	**85.17**	**126.30**	**41.13**	**58**	**82**	**24.00**

3.7.3 TGNPDCL submitted that the ARR based on actuals incurred for FY 2024-25 has increased from that approved. and the deviation in actual interest rate over approved.

Stakeholders' submissions

3.7.4 Some of the stakeholders submitted that TGSPDCL has claimed IoWC to the tune of Rs. 126 Crores and Rs. 150 Crores for FY 2024-25 and FY 2026-27 respectively. TGNPDCL has claimed IoWC to the tune of Rs. 82 Crores and Rs. 100 Crores for

FY 2024-25 and FY 2026-27 respectively.

3.7.5 The Petitioner's claim of Rate of Interest of IoWC of 10.50% for the FY 2024-25 is incorrect. As per clause 33.6 of the Regulation, Rate of Interest on Working Capital must be considered equal to the weighted average base rate (1-year SBI MCLR) prevailing during the concerned year plus 150 basis points. Accordingly, the stakeholder has assessed the Rate for the True up of FY 2024-25 as 10.38% as shown herein below:

Table 16: Month-wise 1 Y SBI MCLR and computation of Weighted Average Rate of IoWC as per Objector

Sl. No.	From Date	To Date	No. of Days	Base Rate
1	4/1/2024	4/14/2024	13	8.65%
2	4/15/2024	5/14/2024	30	8.65%
3	5/15/2024	6/14/2024	31	8.65%
4	6/14/2024	7/14/2024	31	8.75%
5	7/15/2024	8/14/2024	31	8.85%
6	8/15/2024	9/14/2024	31	8.95%
7	9/15/2024	10/14/2024	30	8.95%
8	10/15/2024	11/14/2024	31	8.95%
9	11/15/2024	12/14/2024	30	9.00%
10	12/15/2024	1/14/2025	31	9.00%
11	1/15/2025	2/14/2025	31	9.00%
12	2/15/2025	3/14/2025	28	9.00%
13	3/15/2025	3/31/2025	17	9.00%
Weighted Average Rate (WAR)				8.88%
Rate of IoWC (WAR + 150 b.p.)				10.38%

3.7.6 Based on the disallowances on other items of the ARR and Rate of IoWC as above (FY 2024-25), the allowable Interest on Working Capital as per the stakeholder's assessment works out as follows:

Table 17: Summary of admissible IoWC for the FY 2024-25 and FY 2026-27

(All figures in Rs. Crores unless stated explicitly)

Particulars	TGSPDCL		TGNPDCL	
	FY 2024-25	FY 2026-27	FY 2024-25	FY 2026-27
O&M expenses	299.12	335.22	216.00	241.99
Maintenance spares	221.71	258.14	101.39	119.12
Receivables	495.60	562.71	356.39	411.69
Less:			-	-
Total Working Capital requirement	1,016.43	1,156.06	673.79	772.79
Interest rate	10.38%	10.25%	10.38%	10.25%
Interest on working capital	**105.51**	**118.50**	**69.94**	**79.21**

Petitioners' Replies

3.7.7 The petitioners have submitted that Interest on Working Capital has been computed strictly as per clause 33.6 of the Tariff Regulations, applying the notified formula using the SBI 1-year MCLR plus 150 bps, based on the prevailing rates applicable for the relevant year. The rate adopted in the petition reflects the actual weighted average MCLR and requested to approve the Interest on Working Capital computation as per filings.

Commission's Analysis and Findings

3.7.8 Applicable provisions of the Regulation No. 2 of 2023 governing computation of Interest on Working Capital (IoWC). Clause 33.3 of Regulation No. 2 of 2023 related to Interest on Working capital are extracted as follows:

> *"33.3 Distribution*
> *The working capital requirement of the Distribution Wires Business shall cover:*
> *Normative Operation and maintenance expenses for one (1) month;*
> *Maintenance spares at one percent (1%) of the opening Gross Fixed Assets for the Year; and*
> *Receivables equivalent to forty-five (45) days of the Aggregate Revenue Requirement;*
> *minus*
> *Amount held as security deposits other than those in the form of Bank Guarantees, if any, from Distribution System Users:*
> *Provided that for the purpose of Truing-up for any year, the working capital requirement shall be re-computed on the basis of the values of revised normative Operation & Maintenance expenses and actual Revenue from sale of electricity excluding incentive, if any, and other components of working capital approved by the Commission in the Truing-up before sharing of gains and losses"*

3.7.9 With regard to the applicable rate of interest, Clause 33.6 of Regulation No. 2 of 2023 stipulates that the rate of interest on working capital shall be determined on a normative basis, equal to the Base Rate prevailing as on the date of filing of the tariff petition plus 150 basis points. At the time of True-up, the applicable rate shall be considered as the weighted average Base Rate (1-year SBI MCLR) prevailing during the concerned year plus 150 basis points.

3.7.10 In accordance with clause 12.1 of Regulation No. 2 of 2023 Interest on Working Capital is a controllable factor and accordingly, gains or losses arising from variations are required to be shared between the Licensee and the beneficiaries in accordance with the mechanism specified under Clause 14 of the said Regulation.

3.7.11 The Commission has verified the annual accounts and recomputed the IoWC expenses in accordance with Regulation No.2 of 2023. the gains/losses attributable to controllable factors are arrived at by comparing the recomputed normative IoWC expenses and actual IoWC expenses. In accordance with clause 14 of Regulation 2 of 2023 sharing of gains/losses is computed. IoWC expenses approved for FY 2024-25 are arrived at by adding the sharing of gains/losses to the revised normative computed.

3.7.12 Accordingly, after recomputing the Working Capital requirement and applying the normative rate of interest of 10.38%, the Commission has determined the admissible Interest on Working Capital for FY 2024-25 for TGSPDCL and TGNPDCL.

3.7.13 Clause 12.1 of Regulation No. 2 of 2023 details the provisions related to Controllable factors. The relevant para is reproduced below.

> *"12.1 Variations or expected variations in the performance of the Petitioner, which may be attributed by the Commission to controllable factors include, but are not limited to the following:*
>
> *(a) Variation in Distribution losses;*
>
> *(b) Variation in Transmission losses;*
>
> *(c) Variation in operational norms;*
>
> *(d) Variation in amount of interest on working capital;*
>
> *(e) Variation in Operation & Maintenance expenses;*
>
> *(f) Variation in Coal transit losses"*

3.7.14 Clause 14 of Regulation No. 2 of 2023 details the provisions related to Mechanism for sharing of gains or losses on account of controllable factors. The relevant para is reproduced below.

> *"14.1 The approved aggregate gain to the generating entity or licensee or SLDC on account of controllable factors shall be dealt with in the following manner:*
>
> *(a) Two-third of the amount of such gain shall be passed on as a rebate in tariff over such period as may be stipulated in the Order of the Commission;*
>
> *(b) The balance amount of such gain shall be retained by the generating entity or licensee or SLDC.*
>
> *14.2 The approved aggregate loss to the generating entity or licensee or SLDC on account of controllable factors shall be dealt with in the following manner:*
>
> *(a) One-third of the amount of such loss may be passed on as an additional charge in tariff over such period as may be stipulated in the Order of the Commission;*
>
> *(b) The balance amount of such loss shall be absorbed by the generating entity or licensee or SLDC."*

3.7.15 The approved Interest on Working capital is as shown in table below:

Table 3-16: Interest on working capital claimed and approved for TGSPDCL for FY 2024-25

(Rs. Crores)

Sr. no.	Particulars	MYT Order	Claimed	Actual as per audited accounts	Revised Normative
1	Normative O&M Expenses for one month	268.92	335.45	324.06	307.46
2	Maintenance spares at one percent of opening GFA for the Year	50.66	221.96	221.96	221.71
3	Receivables equivalent to 45 days of ARR	519.51	645.40	645.40	612.78
	Less:				
4	Security Deposits	-	-		
5	Total Working Capital requirement	839.09	1,202.81	1,191.42	1,141.96
6	Interest rate	10.15%	10.50%	10.38%	10.38%
7	Interest on Working Capital	85.17	126.30	123.63	118.50

3.7.16 The Commission has approved Interest on working capital of Rs. 120.21 Crores after sharing of Gain/ loss for TGSPDCL for FY 2024-25 as shown in table below.

Table 3-17: Summary of Interest on Working Capital claimed and approved for TGSPDCL for FY 2024-25

(Rs. Crores)

Particulars	MYT Approved	Claimed	Actual as per audited accounts	Revised Normative	Gain / Loss	Sharing of Gain/ Loss*	Approved
Interest on working Capital	85.17	126.30	123.63	118.50	5.13	1.71	**120.21**

*If gain 2/3rd as rebate to the beneficiaries and if loss 1/3rd as additional charge to the beneficiaries

Table 3-18: Interest on working capital claimed and approved for TGNPDCL for FY 2024-25

(Rs. Crores)

Sr. no.	Particulars	MYT Order	Claim	Actual as per audited accounts	Revised Normative
1	Normative O&M Expenses for one month	196.76	232	225.94	216.39
2	Maintenance spares at one percent of opening GFA for the Year	22.49	102	101.55	101.39

Sr. no.	Particulars	MYT Order	Claim	Actual as per audited accounts	Revised Normative
3	Receivables equivalent to 45 days of ARR	347.95	448	445.27	414.82
	Less:				
4	Security Deposits	-	-		
5	Total Working Capital requirement	567.20	781	772.77	732.61
6	Interest rate	10.15%	10.50%	10.38%	10.38%
7	Interest on Working Capital	**57.57**	**82**	**80.19**	**76.02**

3.7.17 The Commission has approved Interest on working capital of Rs. 78.24 Crores after sharing of Gain/ loss for TGNPDCL for FY 2024-25 as shown in table below.

Table 3-19: Summary of Interest on Working Capital (Rs. Crores) claimed and approved for TGNPDCL for FY 2024-25

(Rs. Crores)

Particulars	MYT Approved	Claimed	Actual as per audited accounts	Revised Normative	Gain / Loss	Sharing of Gain/ Loss*	Approved
Interest on working Capital	57.57	**82**	**80.19**	**76.02**	4.17	1.39	**77.41**

*If gain 2/3rd as rebate to the beneficiaries and if loss 1/3rd as additional charge to the beneficiaries

3.8 Non-Tariff Income

Petitioners' Claim

3.8.1 TGSPDCL has claimed Rs. 570.44 Crores towards Non -Tariff Income against the approved amount of Rs. 153.55 Crores, TGNPDCL has claimed Rs. 175.41 Crores against the approved amount of Rs. 171.69 Crores as shown in below table:

Table 3-20: Non- Tariff Income claimed by TGSPDCL for FY 2024-25

(Rs. Crores)

Particulars	Claimed
Incidental Charges- Work	98.96
Sales of Scrap	-5.29
Penalties from Suppliers	10.61
SDs and BGs forfeited	-9.46
Miscellaneous Income	4.96
Sale of Tender Schedule	0.49

Particulars	Claimed
Rent from Fixed Assets	6.22
Meter Testing Charges	0.88
Registration Fee	0.03
Interest on Staff loans & advances	0.24
Penalty from Employees	0.50
Incentives and Rebates	25.00
Interest on Bank Deposits	8.77
Amortisation of Depreciation on CC Assets	428.53
Total	**570.44**

Table 3-21: Non- Tariff Income claimed by TGNPDCL for FY 2024-25

(Rs. Crores)

Sl. No.	Particulars	Claim
1	Deferred Revenue Income (Amortized Depreciation from CC Assets)	154.56
2	Interest on Staff Loans and Advances	-0.01
3	Income from Investments	5.98
4	Security deposits / Bank Guarantee forfeited	-0.14
5	Fines/Penalties from Suppliers	7.95
6	Other Miscellaneous Income	7.06
	NTI Total	**175.41**

Stakeholders' submissions

3.8.2 One of the stakeholders submitted that underground cable works is being rushed through in the background of electrical accidents involving overhead lines during the month of August 2025. Overhead internet and TV cables are removed from electric poles. During this exercise some cable operators claimed that they are paying service charges for using electric poles to hang the cables. The stakeholder raised a doubt whether the income from this source is included under non-tariff income.

3.8.3 Other stakeholders submitted that TGSPDCL has claimed non-tariff income (NTI) to the tune of Rs. 570 Crores and Rs. 532 Crores for FY 2024-25 and FY 2026-27 respectively. TGNPDCL has claimed NTI to the tune of Rs. 175 Crores and Rs. 183

Crores for FY 2024-25 and FY 2026-27 respectively.

3.8.4 The stakeholder submitted that the NTI submitted by the Distribution Licensees is understated. Clause 82 of the Regulation 2 of 2023 provides for consideration of items that qualify under NTI. The petitioner has not comprehensively considered all items qualifying as NTI under the Tariff Regulations while formulating its claim. It is further observed that the petitioner has included amortization of assets funded through Consumer Contribution and Grants, which is impermissible for NTI computation. Upon excluding the same, the NTI for TGSPDCL works out to Rs. 142 Crores, over which the petitioner has applied an annual escalation of 2% twice to arrive at the projected NTI for FY 2026-27.

3.8.5 It is also pertinent to note that certain income heads such as sale of scrap and SDs & BGs forfeited are shown as negative for FY 2024-25, which represents an expense and cannot be treated as income without detailed justification. The Petitioner has neither substantiated the basis for such negative entries nor demonstrated that they are normal, recurring in nature. Despite this, the petitioner has proceeded to project these negative values for future years, which is untenable, as such items are typically exceptional and non-recurring. Accordingly, they are to be disregarded by the Commission.

3.8.6 Annual Audited Accounts for the FY 2024-25 indicates that TGSPDCL has booked Other Income of Rs. 435 Crores (excluding Amortization of CC&G).

3.8.7 The stakeholder submitted that the Other Income of Rs. 397 Crores claimed by the petitioner must be supported with a detailed break-up and proper justification as to why such income should not be treated as NTI in terms of the Tariff Regulations. The note furnished indicates that this income includes items such as prior period CC charges, storage and handling charges, among others, which prima facie fall within the scope of NTI. In the absence of justification, the entire Other Income as reflected in the Audited Accounts for FY 2024-25 ought to be considered for NTI purposes.

3.8.8 Likewise, in the case of TGNPDCL, the Audited Accounts disclose miscellaneous receipts, the detailed break-up of which has not been furnished by the petitioner. In the absence of adequate information on record, the NTI must be admitted by considering the entire amount of Other Income / Miscellaneous Receipts in full. Accordingly, the admissible NTI, as assessed by the Objector for FY 2024-25, is set out below:

Table 15: Summary of NTI admissible as per Objector's assessment for the FY 2024-25

(All figures in Rs. Crores)

Particulars	TGSPDCL	TGNPDCL
Interest Income		
Bank	8.77	5.97
Staff	1.38	-
Others	4.98	-
Rent from Company's PPE	0.68	-
Sale of Scrap	11.76	-
Penalties from suppliers	10.61	-
Other Income	397.40	26.86
Late payment surcharge	-	96.45
Deferred revenue income	-	154.56
Total	**435.58**	**283.84**

Petitioners' Replies

3.8.9 The petitioners have submitted that, pole rental charges are already accounted as NTI in the Retail Supply and Wheeling business in accordance with clauses 82 & 90 of Regulation No. 2 of 2023.

3.8.10 NTI has been computed strictly with reference to the distribution business, in accordance with clause 82 of the Regulation 2 of 2023. Only income streams that are attributable to the distribution business have been included. The deferred revenue arising from the amortization of consumer contribution and grants has been considered separately, consistent with the methodology adopted by Commission and requested to approve the Non-Tariff Income as per the filings.

Commission's Analysis and Findings

3.8.11 The Commission has examined the submissions of the petitioners, the objections raised by the stakeholders. Clause 82 of Regulation No. 2 of 2023 specifies provisions related to Non- Tariff Income which is extracted below:

"82.1 The amount of Non-Tariff Income relating to the Distribution Wheeling Business as approved by the Commission shall be deducted from the Aggregate Revenue Requirement in determining the Wheeling Charges of the Distribution Wheeling Business:

82.2 The Non-Tariff Income shall include:

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

m) Any other Non-Tariff Income."

3.8.12 After prudence check, the Commission has disallowed Rs. -5.29 Crores against sale of scrap as TGSPDCL has not provided proper justification.

3.8.13 The Commission observes that the petitioners have included amortization of consumer contribution and grants under Non-Tariff Income in their claim. Amortization of assets funded through Consumer Contribution and Grants represents accounting adjustment of deferred revenue corresponding to assets created out of consumer contributions, and the same is not considered as an income stream arising from the distribution business operations. Accordingly, the Commission has not considered the amortization of Consumer Contribution and Grants under Non-Tariff Income for FY 2024-25 and it is also not considered under Depreciation and the Commission approved the Non-Tariff Income as per Audited Accounts after adjustment of amortization on consumer contribution and grants. The NTI Claimed and approved is as shown in table below:

Table 3-22: Non- Tariff Income claimed and approved for TGSPDCL for FY 2024-25

(Rs. Crores)

Sr. no.	Particulars	MYT Order	Claimed	Approved
1	Incidental Charges- Work	118.53	98.96	98.96
2	Sale of Scrap	0.02	-5.29	0
3	Penalties from Suppliers	7.03	10.61	10.61
4	SDs & BGs Forfeited	11.69	-9.46	-9.46
5	Miscellaneous Income	9.60	4.96	4.96
6	Sale of Tender Schedule	0.30	0.49	0.49
7	Rent from Fixed Assets	0.41	6.22	6.22
8	Meter Testing Charges	0.51	0.88	0.88
9	Registration Fees	5.29	0.03	0.03
10	Interest on Staff loans & Advances	0.12	0.24	0.24
11	Penalty from Employees	0.05	0.50	0.50
12	Amortisation due to CC		428.53	0.00
13	Incentives and Rebates		25	25.00
14	Interest on Bank Deposits		8.77	8.77
	Non-Tariff Income	**153.55**	**570.44**	**147.20**

Table 3-23: Non- Tariff Income claimed and approved for TGNPDCL for FY 2024-25

(Rs. Crores)

Sr. no.	Particulars	MYT Order	Claimed	Approved
1	Incidental Charges- Work	0.00		0.00
2	Sale of Scrap	0.00		0.00
3	Penalties from Suppliers	5.9	7.95	7.95
4	SDs & BGs Forfeited	4.00	-0.14	-0.14
5	Miscellaneous Income	11.00	7.06	7.06
6	Sale of Tender Schedule	0.00		0.00
7	Rent from Fixed Assets	0.00		0.00
8	Meter Testing Charges	0.00		0.00
9	Registration Fees	0.00		0.00
10	Interest on Staff loans & Advances	0.84	-0.01	-0.01
11	Penalty from Employees	0.00		0.00
12	Deferred Revenue Income	143.5	154.56	0.00
13	Income from Investment	6.7	5.98	5.98
	Non-Tariff Income	**171.94**	**175.41**	**20.85**

3.9 Revenue from Open Access

Petitioners' Claim

3.9.1 TGSPDCL has claimed Rs. 16.70 Crores towards Revenue from Open Access against the approved amount of Rs. 1.21 Crores for FY 2024-25, TGNPDCL has claimed Rs. 0.24 Crores against the approved amount of Rs. 6.00 Crores for FY 2024-25as shown in below table:

Table 3-24: Revenue from open access as claimed for FY 2024-25

(Rs. Crores)

Particulars	Claimed	
	TGSPDCL	TGNPDCL
Revenue from open access	16.70	0.24

Stakeholders' submissions

3.9.2 Some of the Stakeholders submitted that Revenue from OA Charges amounting to Rs. 16.70 Crores has been claimed by the TGSPDCL for FY 2024-25, Audited Accounts indicate that the Revenue from Other – Wheeling, Unscheduled Interchange, Capacitor surcharge, etc. is Rs. 28.53 Crores

Petitioners' Replies

3.9.3 TGSPDCL has submitted that wheeling-related Open Access revenue has been shown separately under Open Access Revenue. Other charges that pertain to the retail supply business have not been considered and requested to approve the Open Access revenue as per filings.

Commission's Analysis and Findings

3.9.4 The Commission has scrutinized the details submitted by the petitioners and approved the revenue from Open Access (OA) after prudence check with reference to the audited annual accounts. The Revenue from Open Access claimed and approved for FY 2024-25 is as shown in table below.

Table 3-25: Revenue from open access claimed and approved for FY2024-25
(Rs. Crores)

Particulars (Revenue from open access)	MYT Order	Claimed	Approved
TGSPDCL	1.21	16.70	16.70
TGNPDCL	6.00	0.24	0.24

3.10 Other Expenditure

Petitioners' Claim

3.10.1 TGDISCOMs submitted that, compensation/ex-gratia amount is paid to every electrical accident to non- departmental person and / or of an animal with department fault or without department fault in every year according to the guidelines of the Commission vide Proceedings No. TSERC/Secy/86 of 2015, Dt:28-12-2015 paying the amount and booked under compensations account under A&G expenses in the books of accounts.

3.10.2 The Ex-gratia paid to Electrical Accidents for FY 2024-25 approved by the Commission vis-à-vis actuals incurred along with the deviations is given in the table below:

Table 3-26: Other expenditure claimed for FY 2024-25
(Rs. Crores)

Particulars	TGSPDCL	TGNPDCL
(Compensation/Ex-gratia amount paid to Electrical Accidents)	20.18	25.14
Others	2.54	-
Price Variation	2.88	-
Total	**25.60**	**25.14**

Stakeholders' submissions

3.10.3 One of the stakeholders submitted that, TGSPDCL and TGNPDCL have claimed Rs. 25.60 Cr. and Rs. 25.14 Cr respectively as Other Expenditure for FY 2024-25. Such other expenditure includes Rs. 20.18 Cr. of compensation/ ex-gratia amount paid to Electrical Accidents. All penalties and compensation payable by the DISCOM to any party for failure to meet any Standards of Performance or for damages, as a consequence of the orders of the Commission, Courts, Consumer Grievance Redressal Forum, and Ombudsman, etc., should not be allowed to be recovered through the ARR.

3.10.4 Section 57 (2) and Section 59 (1) of the Act focus on two key points i.e., Compensation and Furnishing Case-wise information. Relevant sections are as follows:

> *"Section 57. (Consumer Protection: Standards of performance of licensee):*
> *(1) The Appropriate Commission may, after consultation with the licensees and persons likely to be affected, specify standards of performance of a licensee or a class of licensees.*
> *(2) If a licensee fails to meet the standards specified under sub-section (1), without prejudice to any penalty which may be imposed or prosecution be initiated, he shall be liable to pay such compensation to the person affected as may be determined by the Appropriate Commission:*
> *Provided that before determination of compensation, the concerned licensee shall be given a reasonable opportunity of being heard…."*
>
> *"Section 59. (Information with respect to levels of performance):*
> *(1) Every licensee shall, within the period specified by the Appropriate Commission, furnish to the Commission the following information, namely: -*
> *(a) the level of performance achieved under sub-section (1) of the section 57;*
> *(b) the number of cases in which compensation was made under subsection (2) of section 57 and the aggregate amount of the compensation."*

3.10.5 Conjoint reading of Section 57 & Section 59 leads to the conclusion that DISCOMs need to submit case-by-case details to the Commission and the Commission will determine the compensation only after going through the merits of each case.

3.10.6 Further, Hon'ble APTEL vide its Judgment dated 27/09/2012 in Appeal No.141 of2012 provided clarification of Section 57(2) stating that SERCs will determine compensation on a case-by-case basis after analyzing the failure in meeting standard of performance and other details, relevant extract from said judgement is as follows:

> *"Section 57(2) provides for a case-by-case determination of compensation. Such compensation has to be paid to the affected person. This will make it clear that the State Commission will have to determine on the basis of allegation that a particular standard of performance had been violated, as to how and what extent the person has been affected due to such violation."*

3.10.7 The petitioners have not submitted details or reference of communications forwarded to the Commission with respect to electrical accidents and action taken and have only claimed the compensation amount in the petition and requested to direct the petitioners to submit case-by-case reason of accident and allow pass through of compensation only in cases where the reason is not attributable to the DISCOM.

Petitioners' Replies

3.10.8 The petitioners have submitted that, their claim includes (a) statutory and ex-gratia payments arising from force-majeure/public safety events not attributable to the utility (b) amounts mandated under lawful directions where no fault of the licensee is established. According to the guidelines of the Commission vide Proceedings No. TSERC/Secy/86 of 2015, Dt:28-12-2015 paid the compensation /ex-gratia amount to every Electrical accident to non-departmental person and / or of an animal with department fault or without Department fault every year and this expenditure is booked under compensations account under A&G expenses in the licensee books of accounts.

3.10.9 The details of the same are already submitted to the Commission.

Commission's Analysis and Findings

3.10.10 The Commission notes that in the MYT Order dated 28.10.2024, separate provision was not created under the head of Other Expenditure for FY 2024-25. However, the petitioners have claimed expenditure under this head mainly towards payment of compensation/ex-gratia in connection with electrical accidents deaths involving non-departmental persons and animals. The Commission takes note of the submission of the petitioners that payment for ex-gratia/compensation is made vide Proceedings No. TSERC/Secy/86 of 2015 dated 28.12.2015. As TGSPDCL has not submitted proper justification for claiming others and price variation under other expenditure the Commission has disallowed the same. Accordingly, the Commission has approved the other expenditure as shown in the table:

Table 3-27: Other expenditure approved for FY 2024-25

(Rs. Crores)

Particulars	TGSPDCL		TGNPDCL	
	Claimed	Approved	Claimed	Approved
(Compensation/Ex-gratia amount paid to Electrical Accidents)	20.18	20.18	25.14	25.14
Others	2.54	-	-	-
Price Variation	2.88	-	-	-

Particulars	TGSPDCL		TGNPDCL	
	Claimed	Approved	Claimed	Approved
Total	**25.60**	**20.18**	**25.14**	**25.14**

3.11 Separate Audited accounts- Wheeling & Retail supply business for FY 2024-25

Stakeholders' Submissions

3.11.1 One of the stakeholders submitted that the petitioners file separate True-Up Petitions for Distribution Wheeling & Retail Supply Business but segmental reporting for these two businesses is not present in the Audited Accounts Relevant extract from the Audited Accounts is as follows.

- Note: 38 Segment reporting (AS-17) is not applicable since distribution and retail supply of power comprises primary and reportable segment."

3.11.2 Clause 77 of Regulation 02 of 2023 clearly states that separate accounts need to be maintained for Distribution & Retail Supply Business.

> *"77 Separation of Accounts of Distribution Licensee 77.1 Every distribution licensee shall maintain separate accounting records for the Wheeling Business and Retail Supply Business and shall prepare an Allocation Statement to enable the Commission to determine the Tariff separately for:*
> - *Distribution Wheeling Business;*
> - *Retail Supply of electricity:"*
>
> *Provided that in case complete accounting segregation has not been done between the Wheeling Business and Retail Supply Business of the distribution licensee, the Aggregate Revenue Requirement of the distribution licensee shall be apportioned between the Wheeling Business and Retail Supply Business in accordance with the following Allocation Matrix."*

3.11.3 The petitioners have been using pre-defined ratios as per clause 77 of Regulation No. 2 of 2023 for allocating costs between the two businesses, but these ratios are based on assumptions and do not represent the true picture. Such usage of predefined ratios without splitting the costs & revenue into Wheeling & Retail Business leads to non-scientific & non-transparent allocation of costs & revenue to the two businesses.

3.11.4 Open Access, which is one of the main pillars to promote competition in the electricity sector, as mandated u/s 42 of the Electricity Act, 2003 (Act) requires determination of Wheeling Charges. These Charges cannot be ascertained in an accurate and transparent manner until separate audited accounts are maintained.

3.11.5 Further, Section 42 of draft Electricity (Amendment) Bill, 2025 states that it is the duty of a distribution licensee to provide non-discriminatory open access of its network to other distribution licensees.

3.11.6 Also, Section 14 of draft Electricity (Amendment) Bill, 2025 allows multiple distribution licensees in the same area using shared network.

3.11.7 In view of above, it can be seen that separate accounts are required for promoting competition and improving efficiency and transparency in the two businesses (Distribution Wheeling & Retail Supply).

3.11.8 Accordingly, stakeholder requested the Commission to direct the petitioners to provide audited accounts separately for Distribution Wheeling & Retail Supply Business and file revised True-Up Petitions.

Petitioners' Replies

3.11.9 The petitioners have submitted that they are preparing Annual Accounts in accordance with Indian Accounting Standards and the same is being segregated for the Distribution Wheeling Business and Retail Supply Business in full compliance with the MYT formats notified by the Commission. The Commission has prescribed an allocation matrix under clause 77 to be used in cases where complete accounting segregation has not yet been achieved, in line with this the petitioners have been adopting the allocation matrix exactly as directed by the Commission, ensuring full regulatory compliance

Commission's Analysis and Findings

3.11.10 The Commission takes note of the concerns raised by the stakeholders that allocation of costs based solely on predefined ratios may not fully capture the actual cost structure of the two businesses and that maintenance of separate audited accounts would enhance transparency and improve the accuracy of tariff determination, particularly for determination of Wheeling Charges and facilitation of Open Access as envisaged under Section 42 of the Electricity Act, 2003. For the purpose of True-up for FY 2024-25, the Commission has considered the allocation of costs between the Wheeling and Retail Supply Businesses based on the allocation matrix prescribed under clause 77 of the Regulation 02 of 2023.

3.11.11 The Commission directs the petitioners to take necessary steps to implement full accounting segregation between the Wheeling Business and Retail Supply Business.

3.12 Aggregate Revenue Requirement for FY 2024-25

Petitioners' Claim

3.12.1 The Aggregate Revenue Requirement claimed for FY 2024-25 is tabulated below:

Table 3-28: ARR claimed by TGSPDCL for FY 2024-25

(Rs. Crores)

Aggregate Revenue Requirement			
Particulars	**MYT Order**	**Claimed**	**Variance**
Operation & Maintenance expenses	3585.56	4025.43	439.87
Depreciation	535.37	809.32	273.95
Interest and Finance Charges on Loan	469.64	533.88	64.24
Interest on Working Capital	85.17	126.30	41.13
Return on Equity	168.76	301.54	132.77
Other Expenditure	0.00	25.60	25.60
Aggregate Revenue Requirement	**4844.50**	**5822.06**	**977.56**
Less: Non-Tariff Income	153.55	570.44	416.89
Less: Revenue from Open Access consumers (Wheeling charges)	1.21	16.70	15.49
Net Aggregate Revenue Requirement	**4689.74**	**5234.92**	**545.18**
ARR transferred to RSB	**4689.74**	**5234.92**	**545.18**
Net Regulatory Gap True-up/(true-down)	**0**	**545.18**	**545.18**

Table 3-29: ARR claimed by TGNPDCL for FY 2024-25

(Rs. Crores)

Aggregate Revenue Requirement			
Particulars	**MYT Order**	**Claimed**	**Variance**
Operation & Maintenance expenses	2,623	2,783	159
Depreciation	317	414	97
Interest and Finance Charges on Loan	244	328	83
Interest on Working Capital	58	82	24
Return on Equity	84	177	93
Other Expenditure	0	25	25

Aggregate Revenue Requirement			
Particulars	**MYT Order**	**Claimed**	**Variance**
Aggregate Revenue Requirement	**3,327**	**3,808**	**482**
Less: Non-Tariff Income	172	175	4
Less: Revenue from Open Access consumers (Wheeling charges)	6	0.24	-5.76
Net Aggregate Revenue Requirement	**3,149**	**3,633**	**484**
Gap Transferred to ARR for FY 2026-27	**0**	**484**	**484**

Stakeholders' Submissions

3.12.2 One of the stakeholders computed the ARR as under considering their comments on True-up for FY 2024-25 and requested to consider the same.

For TGSPDCL

Sr. No.	Particulars	Claimed by DISCOM	Proposed by PFI	Difference
1	Operation & Maintenance (O&M) Expenses (6a+6b+6c)	4025	4025	0
1a	Employee Expenses	3611	3611	
1b	Administrative & General (A&G) Expenses	201	201	
1c	Repair & Maintenance (R&M) Expenses	213	213	
2	Return on Equity	302	302	0
3	Interest on Loan	534	428	(106)
5a	*Over and above normative*		*106*	
4	Interest on Working Capital	126	126	0
5	Depreciation	809	363	(446)
5a	*Impact of Decapitalization*		*18*	
5b	*Amortized Depreciation from Consumer Contributed Assets*		*429*	
6	Other Costs	26	5	(20)
6a	*Less: Comp. for Electrical accident on account of reasons attributable to DISCOM*		*20*	
7	Aggregate Revenue Requirement (ARR)	5,822	5,250	(572)
8	Less: Non-Tariff Income	570	142	429
8a	Less: Amortized Depreciation from Consumer Contributed Assets		429	
9	Less: Other Income	17	17	
10	**Net ARR**	**5,235**	**5,091**	
11	Revenue from Sale of Power	4690	4690	0
2	**Revenue (Gap)/Surplus**	**(545)**	**(401)**	**(144)**

For TGNPDCL

Sr. No.	Particulars	Claimed by DISCOM	Proposed by PFI	Difference
1	Operation & Maintenance (O&M) Expenses (1a+1b+1c)	2783	2783	0
1a	Employee Expenses	2496	2496	
1b	Administrative & General (A&G) Expenses	153	153	
1c	Repair & Maintenance (R&M) Expenses	134	134	
2	Return on Equity	177	177	0
3	Interest on Loan	328	209	(119)
3a	*Over and above normative*		119	
4	Interest on Working Capital	82	82	0
5	Depreciation	414	242	(172)
5a	*Impact of Decapitalization*		*17*	
5b	*Amortized Depreciation from Consumer Contributed Assets*		*155*	
6	Other Costs	25	0	(25)
6a	*Less: Comp. for Electrical accident on account of reasons attributable to DISCOM*		25	
7	**Aggregate Revenue Requirement (ARR)**	**3809**	**3493**	(316)
8	Less: Non-Tariff Income	175	20	155
8a	Less: Amortized Depreciation from Consumer Contributed Assets		155	
9	Other Income	0	0	
10	**Net ARR**	**3,634**	**3,473**	
11	Revenue from Sale of Power	3149	3149	0
2	**Revenue (Gap)/Surplus**	**(485)**	**(324)**	**(161)**

3.12.3 The stakeholder further submitted that the elements of ARR which are not as per Regulatory provisions may not be passed on to the consumers, rather it should be borne by Govt. of Telangana in the form of subsidy. Accordingly, the revised subsidy is of Rs. 4,159 Crores instead of booked subsidy of Rs. 4,015 Crores for FY 2024-25 which should be paid by Government of Telangana to TGSPDCL and revised subsidy is of Rs. 7,302 Crores instead of booked subsidy of Rs. 7,141 Crores for FY 2024-25 which should be paid by Government of Telangana to TGNPDCL

3.12.4 Another stakeholder submitted that for FY 2024-25, as a part of the true up filings, TGSPDCL has claimed 20.18% higher ARR than allowed by the Commission. It has claimed 51.17% higher depreciation and 48.29% higher interest on working capital. Similarly, TGNPDCL has claimed 6.06% higher ARR, 30.60% higher depreciation, 34.02% higher interest on long-term loans and 41.38% higher interest on working capital. While TGSPDCL is claiming 78.67% higher expenditure under return on equity (RoE) TGNPDCL is claiming 110.71% higher expenditure under RoE during the FY 2024-25. TGDISCOMs are claiming higher RoE than allowed by the Commission in the Order dated 28-10-2024. As the expenditures claimed by the petitioners deviate significantly from the approval these claims shall be subjected to critical scrutiny.

Petitioner's Replies

3.12.5 The petitioners have submitted that RoE has been considered at 11% by Commission during 2024-25 and the petitioners have claimed RoE of 16% based on Regulation 29.2(e), which permits base RoE of 14% with an additional incentive of up to 2% linked to compliance with the Standards of Performance (SoP). The additional Return on Equity (RoE) claimed reflects their sustained efforts towards improving service quality and operational efficiency and requested to approve the claim in accordance with the performance-linked incentive provisions.

3.12.6 TGSPDCL has submitted that, there is an increase of Rs. 449.06 Crores in the employee expenses compared with the expenses approved in the wheeling tariff order by the Commission (actual expenses vis-à-vis approved in tariff order i.e., Rs. 3611.43 Crores vis-à-vis Rs. 3162.37 Crores) is due to massive retirements (there was pause in retirements due to increasing the retirement age from 58 to 61 years by the GoTG) and the TGSPDCL has undertaken actuarial valuation towards pension and gratuity provision and final EL encashment obligations in respect of Employees who have retired due to superannuation.

3.12.7 Further, it is to submit that, the increase in the employee cost due to new recruitment in various cadres and the impact of yearly increments of the employees during the year and requested to allow the actual expenditure incurred towards employee expenses as per audited annual accounts of FY 2024-25.

3.12.8 The petitioners have submitted that the variations in ARR and cost components which are primarily due to actual audited expenditures incurred during FY 2024-25, which differ from approved in the MYT Order. As per clause 6.2(e), true-up petitions allow recovery of legitimate costs subject to prudence check. The increase in depreciation, interest on loans and return on equity is due to variation in asset base considered by Commission, which is lower against actuals as per book of accounts for FY 2024-25 and interest is attributable to capitalisation and loan drawls for approved schemes and requested to consider these variations as per the true-up mechanism provided in the Regulation No.2 of 2023.

Commission's Analysis and Findings

3.12.9 The Commission has carried out prudence check of the expenditures claimed by the petitioners with the audited accounts, supporting information furnished by the petitioners, and applicable provisions of the Regulation No. 2 of 2023 and approved admissible expenditure under each ARR component as discussed in the preceding sections of this Order.

3.12.10 The Aggregate Revenue Requirement for FY 2024-25 claimed and approved is as shown in the table below:

Table 3-30: ARR claimed and approved for TGSPDCL for FY 2024-25

(Rs. Crores)

True up for FY: 2024-25 - TGSPDCL						
Particulars	**MYT Order**	**Claim**	**Approved**	**True up/ Down**	**True up/ Down for Wheeling Business)**	**True up/ Down for Retail Supply Business**
	(i)	**(ii)**	**(iii)**	**(iii)-(i)**		
O&M Expenses	3585.56	4025.43	3750.10	164.54	148.08	16.45
Depreciation	535.37*	809.32**	408.66***	-126.71	-114.04	-12.67
Interest & Finance Charges on Loan	469.64	533.88	501.55	31.91	28.72	3.19
Interest on Working Capital	85.17	126.30	120.21	35.04	35.04	0.00
Return on Equity	168.76	301.54	333.57	164.81	148.33	16.48
Other expenditure		25.60	20.18	20.18	20.18	
Gross Aggregate Revenue Requirement	**4844.49**	**5822.06**	**5134.26**	**289.77**	**266.32**	**23.45**
Less:						
Non-Tariff Income	153.55	570.44	147.20	-6.35	-6.35	0.00
Income from Open Access Charges	1.21	16.70	16.70	15.49	15.49	0.00
Aggregate Revenue Requirement	**4689.73**	**5234.92**	**4970.36**	**280.63**	**257.18**	**23.45**

Note: ** Amortisation on CC is not considered in Depreciation*
*** - Amortisation on CC is considered in Depreciation and NTI*
****-Removed Amortisation on CC from Depreciation and NTI*

Table 3-31: ARR claimed and approved for TGNPDCL for FY 2024-25

(Rs. Crores)

True up for FY: 2024-25-TGNPDCL						
Particulars	**MYT Order**	**Claim**	**Approved**	**True up/ Down**	**True up/ Down for Wheeling Business)**	**True up/ Down for Retail Supply Business**
	(i)	**(ii)**	**(iii)**	**(iii)-(i)**		
O&M Expenses	2623.45	2783	2635.88	12.43	11.19	1.24
Depreciation	317.39*	392.68**	275.65***	-41.74	-37.56	-4.17
Interest & Finance Charges on Loan	244.22	328	184.99	-59.23	-53.31	-5.92
Interest on Working Capital	57.57	82	77.41	19.84	19.84	0.00
Return on Equity	84.25	177	186.65	102.40	92.16	10.24
Other expenditure		25	25.14	25.14	25.14	0.00
Gross Aggregate Revenue Requirement	**3326.87**	**3787.68**	**3385.72**	**58.85**	**57.46**	**1.39**
Less:						
Non-Tariff Income	171.69	175	20.85	-150.84	-150.84	0.00
Income from Open Access Charges	6.00	0.24	0.24	-5.76	-5.76	0.00
Aggregate Revenue Requirement	**3149.18**	**3612.44**	**3364.63**	**215.45**	**214.07**	**1.39**

Note: ** Amortisation on CC is not considered in Depreciation*
*** - Considered as per Revised Claim and also Amortisation on CC is considered in Depreciation and NTI*
****-Removed Amortisation on CC from Depreciation and NTI*

CHAPTER-4 REVISED ARR AND WHEELING CHARGES FOR FY 2026-27

4.1 Capital Expenditure

Petitioners' Claim

4.1.1 Telangana has recorded the highest ever peak demand of 17,162 MW in FY 2024-25, with an annual growth rate of 9.85% from 15,623 MW in FY 2023-24. In order to meet the increasing demand, capital investments are planned by TGSPDCL and TGNPDCL during FY 2026-27 to strengthen the distribution infrastructure, improve operational efficiency and enhance consumer service quality. The capital investments pertain to reliability improvement, safety, regulatory compliance and modernization of the distribution network, considering demand growth arising from rapid urbanization and data center loads.

4.1.2 SCADA-DMS & AUTOMATION: TGSPDCL claimed replacement of obsolete Auto Reclosers and Sectionalizes in the GHMC area, which lack advanced fault isolation and automation capabilities. The proposed SCADA-DMS and automation works are aimed at reducing outage duration and improving network reliability in dense urban areas. Further, integration of non-SCADA rural substations to SCADA network is claimed to enable remote monitoring, faster fault restoration and improved supply reliability.

4.1.3 HT Automatic Meter Reading (AMR): TGSPDCL claimed implementation of AMR for all HT consumers under a TOTEX model with an investment of Rs. 28.80 Crores, aimed at eliminating manual reading errors, improving billing accuracy and enhancing revenue realization. An additional investment of Rs. 0.63 Crores is claimed towards solar data acquisition from rooftop inverters for net-metered consumers to validate net-metering transactions and monitor renewable integration.

4.1.4 Conversion of Overhead Lines to Underground Cabling in TCUR: TGSPDCL claimed conversion of overhead distribution lines to underground cabling in the Telangana Core Urban Region, with an estimated project cost of Rs. 14,725 Crores. Overhead lines in urban areas are stated to be prone to faults, right-of-way issues and safety hazards. Underground cabling is claimed by TGSPDCL to improve reliability, safety, aesthetics and long-term operational efficiency, with Rs. 4,725 Crores proposed for FY 2026-27 under Phase-I, as approved by the Government of

Telangana.

4.1.5 Erection, Enhancement and Augmentation Works: TGSPDCL claimed erection of new 33/11 kV substations and enhancement and augmentation of PTRs and DTRs to meet increasing load demand. These works are aimed to reduce technical losses, improve voltage profile and ensure reliable supply to residential, commercial and industrial consumers. The proposed works are also intended to support future load growth and system strengthening.

4.1.6 TGSPDCL considered Base Capital Investment for FY 2026-27 covering sub-station additions, smart meters, enhancement and augmentation of PTRs and DTRs, and feeder additions, amounting to Rs. 3,589 Crores. Expenditure towards replacement of obsolete overhead lines (33 kV, 11 kV and LT) with underground cabling, in addition to the above works is claimed as factored under feeder additions along with new feeders proposed.

4.1.7 TGNPDCL claimed Base Capital Investment of Rs. 1,207 Crores for FY 2026-27 comprises expenditure towards sub-stations, PTR addition and upgradation, feeder additions and DTR additions.

Table 4-1: Base Capital expenditure claimed for FY2026-27

(Rs. Crores)

Particulars	**Claimed**	
	TGSPDCL	**TGNPDCL**
Sub-Stations	230	365
Smart Meters	7	0
PTR Addition & Upgradation	1,008	49
Feeder Addition	1,571	4
DTR Addition	773	789
Total Base Capex	**3,589**	**1,207**

4.1.8 In accordance with the Distribution MYT Tariff Order for 5th Control Period, TGSPDCL claimed Other Capital Expenditure for FY 2026-27 covering AT&C loss reduction, reliability improvement and contingency measures, renovation and modernization of existing assets, network additions for new consumers, technology upgradation and civil infrastructure development. TGSPDCL further claimed that expenditure towards replacement of obsolete overhead lines (33 kV, 11 kV and LT) with underground cabling, in addition to the issues mentioned in para 4.1.7 has been factored under reliability improvement, renovation and modernization, new consumer capex and loss reduction.

4.1.9 TGNPDCL claimed other capital expenditure of Rs. 435 Crores for FY 2026-27 in line with the Distribution MYT Tariff Order for the 5th control period. The expenditure is claimed towards AT&C loss reduction, reliability improvement and contingency schemes, renovation and modernization, technology upgradation, new consumer capex, civil infrastructure development, capacitor banks and AGL feeder segregation.

Table 4-2: Other Capital expenditure claimed for FY2026-27

(Rs. Crores)

Particulars	Claimed	
	TGSPDCL	TGNPDCL
AT & C Loss Reduction	176	9
Reliability Improvement & Contingency Schemes	398	68
Renovation & Modernization	1,761	82
Technology Upgradation	528	45
New Consumer Capex	951	93
Civil Infrastructure Development	70	16
Misc. Project cost	35	12
AGL feeder Segregation	0	110
Total Other Capex	**3,919**	**435**

4.1.10 TGNPDCL considered additional capital expenditure to strengthen the distribution network and improve reliability. The major components include GMSPV (Solar) programme amounting to Rs. 77.94 Crores for FY 2026-27 and underground cabling works amounting to Rs. 16.9 Crores, which are under process and the Commission has accorded approval for underground cabling works under Lr. No. E/F.No. E-824929/D.No.691 dated 18.09.2025. The total additional capital expenditure claimed is Rs. 95 Crores.

Table 4-3: Additional Capital expenditure by TGNPDCL for FY2026-27

(Rs. Crores)

Particulars	TGNPDCL
UG Cable	17
GMSPV (SOLAR)	78

Particulars	TGNPDCL
Additional Capex Proposed	**95**

4.1.11 TGSPDCL has claimed Rs. 7508 Crores towards capital expenditure against the approved amount of Rs. 2608.03 Crores, TGNPDCL has claimed Rs. 1736 Crores against the approved amount of Rs. 1641.39 Crores shown in table 4.4:

4.1.12 In additional information, TGSPDCL submitted that the scheme pertains to conversion of the existing overhead distribution network into underground cabling across Hyderabad metro zones, including Banjara Hills, Secunderabad, Hyderabad Central and Hyderabad South Circles. The project includes undergrounding of 33 kV, 11 kV and LT lines along main roads and in narrow lanes (using LT AB cables), combined trenching for multiple voltage levels for techno-commercial optimization, installation of RMUs for network automation, and laying of OFC for communication and SCADA integration. The scheme ensures complete undergrounding in metro areas with optimized trench sharing, improved urban aesthetics and safety, reduced weather-related failures, and readiness for future load growth and smart grid initiatives. Its objectives are to enhance power quality and reliability, minimize interruptions, reduce O&M costs, improve public safety, and support economic growth. Given high load density and urban constraints, undergrounding addresses frequent faults, RoW issues, and safety hazards, leading to reduced feeder failures, improved SAIFI/SAIDI indices, shorter outage duration, fewer consumer complaints, and long-term reduction in technical losses and maintenance. The details pertaining to the UG cable DPR of TGSPDCL are as follows:

Sl. No.	Description	Quantity (Kms)	Amount (Rs. Crores)
1	Exclusive 33 kV (HDD)	180	110
2	Exclusive 11 kV (HDD)	2,396	1,430
3	Combined 33 kV & 11 kV	73	65
4	Combined 33 kV, 11 kV & LT	24	25
5	Combined 11 kV & LT	1407	857
6	Combined 33 kV & LT	10	7
7	Main Roads LT OH to LT AB	825	149
8	LT OH to LT AB	6251	563
9	RMUs	1405 Nos	823
10	OFC Cable	3899	23
Total Cost			**4,051**

4.1.13 TGSPDCL further submitted that the Government of Telangana has approved the underground cabling scheme with an estimated cost of Rs. 4,051 Crores (G.O.Ms. No. 43 dated 29.11.2025), to be financed through M/s REC, with financial tie-up and proposals will be submitted to the Commission seeking approval for execution of the work. The scheme will enhance reliability and continuity of supply by eliminating overhead line failures, improving public safety, reducing traffic disruptions, strengthening voltage profile and load handling, and improving urban aesthetics. Financially, it will lower O&M and fault restoration costs, reduce compensation related to outages, achieve long-term savings through reduced technical losses, create durable long-life assets with lower depreciation, and generate indirect economic benefits by supporting commercial and industrial growth. TGSPDCL mentioned that the project is a strategic, technically justified, and economically prudent long-term infrastructure investment aligned with Hyderabad's urban development objectives, warranting approval and filed petition for approval of the same.

4.1.14 In additional information, TGNPDCL submitted that the additional capital expenditure of Rs.78 Crores for grid connected Micro/Sub-station Level Solar PV (GMSPV) systems is proposed to reduce technical losses through power injection at distribution/sub-station level by minimizing HT/LT network losses, meet rising daytime demand in urban and semi-urban areas, support RPO compliance in line with State and National renewable energy policies, and improve voltage profile and supply reliability during peak solar hours. Further mentioned that the Government of India, vide MNRE letter dated 23.01.2023, has approved the scheme subject to compliance with PM-KUSUM and Feeder Level Solarization Guidelines, requiring assessment of each agriculture feeder's annual demand and installation of suitably sized solar plants under CAPEX/RESCO mode, with benchmark cost of Rs. 3.5 Crores/MW and 30% CFA (Rs. 1.05 Crores/MW), and submitted that the tendering will be completed within six months of sanction, commissioning within nine months of PPA signing by RESCO developer, and submission of progress reports on the PM-KUSUM portal will be done by SIA. Further submitted that the scheme conforms to clauses 7.6, 7.7 and 80.2 of Regulation 2 of 2023 through clear objectives, defined scope and phased implementation in FY 2026-27 with estimated capital cost supported by benchmark rates and tender databased capital cost (< Rs.3.5 Crores/MW) as per MNRE sanction and stated that the funding is proposed through internal accruals/approved PFC borrowings, and assessment of asset life, depreciation and ARR impact. TGNPDCL mentioned that the proposed GMSPV as least cost viability through comparative analysis with centralized procurement, avoided network augmentation, reduced marginal daytime supply cost, and benchmark comparison with alternative technologies, supported by detailed cost-benefit and technical evaluation reports.

4.1.15 TGNPDCL further submitted that, out of the already approved Rs. 27.76 Crores for UG cable works in Madhira Town, Rs. 10.76 Crores was incurred during FY 2025–26 towards procurement of departmental materials and remaining Rs. 17.00 Crores is proposed for FY 2026–27 to facilitate phased execution, including procurement scheduling, road restoration, service connections, and completion of the balance infrastructure work.

4.1.16 The capital expenditure proposed by TGDISCOMs is shown in table below:

Table 4-4: Capital expenditure claimed for FY2026-27

(Rs. Crores)

Particulars	**Claimed**	
	TGSPDCL	**TGNPDCL**
Base Capex	3,589	1,207
Other Capex	3,919	435
Additional Capex Proposed	0	95
Total Capex	**7,508**	**1,736**

Stakeholders' submissions

4.1.17 Stakeholder stated that TGSPDCL has proposed Rs. 176 Cr and TGNPDCL Rs. 9 Cr for AT&C loss reduction in FY 2026–27, but past spending has yielded limited improvement and proposed to disallow such expenditure and requested to ensure that all capital and related spending by TGDISCOMs is undertaken prudently through transparent bidding processes.

4.1.18 One of the stakeholders referred the instances of excess spending leading to higher capex, citing a news report (10.10.2025) that TGSPDCL incurred Rs. 5,200 per meter for cable against a bid rate of Rs. 3,019 per meter.

4.1.19 The stakeholder further submitted that TGSPDCL has proposed conversion of overhead lines into underground cables in Hyderabad at an estimated cost of Rs.

14,725 Crores, with Rs. 4,725 Crores proposed for FY 2026-27, while the petition refers to details being provided in Annexure-III but the said Annexure was not enclosed with the petition. Underground cabling is also described as an exercise to improve the aesthetics of Hyderabad city and requested for details of financial support from GHMC or the Government of Telangana for the proposed underground cabling works.

4.1.20 Underground cabling works are being taken up in the background of electrical accidents involving overhead lines reported during August 2025. It was also stated whether service charges collected from cable operators for use of electric poles are accounted as non-tariff income.

4.1.21 Another stakeholder submitted that, the TGSPDCL has proposed a total capital expenditure of Rs. 7,508 Crores for FY 2026-27, a massive increase from previous years. While infrastructure investment is necessary, the scale and pace of proposed spending especially on projects such as underground cabling in TCUR (Rs. 14,725 Crores total Rs. 4,725 Crores in FY27) are disproportionate and lack proper phasing or cost-benefit justification.

4.1.22 The stakeholder further submitted that TGNPDCL's proposed total capital expenditure of Rs. 1,736 Crores for FY 2026-27, (Base Capex: Rs. 1,207 Crores, Other Capex: Rs. 435 Crores and Additional Capex: Rs. 95 Crores) is inflated and lacks sector-specific details. Items like AGL feeder segregation (Rs. 110 Cr) and GMSPV (Rs. 78 Cr) lack cost–benefit analysis and stakeholder consultation. Further mentioned that such spending would raise wheeling tariffs, and requested disallowance of unjustified capex, prioritization of essential cost-efficient investments, and an independent third-party audit of capex and O&M projections.

4.1.23 The Commission in its MYT Order 28.10.2024, has already deferred the Smart Meter Capex due to lack of proper justification and government approval. In the absence of new, approved capital investments, there is no basis for revising ARR upwards. The Capital Investment Plan approved by the Commission for FY 2024-29 is final and binding and opined that such rapid capital infusion will inevitably lead to higher wheeling charges, which are ultimately passed on to consumers and requested to review and rationalize Capex Plans, to ensure capital expenditure is phased, need-based, and aligned with realistic demand projections and suggested that the add cap may be allowed at the time of true-up exercise of FY 2026-27 based on the prudence check.

4.1.24 Another Stakeholder submitted that TGSPDCL and TGNPDCL have claimed Capital Investment to the tune of Rs. 8,160 Crores and Rs. 1,736 Crores respectively for FY 2026-27, and TGSPDCL has exaggerated the Capital Expenditure in the current MYT filings. To quantify, the proposed Capital Expenditure by TGSPDCL is 312% of the Capex approved in the MYT Order, whereas TGNPDCL has claimed Rs. 95 Crores in excess to what has been approved in the MYT Order, for Rs 95 Crores excess investment the Commission has accorded approval vide order dt. 18.09.2025.

4.1.25 With respect to the significant deviation claimed by TGSPDCL towards capex for FY 2026-27, the stakeholder submitted that such expenditure relates to new works and, therefore, mandatorily requires prior approval of the Commission and requested to admit any such Capex only after satisfying the requirements of clause 80 of Regulation 02 of 2023, including prudence check, necessity, and conformity with approved schemes.

4.1.26 While including capital expenditure in the present petitions, has neither furnished any cogent justification nor placed on record adequate documentary evidence to explain the deviations from the capex approved in the MYT Order in terms of the requirements of clause 80 and stated that the Commission has restricted such claims to the levels approved under the MYT framework.

4.1.27 Stakeholder further submitted that TGDISCOMs have consistently fallen short of achieving the Capitalization levels approved under the MYT Order. While the petitioners possess the right to claim capex in accordance with the Business requirements and pointed out as such exercise should not be undertaken bypassing the regulatory provisions, in such circumstances, projections (for the FY 2026-27) based on unachieved approvals would be unrealistic and inflationary. Therefore, for prudent projection purposes, capitalization ought to be restricted to the levels actually attained by the petitioner in FY 2024-25 vis-à-vis the approved values. Accordingly, the stakeholder requested the Commission to approve Capitalization of Rs. 2,035 Crores and Rs. 944 Crores, in place of the MYT-approved Capitalization of Rs. 2,911 Crores and Rs. 1,754 Crores respectively for FY 2026-27, as detailed in the computation below.

Table 4: Summary of admissible Capitalization for the FY 2026-27

(All figures in Rs. Crores)

Particulars	TGSPDCL	TGNPDCL
FY 2024-25		
Capitalization approved in the MYT Order	2,506.45	1,652.10
Capitalization attained	1,752.09	888.64
% attained w.r.t. approved	69.90%	53.79%
FY 2026-27		
Capitalization approved in the MYT Order	2,910.83	1,754.25
%	69.90%	53.79%
Capitalization admissible	**2,034.77**	**943.59**

4.1.28 Further stakeholder also apprehends that exaggerated Capex projections in the past led to accumulation of revenue surplus with the Licensees which is yet to be passed through to the consumers.

4.1.29 One of the stakeholders has submitted that the concept of AT&C losses is whimsical, as it includes collection of dues by the DISCOMs and it is the responsibility of the DISCOMs to take effective and timely steps under terms of supply to collect dues from consumers in time. For collection of dues, capital expenditure is not required and mentioned that dues should not be considered as losses, but as revenue to be collected. Proposal to incur additional expenditure for this purpose is nothing but imposing avoidable burden on the consumers, who have been paying CC bills promptly, without any additional benefit to them requested the Commission to examine the following regarding additional capitalization proposed by TGSPDCL for FY 2026-27:

a. Details of funds to be mobilized, terms and conditions, and State budgetary support (since Telangana Cabinet has given formal approval for this monumental work on 25.11.2025) for phased execution.
b. Details of RDSS grants, expected reduction in AT&C losses, and corresponding consumer benefits percentage wise and revenue-wise.
c. Mechanism for recovery of expenditure by the DISCOM.
d. Clarify on whether costs will be recovered through wheeling charges, applicability (TCUR/Hyderabad vs all consumers), and to conduct a cost–benefit analysis of the proposed works.

4.1.30 The stakeholder further mentioned that TGSPDCL has proposed a base capital investment of Rs.3,589 Crores for network elements such as sub-stations additions, smart meters, enhancement and augmentation of PTRs, feeders and DTRs and also proposed other capital expenditure of Rs.3,919 Crores for AT&C reduction, reliability improvement & contingency schemes, renovation & modernization, technology upgradation, new consumer capex, civil infrastructure development and miscellaneous project cost. TGNPDCL has projected capital expenditure of Rs.1,736 Crores for network elements such as Rs.1,207 Crores for base capital expenditure and Rs.435 Crores for other capital expenditure, additional capital expenditure of Rs.95 Crores with a contracted capacity of 4,115 MW for FY 2026-27. It has also projected ARR of Rs.4,391 Crores

4.1.31 While the contracted capacity of TGSPDCL for the 2026-27 is 10,675 MW, that of TGNPDCL is 4,114 MW or 38.55% of TGSPDCL's contracted capacity. Similarly, while the capital expenditure proposed by TGSPDCL is Rs.7,508 Crores, that of TGNPDCL is Rs.1,736 Crores or 23.12% of TGSPDCL's proposed capital expenditure. The stakeholder opined that if TGSPDCL's specific capital expenditure proposed for underground cables not been considered, the percentage of TGNPDCL' s proposed capital expenditure would have been much more. While the ARR projected by TGSPDCL is Rs.6,542 Crores, that of TGNPDCL is Rs.4,391 Crores or 67.12% of TGSPDCL's ARR. Compared to TGSPDCL's contracted capacity and proposed capital expenditure vis a vis TGNPDCL's projections, the latter's projection of ARR seems to be unjustifiably exorbitant. Due to conditions specific to distribution network of TGNPDCL, especially consumer mix, some percentage of proportional variation can be understood and requested for a thorough regulatory scrutiny through comparative study and realistic pruning.

4.1.32 The stakeholders submitted that the proposed capital expenditure is very high and impact may lead to increase in the distribution cost which flows into RST, though the DISCOMS have not proposed for tariff revision in this year it may cause true-up / true down in next financial years and raised concerns on whether TGSPDCL can implement the complex underground cable work with the proposed capital expenditure in FY 2026-27 and further suggested to examine the following points:

a. Instead of providing budgetary grant for the proposed works for underground cables in the specified area, the government can show that it is providing subsidy to avoid tariff hike for all the consumers of SPDCL and in the process concealing the fact that a major share of the proposed expenditure, as well as its resultant benefit, is confined to the specified area and consumers of that area. In other words, imbalance in terms of taking up or not taking up the said works for various areas of the DISCOMs can be camouflaged to falsely show that it is a balanced approach under the cover of the overall subsidy the government would provide.

b. There is no guarantee that the government would continue to provide subsidy to bridge the revenue gap of the DISCOMs for subsequent financial years as determined by the Commission, without tariff hikes, when works for underground cables continue to be executed and expenditure capitalized
c. Since wheeling charges would be a part of total annual expenditure for retail supply business of the DISCOMs, that burden would invariably fall on the consumers to the extent revenue gap remains, after adjusting the subsidy government would agree to provide, in the form of tariff hikes.
d. Even if the State Government would provide subsidy required to bridge the revenue gap of the DISCOMs for their retail supply business for FY 2026-27 as determined by the Commission, all the projections made by the DISCOMs for expenditures and revenue requirement for their distribution business should be subjected to effective prudence check, allowing only what is permissible as per normative parameters being adopted by the Commission in terms of its applicable regulations

4.1.33 Stakeholder opined that the major share of the expenditure proposed for FY 2026-27 pertains to purchase of materials and giving contracts for execution of works. As such, an effective prudence checks to see that they are within reasonable limits is imperative. An effective approach for comparing and ascertaining justifiability of tendering process and prices paid for purchase of materials is imperative to ensure that no manipulations take place to unduly favor entities of the choice of the powers-that be by inflating costs and share spoils of the system. Comparison of prices paid by DISCOMs of a neighboring state/state alone may not be sufficient to justify the prices being paid by TGDISCOMs, because the purchases made by DISCOMs of some other states cannot be taken for granted as outcome of real competitive bids. Prices for materials concerned prevailing in the year and period of purchase in the market need to be ascertained for any realistic and objective comparison. In view of the very limited comparison of prices, requested the Commission to examine the entire process of purchasing materials by TGDISCOMs and comparing prices prevailed in the market during the said year and prices paid for the same materials by power entities in other neighboring states by calling for all relevant records from the DISCOMs and issue appropriate orders and make the details public so that the same can be examined by interested public to make their submissions during the public hearings on true-up claims for distribution business of the DISCOMs and for MYT for distribution business for the control period concerned but no such information has been made public.

4.1.34 It is general trend as TGDISCOMS and TRANSCO are not purchasing materials and implementing works as approved in the MYT orders. As such, the actual expenditures shown to have been incurred by them in the true-up/true-down claims turn out to be higher item-wise or lesser than the overall expenditures approved by the Commission in the MYTs, as the case may be.

4.1.35 While no reports are being prepared and made public relating to the issues referred to above, in the reports of the Comptroller and Auditor General of India, as and when they are submitted to the Legislature, details of such questionable transactions and decisions and the resultant adverse consequences can be found. Reports about such manipulations are being published and telecasted in the media occasionally.

Petitioners' Replies

4.1.36 TGNPDCL has submitted that, the proposed AT&C loss reduction expenditure of Rs. 9 Crores have been considered as approved in the MYT Order for 5th Control Period.

4.1.37 TGSPDCL has submitted that, the proposed AT&C loss reduction expenditure is aimed at addressing both technical and commercial loss drivers through targeted interventions. The program includes deployment of DTR metering and feeder analytics, installation of metering for high-risk consumers along with AMI pilots, preventive patrols and theft deterrence measures in identified hotspots, and service wire and pillar box rehabilitation in dense urban localities. Performance will be monitored through feeder-wise loss baselines compared to post-implementation results, comprehensive energy audits segregating HT and LT losses, and revenue protection outcomes and requested to approve the investments made by TGSPDCL.

4.1.38 TGDISCOMs submitted that all procurements follow transparent e-tendering, competitive bidding in accordance with Regulation 2 of 2023 and specification-driven evaluation (IS/IEC compliance, conductor class, insulation thickness, fire-retardant properties, installation accessories, warranty). TGDISCOMs follow a transparent, competitive, and multi-stage procurement process through e-procurement portal. All major material purchases and work contracts are finalized through open competitive bidding, with clear technical specifications and approval at multiple levels to prevent any scope for manipulation. The Commission subject's capex and material procurement costs to prudence checks, including comparisons with benchmark rates, historical procurement prices, and market-aligned norms. As regards public disclosure, the petitioners comply with regulatory filing norms and submit detailed records to the Commission. Certain bid-level documents contain commercially sensitive information and are furnished to the Commission but not placed in full in the public domain. The opinion of stakeholder that procurement is manipulated or that comparisons with neighboring states are inadequate is unfounded.

4.1.39 TGSPDCL submitted that, the approval letter from Government of Telangana (GoTG) on conversion of overhead 33 kV, 11 kV and LT lines to underground cables was submitted to the Commission. The underground cabling works are initiated for reliability, and mentioned that TGSPDCL is in dialogue with GoTG to explore capital support, and cost-sharing and stated that it will update the Commission on any confirmed grants/subsidy from GoTG.

4.1.40 TGSPDCL further submitted that, the additional capital expenditure proposed for FY 2026-27 has not been made unilaterally nor in deviation from the MYT framework, but only after obtaining the necessary approval from the Government of Telangana. The revised capex plan, including the additional works proposed for FY 2026-27, has been taken up strictly in accordance with Government approval vide G.O. Ms. No. 43 dated 29.12.2025. The capital expenditure forming part of the ARR will also be subject to the Commission’s prudence check, including evaluation of justification, phasing and actual capitalisation as per clause 7.1 to 7.6 and 21.3 under the MYT framework and strictly adhering to the regulatory requirements and submitted its revised capex plan for FY 2026-27 for undertaking additional capex for approval from Commission.

4.1.41 TGSPDCL submitted that, the proposed capital expenditure of Rs. 7,508 Crores for FY 2026-27 includes both the capex already approved by the Commission for the 5th Control Period and the additional capex requirements that have emerged due to recent system conditions, network constraints, and reliability considerations. The additional capex primarily pertains to Underground cabling works, SCADA expansion and automation, new substations and capacity augmentation, required to meet summer peak loads and to address loading of existing transformers and feeders.

4.1.42 These works were not envisaged at the time of filing the MYT Petition due to evolving demand patterns, accelerated urbanisation, and emergent reliability issues. The new substations are planned for upcoming summers as the state is expecting high unprecedented peak demand and stress on the distribution network, necessitating immediate system reinforcement to maintain safe voltage levels and prevent overloads. Accordingly, the additional capex being sought is directly linked to system reliability and safety. TGSPDCL requested to approve the additional capex and the ARR arrived for FY 2026-27 to ensure reliable and uninterrupted supply to consumers during the forthcoming high-demand periods.

4.1.43 TGNPDCL submitted that the capital expenditure proposed for FY 2026-27 is fully aligned with the Capital Investment Plan approved by the Commission for the 5th Control Period (FY 2024-29) and therefore cannot be termed unrealistic or unjustified. The base capex and other ongoing schemes have been taken strictly as per the MYT Order, and wherever additional capex beyond the originally approved plan has been proposed, the same has been submitted to and duly approved by the Commission in accordance with clause 7.11. For AGL feeder segregation, Commission has approved Rs. 110 Crores in its MYT Order for 5th Control Period under other capex.

4.1.44 TGNPDCL submitted that, the proposed capital expenditure for FY 2026-27 includes both the capex already approved by the Commission for the 5th Control Period and the additional capex requirements of Rs. 95 Crores include schemes such as UG Cabling and GMSPV (Solar) have been taken up only after obtaining approval of the Commission, and the expenditure will be subject to prudence check before being capitalized. In the MYT Order, the Commission has approved the capitalisation percentage at 47.96% of the total capital expenditure for the relevant year. Accordingly, TGNPDCL has adopted the same approach in its filings.

4.1.45 Further TGNPDCL submitted that, expenses capitalized (Rs. 129 Crores) and IDC (Rs. 111 Crores) have been considered proportionately based on the methodology approved by the Commission in the 5th Control Period MYT Order. These components are applied as a percentage of the base approved by the Commission, ensuring consistency approach considered by Commission in its MYT Order and submitted that the computation aligns with the MYT principles and the Tariff Order provisions, and there is no deviation from the methodology prescribed by the Commission and requested to consider the capital expenditure and the capitalization as per filings.

4.1.46 Further TGSPDCL submitted the following:

a. TGSPDCL is in active dialogue with multilateral agencies and domestic financial institutions to mobilise funds for the UG cabling project at competitive interest rates. As of now the scheme is proposed to be financed through M/s.REC and submitted that TGSPDCL will submit the complete financing plan including sources of funds and terms & conditions after concluding discussions.
b. TGSPDCL is in discussions with the Government of Telangana regarding budgetary support for the UG cabling project. The details of modalities and extent of such support will be submitted to the Commission once finalised.
c. TGSPDCL has formally submitted its RDSS proposal to Government of Telangana which includes UG cabling works. The proposal is under evaluation, and TGSPDCL will appraise the Commission once approval is received. Any sanctioned grant under RDSS will be duly submitted to the Commission for consideration.
d. AT&C loss reduction is not the sole or direct driver for the UG cabling project, the primary benefits of UG cabling are reliability improvement, fault reduction, safety enhancement, and system resilience, particularly in high-density urban areas. While UG cabling does contribute to lowering technical losses by reducing faults, improving voltage profiles, and eliminating theft-prone pockets, the impact cannot be isolated as a standalone percentage attributable solely to this project, since AT&C performance is influenced by multiple operational and commercial factors.

4.1.47 Further, TGSPDCL submitted that commercial loss components particularly billing and collection are addressed through regular governance and operational processes, and no part of the UG cabling capex is intended for or linked to collection efficiency.

4.1.48 Accordingly, the proposed capex does not impose any avoidable burden on consumers, as its primary purpose is to strengthen the distribution network and ensure safe, reliable, and interruption-free supply. Any efficiency gains arising from the investment technical or commercial will naturally reflect in the overall performance of the licensee and these benefits will be passed on to the consumers in due course and will be reviewed by the Commission.

4.1.49 The proposed UG cabling expenditure is a network-strengthening investment, and its recovery will follow the established regulatory framework applicable to all approved capex, subject to prudence checks by the Commission. The benefits of the project accrue primarily through reduced outages, improved reliability, enhanced network redundancy, and reduction in fault-related technical losses, which collectively support higher energy throughout and improved system performance. These gains naturally contribute to stabilizing revenue without creating any additional or direct burden on consumers. TGSPDCL reiterates that the project is intended to improve system reliability and consumer service quality, and the recovery of expenditure will be governed strictly as per the Commission's regulatory provisions.

4.1.50 Wheeling charges are determined strictly in accordance with the methodology prescribed by the Commission, based on approved capital cost, approved O&M expenses, and the normative parameters applicable for the tariff year. The UG cabling expenditure will be considered for wheeling charge computation.

4.1.51 TGSPDCL submitted that distribution network investments whether augmentation of existing substations, construction of new substations, or strengthening works such as UG cabling are system-level infrastructure that serve the entire licensee area. As per established regulatory practice, the costs of approved distribution assets are pooled and recovered from all consumers of the DISCOM, and not restricted only to consumers in the specific geographic location where the works are undertaken.

4.1.52 UG cabling in TCUR forms part of the overall distribution network strengthening plan and supports system reliability, stability, and operational efficiency across the license area. Accordingly, any expenditure approved by the Commission will be recovered in the same manner as other approved capex, through the ARR of the DISCOM, and not levied selectively on consumers of the project area.

4.1.53 The benefits of the UG cabling project are not confined to the immediate project area. Strengthening the network in high-density, high-load urban zones improves the overall system stability, contingency handling, power flow security, and operational efficiency of the entire DISCOM area. This leads to measurable system-wide gains such as reduced outages, improved voltage levels, lower fault incidence, and smoother load management benefits that accrue to all consumer categories across TGSPDCL, not just to consumers within TCUR.

4.1.54 The objective of the project is not to provide any “luxury arrangement”, but to address persistent issues such as frequent faults, safety risks, RoW constraints, and network congestion that directly affect the reliability of the larger interconnected system. These interventions are essential for ensuring a robust and resilient distribution network, particularly in view of growing urban demand.

4.1.55 However, the investment is expected to moderate long-term costs by reducing fault-related expenditure, lowering technical losses in congested corridors, and minimizing repeated replacement/repair of overhead infrastructure.

4.1.56 TGDISCOMs submitted that, the comparison between TGSPDCL and TGNPDCL based on contracted capacity, capex, and ARR percentages is not like to like. Each DISCOM operates under distinct network conditions, consumer mix, geography, and investment needs, which cannot be evaluated proportionally. ARR projections of each DISCOM must therefore be assessed on individual technical and operational merits, not through proportional ratios. TGSPDCL submitted that filings are made strictly as per regulations and the Commission will examine each utility based on its own prudence parameters.

4.1.57 TGDISCOMs further submitted that,

a. The Government subsidy for retail tariffs and the capital support for UG cabling are two distinct interventions. The subsidy extended for avoiding tariff hike is a system-wide measure applicable to the entire consumer base, whereas the UG cabling project is a network-strengthening initiative approved by the Government of Telangana, targeted at resolving unique reliability, safety, and RoW challenges in TCUR.
b. There is no attempt to camouflage or redistribute costs, as any capital expenditure admitted for ARR purposes is subject to the Commission's prudence checks, phasing and approval. Any budgetary support extended by the Government will be placed transparently before the Commission.
c. The continuation of Government subsidy in future years is a policy decision of the Government of Telangana and TGSPDCL does not base its capital investment planning on assumptions regarding future subsidies. The UG cabling project is being pursued as a long-term network-strengthening requirement, and any expenditure capitalised will be admitted into ARR only after the Commission's prudence evaluation and approval, irrespective of the Government's subsidy position in any given year.
d. Wheeling charges form part of the ARR only to the extent approved by the Commission after prudence scrutiny. Any potential revenue gap after accounting for Government subsidy is addressed by the Commission through its annual tariff determination process, which ensures that no undue or automatic burden is passed on to consumers.
e. TGSPDCL fully agrees that all elements of ARR and capex projections must undergo the Commission's prudence check in accordance with the applicable regulations and normative parameters. The availability of

Government subsidy for FY 2026-27 does not dilute or bypass the regulatory scrutiny applicable to the DISCOMs' distribution business.

f. TGSPDCL reiterates that its submissions strictly follow the regulatory framework, and welcomes the Commission's prudence-based assessment to ensure consumer interests remain fully protected

Commission's Analysis and Findings

4.1.58 Clause 7.1 of Regulation No. 2 of 2023 details the provisions related to Capital Investment Plan. The relevant extract of the Regulation is as follows:

"*7 Capital Investment Plan*

7.1 The generating entity, transmission licensee, distribution licensee and SLDC shall file for approval of the Commission a Capital Investment Plan along with its Multi Year Tariff Petition, covering the entire Control Period with separate details for each year of the Control Period. Provided that the capital investment plan filed by the generating entity/transmission licensee/distribution licensee for the Control Period commencing from 01.04.2024, as on date of notification of this Regulations, shall be deemed to have been filed under this Regulation……

For each capital investment scheme, the licensee shall submit the following details:

- *Brief outline of the different components that constitute it and the salient features of the scheme;*
- *The objectives of the scheme and justification for taking it up along with quantification of the objectives;*
- *A comprehensive sketch / single line diagrams of the proposed work, grid maps of relevant areas where the scheme is proposed to be executed;*
- *Detailed cost estimates for each item of work covered by the scheme;*
- *The scheme shall be supported by the results of the load flow study, or any other appropriate tools/techniques employed by the Licensee to simulate the impact of the scheme on network performance. The results of the load flow shall be provided for each year up to a period of five years from the date of commissioning of the scheme;*
- *Financing plan supported by documents related to administrative approval, financial tie-up etc;*
- *Phasing of expenditure quarter wise for each work/module, supported with details of corresponding sources of funding;*
- *PERT/CPM chart detailing the activities involved in project execution highlighting the anticipated constraints, if any;*
- *Methodology of evaluation and measurement of the benefits accruing out of the investment; Cost benefit analysis;*
- *Physical benefits of the scheme;*

- *Financial benefits of the scheme supported by detailed calculations to demonstrate the payback period of the investment;"*

4.1.59 It is observed that TGSPDCL has projected Rs. 3,589 Crores towards Base Capex and Rs. 3,919 Crores towards Other Capex, which is significantly higher than the capital expenditure approved in the MYT Order dated 28.10.2024 with certain justifications in the petition. The Commission has sought information from TGSPDCL to provide details of additional capital works proposed during FY 2026-27 in compliance with Clauses 7.6, 7.7 and 7.11 of Regulation 2 of 2023, along with documentary evidence establishing that the proposed schemes are the least-cost option as required under Clause 80.2 of Regulation 2 of 2023, and to enclose copies of necessary Government approvals and budgetary support. The Commission further observed that there is a substantial increase in projected capital expenditure towards PTR additions (Rs. 1,008 Crores) and Feeder additions (Rs. 1,571 Crores) as compared to the provisions approved in the MYT Order dated 28.10.2024, coupled with a reduction in DTR additions to Rs. 773 Crores, for which TGSPDCL directed to submit detailed justification, supported by system-wise data, explaining the basis for such variations.

4.1.60 Further TGNPDCL has proposed additional capex of Rs. 95 Crores for FY 2026-27 in addition to Base and Other Capex as approved in Distribution MYT Order dated 28.10.2024 and sought for information from TGNPDCL regarding justification against claim.

4.1.61 Accordingly, TGSPDCL and TGNPDCL have submitted the details in the additional submissions and subsequent to the public hearing which includes the DPR for the UG cable scheme in TCUR.

4.1.62 On perusal of the information submitted by TGSPDCL, it is observed that the capital cost project for FY 2026-27 is very high when compared to that approved in MYT order dated 28.10.2024.

4.1.63 TGNPDCL submitted that the additional capital expenditure of Rs. 78 Crores proposed towards Grid-connected Micro/Sub-station Level Solar PV (GMSPV) systems for reduction in technical losses through injection of power at distribution/sub-station level, meeting increasing daytime demand locally, supporting RPO compliance, and improving voltage profile and reliability of supply and also stated that the scheme is approved by the Government of India/MNRE under the PM-

KUSUM Scheme and complies with the provisions of Clauses 7.6, 7.7 and 80.2 of Regulation 2 of 2023, with capital cost based on MNRE benchmark rates and supported by cost-benefit analysis and technical evaluation reports. With regard to UG cable works at Madhira Town, against the total project cost of Rs. 27.76 Crores approved by the Commission, Rs. 10.76 Crores has been incurred during FY 2025-26 towards procurement of departmental materials, and the balance Rs. 17.00 Crores will be incurred during FY 2026-27 based on a phased implementation plan aligned with execution capability and procurement timelines.

4.1.64 The Commission has carefully examined the capital expenditure proposals submitted by TGSPDCL and TGNPDCL for FY 2026-27, the objections raised by stakeholders and the DPR submitted by TGSPDCL for the proposed UG cabling scheme. The Commission has taken note of the proposed works which are going to be taken up in TCUR area and other areas of TGDISCOMs. Taking into account the complexities involved in the UG cabling works and uncertainty in completion of entire works for an amount of Rs 4,051 Crores in FY 2026-27, the Commission has accorded in-principle approval of the scheme subject to certain conditions and directs TGSPDCL to approach the Commission on the expenditure incurred at the time of true-up duly obtaining final approval.

4.1.65 In case of TGNPDCL Commission has approved only Rs. 17 Crores only towards completion of UG cable works at Madhira town for which approval was given and differed the other capital expenditure of Rs. 78 Crores towards Grid connected Micro/Sub-station Level Solar Photo Voltaic (GMSPV) systems and shall examine the same separately based on detailed submissions, implementation progress, and after prudence verification at the time of True-Up. The capital investment claimed and approved for FY 2026-27 is shown in table below:

Table 4-5: Capital Investment claimed and approved for TGSPDCL for FY 2026-27

(Rs. Crores)

<table>
<tr><th>Particulars</th><th>MYT Order</th><th>Claimed</th><th>Approved</th></tr>
<tr><td>Sub-Station Unit Additions</td><td>586.76</td><td>230</td><td>586.76</td></tr>
<tr><td>PTR Additions</td><td>11.49</td><td rowspan="2">1,008</td><td>11.49</td></tr>
<tr><td>PTR Augmentation</td><td>53.69</td><td>53.69</td></tr>
<tr><td>Feeder Additions</td><td>7.31</td><td>1,571</td><td>7.31</td></tr>
</table>

Particulars	MYT Order	Claimed	Approved
DTR Additions	1,121.04	773	1,121.04
Smart Meters	0	7	0
Total Base Capex	**1,780.29**	**3,589**	**1,780.29**
AT & C Loss Reduction	23.86	176	23.86
Reliability Improvement & Contingency Schemes	321.17	398	321.17
Renovation & Modernization	12.40	1,761	12.40
New Consumer Capex	161.20	951	161.20
Civil Infrastructure Development	2.74	70	2.74
Technology Upgradation	12.92	528	12.92
Land Cost for SS	80.06	-	80.06
Road Cutting Cost (Cables for SS) / Capacitor bank	3.39	-	3.39
AGL Feeder Segregation	210	-	210
Misc. project cost	-	35	-
Total Other Capex	**827.74**	**3,919**	**827.74**
Total Capex	**2,608.03**	**7,508**	**2,608.03**

Table 4-6: Capital Investment claimed and approved for TGNPDCL for FY2026-27

(Rs. Crores)

Particulars	MYT Order	Claimed	Approved
TGNPDCL			
Sub-Station Unit Additions	364.88	365	364.88
PTR Additions	32.01	49	32.01
PTR Augmentation	16.80		16.80
Feeder Additions	3.82	4	3.82
DTR Additions	789.07	789	789.07
Total Base Capex	**1,206.58**	**1,207**	**1,206.58**
AT & C Loss Reduction	8.75	9	8.75
Reliability Improvement & Contingency Schemes	67.50	68	67.50
Renovation & Modernization	81.90	82	81.90
New Consumer Capex	92.81	93	92.81
Civil Infrastructure Development	16.38	16	16.38
Technology Upgradation	45.33	45	45.33

Particulars	MYT Order	Claimed	Approved
Road Cutting Cost (Cables for SS) / Capacitor bank	11.90	12	11.90
AGL Feeder Segregation	110.25	110	110.25
Total Other Capex	**434.81**	**435**	**434.81**
Additional Capex Proposed	-	95	**17**
Total Capex	**1,641.39**	**1,736**	**1,658.39**

4.2 Capitalisation

Petitioners' Claim

4.2.1 The petitioners have considered the capital investment plan as per Base Capex estimates and Other Capex in accordance with the Resource Plan order for 5th Control Period as approved by the Commission to compute the Fixed asset additions for FY 2026-27. The petitioners continue to lay utmost importance on timely completion of projects undertaken and have been following the practice of capitalising (addition to fixed assets) only those works which have been completed. The capitalisation for FY 2026-27 claimed by TGDISCOMS is as follows:

Table 4-7: Capitalisation claimed for FY2026-27

(Rs. Crores)

Particulars	TGSPDCL	TGNPDCL
Opening Balance of Capital Work in Progress (CWIP)	1,834	1,301
Total Capital Expenditure	7,508	1,736
Expenses Capitalized	566	129
IDC	86	111
Transfer to fixed assets	**5,929**	**1,572**
Closing CWIP	4,065	1,705

Commission's Analysis and Findings

4.2.2 The Commission has considered the approved Closing Balance of Capital Work in Progress (CWIP) for FY 2024-25 as Opening balance of CWIP for FY 2025-26 and Closing Balance of CWIP of FY 2025-26 as Opening balance of CWIP for FY 2026-27.

4.2.3 The capital expenditure during the year, expenses capitalized, interest during construction (IDC) and capitalization for FY 2025-26 and FY 2026-27 as per the MYT order dated 28.10.2024 are considered for arriving at the closing balance of CWIP for FY 2026-27. The capitalisation claimed and approved for FY 2026-27 is shown in table below:

Table 4-8: Capitalisation claimed and approved for FY2026-27

(Rs. Crores)

Particulars	MYT Order	TGSPDCL		MYT Order	TGNPDCL	
		Claimed	Approved		Claimed	Approved
Opening Balance of Capital Work in Progress (CWIP)	1,853.76	1,834	1234.52	1,782.96	1,301	866.63
Capital Expenditure during the year	2,608.03	7,508	2608.03	1,641.39	1,736	1658.39
Expenses Capitalized	414.87	566	414.87	129.17	129	129.17
Interest during Construction	29.73	86	29.73	104.60	111	104.60
Transfer of fixed assets	2,910.83	5,929	2910.83	1,754.25	1,572	1754.25
Closing CWIP	1,995.56	4,065	1376.32	1,903.86	1,705	1004.53

4.3 Operation and Maintenance Expenses

Petitioners' Claim

4.3.1 The petitioners have considered the actual employee expenses as per audited accounts for FY 2024-25 and escalated it with CPI inflation factor of 5.79% to arrive at projected value for FY 2025-26. The petitioners have again escalated with CPI inflation factor 5.79% as approved in the MYT order to arrive employee expenses for FY 2026-27.

4.3.2 The petitioners have considered the actual A&G expenses as per audited accounts for FY 2024-25 and escalated it with WPI inflation factor of 4.93% as approved in the MYT order to arrive at projected value for FY 2025-26. The petitioners have again escalated with WPI inflation factor of 4.93% to arrive at the A&G expenses for FY 2026-27.

4.3.3 The petitioners have projected the R&M expenses for FY 2026-27 based on the opening GFA for FY 2026-27 multiplied with the K factor and WPI inflation factor of 4.93% as approved in the MYT order, K factor is arrived by dividing actual R&M expenses of preceeding year with Opening GFA of the same preceding year.

4.3.4 TGSPDCL has claimed Rs. 4,524 Crores towards O & M expenditure against Rs. 4,059.35 Crores approved, TGNPDCL has claimed Rs. 3,130 Crores against Rs.

2,977.17 Crores approved as shown in below table:

Table 4-9: O&M Expenses claimed for FY 2026-27

(Rs. Crores)

Particulars	Claimed	
	TGSPDCL	**TGNPDCL**
Employee Cost	4,042	2,793
A&G Expenses	221	169
R&M Cost	261	169
Total O&M Expenses	**4,524**	**3,130**

Stakeholders' submissions

4.3.5 Stakeholder has submitted that O&M projections have increased by 11.47% for TGSPDCL and 5.19% for TGNPDCL when compared with the O&M expenditure approved in the MYT Order for the 5th Control Period.

4.3.6 One of the stakeholders submitted that O&M expenses of TGSPDCL are projected at Rs. 4,072 Crores for Distribution Business (90% of total), with employee costs alone at Rs. 4,042 Crores. These figures reflect an unsustainable growth in administrative and employee expenses, which are not adequately linked to efficiency improvements or performance metrics.

4.3.7 TGNPDCL has projected O&M expenses of Rs. 3,130 Crores for FY 2026-27, allocated as: Employee Expenses: Rs. 2,793 Crores, A&G Expenses: Rs. 169 Crores and R&M Expenses: Rs. 169 Crores

4.3.8 The employee cost escalation based on CPI inflation of 5.79% is unreasonable given the current economic climate. Further, the R&M expenses linked to GFA at 1.32% appear arbitrary and not validated by past efficiency benchmarks and requested to order independent third-party audit of TGNPDCL's capital expenditure and O&M cost projections as these figures reflect an unsustainable growth in administrative and employee expenses, which are not adequately linked to efficiency improvements or performance metrics.

4.3.9 Stakeholder stated that the Commission has already recomputed O&M expenses as per Regulation No. 2 of 2023, rejecting Discoms' inflated claims in its Order dated 28.10.2024.

4.3.10 Employee expenses were capped using CPI-based escalation, not arbitrary percentages and any further increase in O&M without audited actuals would be contrary to the Commission's own analysis and requested to cap O&M and Employee Costs by linking allowable expenses to performance benchmarks and efficiency gains

4.3.11 Other stakeholders have submitted that TGSPDCL has claimed O&M Expenses to the tune of Rs. 4025 Crores and Rs. 4524 Crores for FY 2024-25 and FY 2026-27 respectively. Likewise, TGNPDCL has claimed O&M Expenses to the tune of Rs. 2783 Crores and Rs. 3130 Crores for FY 2024-25 and FY 2026-27 respectively.

4.3.12 The O&M expenses for True up of FY 2024-25 the Employee and A&G Expenses be approved same as approved in the MYT Order. In so far as the R&M Expenses are concerned, the same is linked to Opening GFA balances which have undergone a change pursuant to True up of FY 2023-24. Accordingly, the stakeholder has calculated the allowable R&M expenses based on admissible GFA as discussed in the preceding sections as shown in below:

Table 13: Summary of admissible R&M Expenses for the FY 2024-25 and FY 2026-27

(All figures in Rs. Crores)

Particulars	TGSPDCL		TGNPDCL	
	FY 2024-25	FY 2026-27	FY 2024-25	FY 2026-27
GFA (opening)	22,171.49	25,813.77	10,139.40	11,911.71
K-factor	0.90%	0.90%	0.90%	0.90%
WPI	4.93%	4.93%	4.93%	4.93%
R&M Expenses	**209.38**	**243.78**	**95.75**	**112.49**

4.3.13 The allowable O&M Expenses as per the stakeholder’s assessment is as under:

Table 14: Summary of O&M Expenses admissible as per Objector’s assessment for the FY 2024-25 and FY 2026-27

(All figures in Rs. Crores)

Particulars	TGSPDCL		TGNPDCL	
	FY 2024-25	FY 2026-27	FY 2024-25	FY 2026-27
Employee Expenses	3,162.37	3,539.21	2,360.89	2,642.23
R&M Expenses	209.38	243.78	95.75	112.49
A&G Expenses	217.64	239.64	135.41	149.10
Total	**3,589.39**	**4,022.63**	**2,592.05**	**2,903.82**

4.3.14 One of the stakeholders submitted that, as per Regulation No.02 of 2023, O&M Expenses calculation does not take into account any efficiency factor in accordance with clause 81 of the Regulation No. 02 of 2023 and submitted that under a performance based regulatory regime, regulated entities are incentivized to improve their efficiency level. This improved efficiency is expected to decrease the costs and hence many SERCs, like Delhi & Haryana, have incorporated an efficiency factor in the calculation of O&M Expenses.

4.3.15 Further, Hon'ble APTEL in its judgement dated 31/05/2011 in Appeal No. 52 of 2008 has upheld the concept of Efficiency Factor in O&M expenses in the case of TPDDL, as follows.

> *"60. The last issue is erroneous computation of efficiency factor….*
> *64. Since O&M expenses of the Appellant were compared with the similar urban distribution companies in other States, the Commission found the expenses of the Appellant were on the higher side and therefore MYT Regulations were framed to bring the requisite efficiency in the system. According to the Commission, the Commission is of the opinion that O &M expenses trajectory for the Control Period shall be decided on the basis of annual efficiency improvement factor and as such O&M cost of the Appellant is on the higher side…."*
> *65. In view of the above reasoning's, the State Commission was constrained from allowing them to continue to operate in such a manner and pass on the higher costs to the consumers. The increase in the O&M cost is supplemented by the increase in the efficiency level and cost of saving/cost of reductions/other economies being available to the Appellant. Therefore, there is no merit in this contention raised by the Appellant.*
> *66. The Learned Counsel for the Appellant has relied on the findings of the Tribunal in its judgment dated 29.9.2010 in Appeal No. 28 of 2008 in the matter of Delhi Transco Ltd. vs. DERC and Others wherein in paragraph 25 of the judgment the Tribunal set aside the order of the State Commission in respect of efficiency factor for Delhi Transco decided by the State Commission on ad-hoc basis without any benchmarking or any analysis and identification of area of efficiency. However, in the present case the State Commission has compared the O&M expenses of the Appellant with other utilities and given a reasoned order. Thus, the findings of the Tribunal in Appeal No. 28 of 2008 will not apply to the present case. Accordingly, this issue is answered as against the Appellant."*

4.3.16 In view of the above the stakeholder requested the Commission to approve O&M Expenses after incorporating an appropriate efficiency factor

Petitioners' Replies

4.3.17 The petitioners have submitted that the O&M cost projections for FY 2026-27 have been computed strictly in accordance with the Regulation No. 02 of 2023 and therefore cannot be considered inflated or arbitrary. As mandated under clause 81.2 to 81.3, Employee Costs, A&G Costs and R&M Costs are required to be computed using the normative formulas specified therein namely, Employee Cost = previous year cost × CPI inflation, A&G Cost = previous year cost × WPI inflation, and R&M Cost = K × GFA × WPI inflation, where the "K-factor" is fixed by the Commission in the approved MYT Order. Further, clause 81.5 explicitly prohibits provisioning and allows only actual audited expenses at the time of true-up, ensuring that no excess

O&M is admitted in line with these provisions, the petitioners have adopted the Commission determined base O&M values, the inflation indices prescribed under the Regulation, and the K-factor approved by Commission, without applying any additional or discretionary escalations. Accordingly, the O&M figures filed fully comply with the MYT framework and requested to consider the filings.

Commission's Analysis and Findings

4.3.18 The Commission has determined the O&M expenses in accordance with the provisions of clause 81 of Regulation 2 of 2023.

Employee Expenses:

4.3.19 In accordance with clause 81.3 of Regulation No. 2 of 2023, the Commission has recomputed the Employee Expenses for FY 2026-27 by escalating the trued-up expenses for FY 2024-25 twice with CPI inflation factor of 5.79% as approved in the MYT order dated 28.10.2024 to arrive at the Employee Expenses for FY 2026-27 as shown in table below:

Table 4-10: Employee expenses claimed and approved for FY 2026-27

(Rs. Crores)

Particulars		TGSPDCL		TGNPDCL	
		Claimed	**Approved**	**Claimed**	**Approved**
Employee Cost for FY 2024-25	(a)	3,611.43	3,456.72	2,495.65	2,443.39
CPI Inflation Factor	(b)	5.79%	5.79%	5.79%	5.79%
Employee Cost for FY 2025-26	**c = a*(1+b)**	3820.53	3656.86	2640.14	2584.87
CPI Inflation Factor		5.79%	5.79%	5.79%	5.79%
Employee Cost for FY 2026-27	**d = c*(1+b)**	**4,042**	**3,868.59**	**2,793**	**2,734.53**

A & G Expenses:

4.3.20 In accordance with clause 81.3 of Regulation No. 2 of 2023, the Commission has recomputed the A&G Expenses for FY 2026-27 by escalating the trued-up expenses for FY 2024-25 twice with WPI inflation factor of 4.93% as approved in the MYT order dated 28.10.2024 to arrive at the A&G Expenses for FY 2026-27 as shown in table below.

Table 4-11: A&G expenses claimed and approved for FY 2026-27

(Rs. Crores)

Particulars		TGSPDCL		TGNPDCL	
		Claim	**Approved**	**Claim**	**Approved**
A&G Expenses Cost for FY 2024-25	(a)	201.04	206.22	153.13	133.43
WPI Inflation Factor	(b)	4.93%	4.93%	4.93%	4.93%
A&G Expenses Cost for FY 2025-26	**c = a*(1+b)**	210.95	216.39	160.67	140.00
WPI Inflation Factor		4.93%	4.93%	4.93%	4.93%
A&G expenses Cost for FY 2026-27	**d = c*(1+b)**	**221**	**227.06**	**169**	**146.91**

R & M Expenses:

4.3.21 The Commission has computed the K factor for FY 2025-26 as per the Trued-up R&M expenses and approved opening GFA for FY 2024-25. Computed R&M expenses for FY 2025-26 by multiplying the computed K factor, Opening GFA of FY 2025-26 and WPI factor as approved in the MYT order. K factor for FY 2026-27 is computed based on R&M expenses and Opening GFA of FY 2025-26. R&M expenses for FY 2026-27 are arrived by multiplying computed K factor, opening GFA for FY 2026-27 and WPI inflation factor as approved in the MYT order as shown in table below:

Table 4-12: R&M expenses claimed and approved for FY 2026-27

(Rs. Crores)

Particulars		TGSPDCL		TGNPDCL	
		Claim	**Approved**	**Claim**	**Approved**
GFA	(a)	25,936	26,627.57	12,243	12,670.90
WPI Inflation Factor	(b)	4.93%	4.93%	4.93%	4.93%
K-Factor	(c)	0.96%	1.02%	1.32%	1.31%
R&M expenses	**d=a*(1+b)*c**	**261**	**285.83**	**169**	**174.64**

4.3.22 The Commission further observed that certain portions of Employee and A&G expenses which are capitalized during the year were not reduced from the Gross O&M expenses while arriving at the claim by the petitioners. Since such capitalized expenses form part of capital cost and are recovered through depreciation, interest on loan and return on equity, allowing the same again under O&M would amount to double recovery. Accordingly, the Commission has deducted the expenses capitalized portion of Employee and A&G expenses as approved in the MYT order from the Gross O&M expenses. The Gross O&M Expenses claimed and approved for FY 2026-27 is as shown in table below:

Table 4-13: Gross O&M expenses claimed and approved for TGSPDCL for FY2026-27
(Rs. Crores)

Particulars	TGSPDCL		
	MYT Order	Claimed	Approved
Employee Cost	3539.21	4,042	3,868.59
A&G cost	239.64	221	227.06
R&M Cost	280.49	261	285.83
O&M Expenses	**4059.35**	**4,524**	**4,381.48**
Less: O&M Expenses Capitalized	-	-	414.87
Net Expenses	**4059.35**	**4,524**	**3,966.61**

Table 4-14: Gross O&M expenses claimed and approved for TGNPDCL for FY2026-27
(Rs. Crores)

Particulars	TGNPDCL		
	MYT Order	Claimed	Approved
Employee Cost	2642.23	2,793	2,734.53
A&G cost	149.10	169	146.91
R&M Cost	185.85	169	174.64
O&M Expenses	**2977.17**	**3,130**	**3,056.08**
Less: O&M Expenses Capitalized	-	-	129.17
Net Expenses	**2977.17**	**3,130**	**2,926.91**

4.4 Depreciation

Petitioner's claim

4.4.1 The petitioners have submitted that the depreciation has been calculated as per Regulation No. 2 of 2023 for each class of asset base and fully depreciated assets during the control period.

4.4.2 The Depreciation is computed considering the opening balance of the gross fixed assets and capitalization of assets during the year. Besides, the fully depreciated assets in the gross block at the end of the previous year are deducted from the opening balance of the Gross assets in the succeeding year before computation of depreciation costs.

4.4.3 TGSPDCL has claimed Rs. 1,149 Crores towards Depreciation against Rs. 745.05 Crores approved, TGNPDCL has claimed Rs. 661 Crores against Rs. 459.43 Crores approved as shown in below table:

Table 4-15: Depreciation Claimed for FY2026-27

(Rs. Crores)

Particulars	TGSPDCL	TGNPDCL
Depreciation	1,149	661

Stakeholders' submissions

4.4.4 Stakeholder has submitted that depreciation claimed by the petitioners has increased by 54.10% for TGSPDCL and 44.07% for TGNPDCL when compared with the depreciation approved in the MYT Tariff Order for the 5th Control Period. The depreciation claimed for FY 2026-27 includes depreciation on Consumer Contributed Assets. However, as per the clause 26 of Regulation No. 2 of 2023 depreciation on assets funded by consumer/user contributions shall not be allowed in the revenue requirement.

4.4.5 TGSPDCL and TGNPDCL have claimed Rs. 384 Crores and Rs. 12 Crores of depreciation through Consumer Contribution. Accordingly, the stakeholder requested to reduce the depreciation as claimed by TGSPDCL and TGNPDCL for FY 2026-27 by Rs. 384 Crores and Rs. 12 Crores respectively considering the impact of depreciation on assets funded by consumer contribution. The difference of Rs. 384 Crores should be borne by the Govt. of Telangana in the form of subsidy.

4.4.6 Other stakeholders have submitted that in the absence of scheme wise details on capitalization which include the funding pattern as well and requested to consider the same ratio for additions to consumer contributions as was actually received during the FY 2024-25 for FY 20226-27.

4.4.7 Based on the petitioner's submission that depreciation in the Audited Accounts is computed as per CERC Regulations, whereas depreciation claimed for tariff purposes is as per the Tariff Regulations, the stakeholder has derived the weighted average depreciation rate by dividing the depreciation claimed by the average of the opening and closing Gross Fixed Asset (GFA) balances as per the Audited Accounts. Accordingly, the weighted average rates work out to 3.52% for TGSPDCL and 3.91% for TGNPDCL, respectively. Based on the admissible Capitalization and additions to the consumer contribution & grants for the FY 2024-25 and FY 2026-27, the allowable depreciation works out by the stakeholder as under

Table 6: Allowable Depreciation as per Objector's assessment for the FY 2024-25 and FY 2026-27

(All figures in Rs. Crores)

Particulars	TGSPDCL		TGNPDCL	
	FY 2024-25	FY 2026-27	FY 2024-25	FY 2026-27
Opening GFA	22,171.49		10,139.40	
Less: fully depreciated assets	562.07		-	
Less: Consumer contribution & grants	10,770.68		3,131.21	
Net Opening GFA	10,838.74	11,504.51	7,008.19	7,956.27
Net Additions to GFA during the year	92.95	616.64	364.60	623.04
Closing GFA	10,931.69	12,121.15	7,372.79	8,579.32
Weighted average rate of deprecation	3.52%	3.52%	3.91%	3.91%
Depreciation	**383.00**	**415.64**	**280.83**	**322.91**

4.4.8 The stakeholder submitted that TGNPDCL has not furnished the details of computation of opening normative loan and requested to adopt the same methodology for TGNPDCL as well.

Petitioners' Replies

4.4.9 The petitioners have submitted that they have considered the depreciation on assets funded through consumer contributions as deferred revenue income under NTI. Since the Net ARR i.e., the gross ARR minus NTI is considered for the purpose of computation of wheeling charges, requested to consider the depreciation figures as filed by the petitioners.

4.4.10 The petitioners have further submitted that the depreciation has been computed strictly as per the Tariff Regulations, applying the notified rates on the regulatory asset base and adjusting for consumer contributions and grants to the extent identifiable from audited accounts and scheme-wise records. There is no double recovery, as amortisation of grants and consumer contribution is duly reflected under non-tariff income in line with the Commission's methodology.

4.4.11 The stakeholder's inference that depreciation has been claimed on assets funded through grants/consumer contributions is incorrect. TGSPDCL followed regulatory requirement that depreciation is not claimed to the extent assets are funded through such support, subject to availability of scheme-wise funding details and audited classification.

4.4.12 Further, reconciliation of opening GFA and consumer contributions/grants is undertaken with reference to the audited accounts, and all variations are fully subject to the Commission's prudence check during true-up. Capitalization entries, funding pattern, and asset addition details are furnished to the Commission for scrutiny along with supporting documents.

4.4.13 The approach adopted in the Petition is consistent with past orders of the Commission. Accordingly, the depreciation claim is compliant, verifiable and requested to approve the same as per filings.

Commission's Analysis and Findings

4.4.14 The Commission has considered the objections / suggestions raised by the stakeholders and the responses submitted by the petitioners and computed the depreciation in accordance with clause 28 of Regulation No. 2 of 2023.

4.4.15 In accordance with the Regulation No. 2 of 2023, depreciation has to be calculated for the assets available as on 01.04.2024 and assets capitalised after 01.04.2024. Accordingly for computation of depreciation, the Commission has sought additional information from the petitioners on (i) Asset wise classification of OCFA at the beginning of the year (ii) Asset wise classification of OCFA of fully depreciated asset at the beginning of the year. (iii) Asset wise classification of OCFA of the assets capitalized during the year along with asset wise classification of OCFA of the retired or replaced or de-capitalized assets during the year. (iv) Asset wise classification of OCFA of fully depreciated asset during the year. Based on the information furnished by the petitioners, the Commission has computed depreciation as per clause 28.3 of Regulation No. 02 of 2023. For existing assets as on 01.04.2026, the balance depreciable value has been arrived by deducting the cumulative depreciation admitted upto 31.03.2026 from the gross depreciable value of such assets, and depreciation for existing assets upto 01.04.2026 arrived at by dividing balance depreciable value by balance useful life.

4.4.16 For new assets capitalised on or after 01.04.2026, depreciation has been computed in line with the provisions of Regulation No. 2 of 2023 Annexure-I. The depreciation for existing assets and newly capitalised assets has been aggregated to determine the gross depreciation for the year.

4.4.17 As per clause 26.2(c) of Regulation No. 2 of 2023, depreciation shall not be allowed to the extent assets are funded through consumer contributions, grants, or capital subsidy and thus the Commission after prudence check has deducted the amortisation corresponding to Consumer Contributions, Deposit Works, Grants, and Capital Subsidy from the gross depreciation to compute net depreciation for FY 2026-27.

4.4.18 TGNPDCL in the additional information has submitted the revised depreciation as Rs. 517.62 for FY 2026-27 in line with Regulation No. 2 of 2023 and the same has been considered by the Commission.

4.4.19 The depreciation claimed and approved for FY 2026-27 is shown in table below:

Table 4-16: Depreciation claimed and approved for TGSPDCL and TGNPDCL for FY 2026-27

(Rs. Crores)

Particular	MYT Order	Claimed	Approved
TGSPDCL			
Opening GFA	26984.62	25936.17	26627.57
Additions during the year	2910.83	5929.42	2910.83
Closing GFA	29895.45	31865.92	29538.41
Gross Depreciation	1178.49	1,149	1014.61
Amortisation on CC & Grant	433.44	384.01	457.70*
Uday Amortization Impact	23.65		22.95
Net Depreciation	**745.05**	**764.73**	**533.97**
TGNPDCL			
Opening GFA	13357.78	12242.76	12670.90
Additions during the year	1754.25	1571.62	1754.25
Closing GFA	15112.04	13814.38	14425.15
Gross Depreciation	581.74	517.62**	512.62
Amortisation on CC & Grant	122.31	160.81	129.14*
Uday Amortization Impact	11.84		11.73
Net Depreciation	**459.43**	**356.81**	**371.75**

*(*__Amortization of Depreciation on CC Assets__ of __Rs. 457.70 Crores__ for __TGSPDCL__ and __Rs. 129.14 Crores__ for __TGNPDCL__ has been adjusted in the __Depreciation__ as against Amortizaton claimed of Rs. 384.01 cr for TGSPDCL and Rs. 160.81 cr for TGNPDCL. TGDISCOMs claimed Amortization in NTI whereas, commission adjusted it in Depreciation)*

*** Considered as per Revised Claim*

4.5 Interest and Finance Charges on Loan

Petitioner's claim

4.5.1 The petitioners have submitted that interest expenditure on account of long-term loans depends on the outstanding loan, repayments, and prevailing interest rates on the outstanding loans. Further, the projected capital expenditure and the funding of the same also have a major bearing on the long-term interest expenditure.

4.5.2 TGDISCOMs have considered the normative opening loan, normative loan addition during the year and loan repayment equal to depreciation and the weighted average interest rates and computed the interest expenses on normative basis.

4.5.3 TGSPDCL has claimed Rs. 934 Crores towards Interest and Finance charges on loan against Rs. 615.41 Crores approved, TGNPDCL has claimed Rs. 400 Crores against Rs. 398.37 Crores approved as shown in below table:

Table 4-17: Interest and Finance charges on Loan claimed for FY 2026-27

(Rs. Crores)

Particulars	**Claimed**	
	TGSPDCL	**TGNPDCL**
Opening Balance of Net Normative Loan	6,325	3,512
Less: Reduction of Normative Loan due to retirement or replacement of assets	0	0
Addition of Normative Loan due to capitalisation during the year	7,209	1,050
Repayment of Normative loan during the year	1,149	661
Equity Portion of GFA of fully depreciated assets depreciated	13	26
Closing Balance of Net Normative Loan	12,399	3,927
Weighted average Rate of Interest on actual Loans (%)	9.97%	10.76%
Interest	**934**	400
Finance charges	0	0
Interest & Finance charges	**934**	**400**

Stakeholder's submissions

4.5.4 One of the Stakeholder has submitted that in the filings for FY 2026-27 TGNPDCL has proposed rate of interest of 10.76% on loans, TGSPDCL has proposed a rate of interest of 9.97%. These rates of interest are higher than those claimed during the 4th control period and suggested the petitioners to explore ways to reduce the interest proposed for FY 2026-27 and requested the Commission to advise the petitioners to go for swapping of loans to bring down interest burden.

4.5.5 Other stakeholders have submitted that, TGSPDCL has claimed Interest on Loan to the tune of Rs. 534 Crores and Rs. 934 Crores for FY 2024-25 and FY 2026-27 respectively. TGNPDCL has claimed Interest on Loan to the tune of Rs. 328 Crores and Rs. 400 Crores for FY 2024-25 and FY 2026-27 respectively.

4.5.6 The stakeholder submitted that accumulated depreciation (excluding Consumer Contribution) is fully available for loan repayment, and therefore, the application of 75% only lacks regulatory and financial rationale. Further, the Tariff Regulations explicitly stipulate that repayment shall be equivalent to depreciation, rendering the application of a 75% factor unwarranted.

4.5.7 Stakeholder further submitted that, the allowable Interest on Loan for both Discoms for FY 2024-25 and FY 2026-27 as per their assessment is shown as below:

Table 9: Summary of admissible Interest on Loan for the FY 2024-25 and FY 2026-27

(All figures in Rs. Crores)

Particulars	TGSPDCL		TGNPDCL	
	FY 2024-25	FY 2026-27	FY 2024-25	FY 2026-27
Opening balance of normative loan	2,764.36	2,485.97	1,594.53	1,725.42
Additions: 75% of the Capitalization (less CC)	69.71	462.48	273.45	467.28
Repayment (depreciation)	383.00	415.64	280.83	322.91
Closing balance of normative loan	2,451.07	2,532.81	1,587.15	1,869.79
Average balance of normative loan	2,607.71	2,509.39	1,590.84	1,797.61
Weighted average rate of interest	0.10	0.10	0.10	0.10
Interest on Loan	**250.38**	**240.94**	**163.23**	**184.44**

Petitioners' Replies

4.5.8 TGSPDCL submitted that the projected interest on loan for FY 2026-27 has been computed based on the weighted average interest rate, considering the mix of existing loans, the applicable interest rates on new loans, and the scheduled repayment obligations, the resulting weighted average projected interest rate works out to 9.97% for FY 2026-27 and requested to consider these variations in accordance with Regulation No. 2 of 2023 and submitted detailed computation sheets as a part of additional information.

4.5.9 TGNPDCL has submitted that the proposed interest rates for FY 2026-27 reflect the prevailing market conditions and the actual composition of TGNPDCL's loan portfolio. The projected interest on loan has been computed based on the weighted average interest rate, considering (i) the existing loan book, (ii) the interest rates applicable to new borrowings, and (iii) the scheduled repayment obligations. Based on this, the weighted average projected interest rate works out to 10.76% for FY 2026-27.

4.5.10 Further, TGNPDCL submitted that in order to reduce the financing cost burden and to lower overall cost of debt, TGNPDCL is actively engaging with lenders to renegotiate existing loan terms seeking reduction in interest rates and also exploring restructuring options wherever feasible. These efforts are ongoing to ensure that the interest burden on consumers is minimized and the financing structure becomes more sustainable and requested to consider the proposed interest rate in accordance with the Regulation No. 2 of 2023. In case of any reduction in interest rates achieved through these negotiations or restructuring will be fully reflected and claimed appropriately during the True-Up.

4.5.11 The petitioners submitted that the Interest on Loan has been computed strictly as per Regulation No. 2 of 2023, applying the normative 75:25 debt-equity ratio to the asset base, consistent with the methodology adopted by the Commission. The treatment of loan opening balances, loan additions, and repayment equivalent to depreciation has been done in line with framework prescribed in the Regulations.

4.5.12 The suggestion that accumulated depreciation should be applied at 100% for normative loan repayment does not align with the normative capital structure stipulated by the Regulations, which requires debt and equity to be maintained in the 75:25 ratio for all regulatory computations, including loan additions and repayment.

4.5.13 With respect to consumer contribution and grants, the petitioners have already provided audited figures, consumer contribution part in GFA and scheme-wise segregation is submitted to the Commission as part of filings. Depreciation and loan computations exclude the grant-funded/consumer contribution portion of assets, fully complying with clause 26 of Regulation No. 2 of 2023 and requested to approve the same as filed.

Commission's Analysis and Findings

4.5.14 The Commission has considered the objections / suggestions raised by the stakeholders and the responses submitted by the petitioners and computed the interest and finance charges on loan in accordance with clause 31 of Regulation No. 2 of 2023.

4.5.15 The Commission has considered the trued-up closing loan of FY 2024-25 as opening loan for FY 2025-26. The closing loan of FY 2025-26 is considered as opening loan of FY 2026-27.

4.5.16 The Commission has applied 75:25 debt-equity ratio to the approved capitalisation during the year, net of consumer contributions and grants, to calculate the loan addition for FY 2026-27 and further, in line with clause 31.3 of the Regulation No. 2 of 2023, net depreciation within 75% is considered as repayment of the loan for FY 2026-27 and the net depreciation beyond 75% is considered for equity reduction during FY 2026-27 and the Commission has considered the interest rate for FY 2026-27 as approved in 5th MYT order dated: 28-10-2024. Accordingly approved the interest and finance charges on loan for FY 2026-27 as shown in table below:

Table 4-18: Interest and Finance charges on loan claimed and approved for TGSPDCL for FY 2026-27

(Rs. Crores)

Particulars	**MYT Order**	**Claimed**	**Approved**
Opening Balance of Net Normative Loan	5751.08	6,325	6309.83
Less: Reduction of Normative Loan due to retirement or replacement of assets	0.00		
Addition of Normative Loan due to capitalisation during the year	1580.13	7,209	1580.13
Repayment of Normative loan during the year	745.05	1,149	489.10
Equity Portion of GFA of fully depreciated assets depreciated	0.00	13	
Closing Balance of Net Normative Loan	6586.15	12,399	7400.86
Closing Balance of Gross Normative Loan	0.00		
Average Balance of Net Normative Loan	6168.62		6855.34
Weighted average Rate of Interest on actual Loans (%)	9.98%	9.97%	9.98%
Interest	615.41	934	683.92
Finance charges	0.00		
Interest & Finance charges	**615.41**	**934**	**683.92**

Table 4-19: Interest and Finance charges on loan claimed and approved for TGNPDCL for FY 2026-27

(Rs. Crores)

Particulars	**MYT Order**	**Claimed**	**Approved**
TGNPDCL			
Opening Balance of Net Normative Loan	3370.56	3,512	2705.84
Less: Reduction of Normative Loan due to retirement or replacement of assets	0.00		
Addition of Normative Loan due to capitalisation during the year	1170.94	1,050	1170.94
Repayment of Normative loan during the year	459.43	661	359.43
Equity Portion of GFA of fully depreciated assets depreciated	0.00	26	
Closing Balance of Net Normative Loan	4082.07	3,927	3517.35
Closing Balance of Gross Normative Loan	0.00		
Average Balance of Net Normative Loan	3726.32		3111.60
Weighted average Rate of Interest on actual Loans (%)	10.69%	10.76%	10.69%
Interest	398.37	400	332.65
Finance charges	0.00		
Interest & Finance charges	**398.37**	**400**	**332.65**

4.6 Return on Equity

Petitioner's claim

4.6.1 The petitioners have submitted that Return on Equity (RoE) is computed as per Regulation No. 2 of 2023 and claimed RoE at 16% including additional RoE 2% per annum linked to the petitioner's performance towards meeting standards of performance for FY 2026-27.

4.6.2 TGSPDCL has claimed Rs. 482 Crores towards RoE against the Rs. 349.30 Crores approved, TGNPDCL has claimed Rs. 245 Crores against Rs. 212.09 Crores approved as shown in table below:

Table 4-20: Return on Equity claimed for FY 2026-27

(Rs. Crores)

Particulars	**Claimed**	
	TGSPDCL	**TGNPDCL**
Regulatory Equity at the beginning of the year	2,192	1,375
Capitalisation during the year	7,209	1,400
Equity Portion of capitalisation during the year	1,802	350
Equity portion of fully depreciated assets	163	43

Particulars	Claimed	
	TGSPDCL	TGNPDCL
Regulatory Equity at the end of the year	3,831	1,682
Rate of Return on Equity	16%	16%
Return on Regulatory Equity at beginning of the year	351	220
Return on Regulatory Equity at additions during the year	131	25
Total Return on Equity	**482**	**245**

Stakeholders' submissions

4.6.3 One of the stakeholders submitted that the petitioners have claimed 16% RoE including additional 2% RoE for performance towards meeting Standards of Performance (SOP) for FY 2026-27 and stated that as per clause 29 of Regulation No. 2 of 2023, RoE is to be allowed at 14% and additional RoE up to 2% linked to Licensee's performance towards meeting SOP is to be allowed at the time of True-Up provided the petitioners meet overall SOP as specified by the Commission.

4.6.4 The stakeholder has recomputed the RoE pertaining to FY 2026-27 based on applicable Regulatory principles and requested to consider to reduce Rs. 54 Crores and Rs. 28 Crores from RoE claimed by TGSPDCL and TGNPDCL respectively for FY 2026-27 and suggested that the difference of Rs. 54 Crores and Rs.28 Crores should be borne by the Government of Telangana in the form of Subsidy.

4.6.5 Another stakeholder submitted that as a part of distribution business ARR for FY 2026-27 the petitioners claimed RoE of 16%. This includes 14% towards regular return on equity and 2% for achieving Standards of Performance (SoP). The Commission in its Order dated 28-10-2024 adopted 14% as return on equity. The same shall be applied to present application of petitioners for FY 2026-27.

4.6.6 The additional 2% towards return on equity may be allowed after completion of the financial year subject to SoP targets achieved by the petitioners and requested to scrutinize SoP claims submitted by the petitioners or shall be subjected to third party verification. The claims on achieving SoP do not reflect the ground reality. Further submitted that they often come across news reports of DISCOM staff being arrested by Anti-Corruption Branch (ACB) for their corrupt practices and the arrested DISCOM staff are initially suspended and reinstated after 6 months, without any punishment and requested the Commission to direct the petitioners to provide details of the DISCOM staff arrested by ACB during the FYs 2024-25 and 2025-26 and action taken on these staff.

4.6.7 Another stakeholder submitted that the petitioners expect 16% RoE, including a performance-linked additional 2%, without demonstrating commensurate improvement in service quality, reliability, or loss reduction which is significantly higher than prevailing market returns and not commensurate with DISCOM performance, especially in light of continued AT & C losses and operational inefficiencies which places an undue financial burden on consumers without guaranteeing better services and requested to reduce RoE, align RoE with actual performance and sectoral benchmarks, cap the RoE at a reasonable rate (not exceeding 12%) and link any performance incentive to measurable service improvements

4.6.8 Other stakeholders have submitted that TGSPDCL has claimed Return on Equity to the tune of Rs. 482 Crores for FY 2026-27 and TGNPDCL has claimed Rs. 245 Crores for FY 2026-27. The Tariff Regulations provides confining the admissibility of 2% incentive claim at the time of True-Up. Such provision cannot be extended or imported into tariff determination proceedings for FY 2026-27. Accordingly, the Petitioner's claim of 2% incentive for FY 2026-27 is premature and does not merit admission under the Tariff Regulations at this stage.

4.6.9 Stakeholder has computed RoE as per their assessment as shown below:

Table 12: Summary of admissible Return on Equity for the FY 2024-25 and FY 2026-27

(All figures in Rs. Crores)

Particulars	TGSPDCL		TGNPDCL	
	FY 2024-25	FY 2026-27	FY 2024-25	FY 2026-27
Opening Equity	1,403.64	1,570.08	836.65	1,073.67
Additions during the year	23.24	154.16	91.15	155.76
Closing Equity	1,426.88	1,724.24	927.80	1,229.43
Average Equity	1,415.26	1,647.16	882.22	1,151.55
Rate of RoE	11%	14%	0.11	0.14
Tax Rate	0%	0%	-	-
Return on Equity	**155.68**	**230.60**	**97.04**	**161.22**

Petitioners' Replies

4.6.10 TGSPDCL has submitted that they claimed additional 2% RoE indicating that they are well positioned to meet the standard of performance and have therefore factored it in their ROE computations for FY 2026-27. The Standard of Performance is determined on various parameters or service area such as Normal fuse-off calls, line breakdowns, distribution transformer failure, period of scheduled outage, street light faults and continuity indices. In each of the above-mentioned areas, TGSPDCL have carried out extensive work in terms of improving the response time of 1912, carrying out scheduled and regular maintenance activities as part of summer action plan preparedness, launching of Emergency Response Team Vehicles to quickly turnaround / restore normalcy. Hence, TGDiscoms claim of additional 2% ROE in the ROE computation is valid and justified and requested to approve as per filings.

4.6.11 Petitioners submitted that the additional 2% RoE linked to Standards of Performance (SoP), as provided under Regulation 29.2(e), should not be deferred entirely to the true-up stage. If this component is allowed only during true-up, DISCOM will lose revenue through wheeling charges because the higher RoE will not be factored into the wheeling tariff computation for the year. This creates a structural disadvantage despite compliance with SoP targets. TGDISCOMs have implemented robust measures to meet SoP requirements, including reliability improvements, timely consumer service delivery, and safety initiatives and requested to consider allowing the additional 2% RoE provisionally in the ARR, subject to post-year verification, so that wheeling charges reflect the correct cost structure and DISCOM is not penalized for timely compliance. Further submitted that the petitioners have robust internal vigilance mechanisms and to take disciplinary action against erring staff and submitted the details of the employees who were caught by ACB officials for FY 2024-25 and FY 2025-26.

Commission's Analysis and Findings

4.6.12 The Commission has considered the objections / suggestions raised by the stakeholders and the responses submitted by the petitioners and computed the Return on Equity in accordance with clause 29 of Regulation No. 2 of 2023.

4.6.13 The trued-up closing balance of equity for FY 2024-25 is considered as opening balance of equity for FY 2025-26. The closing balance of equity for FY 2025-26 is considered as opening balance of equity for FY 2026-27.

4.6.14 The Commission has applied 75:25 debt-equity ratio to the approved capitalisation during the year, net of consumer contributions and grants, to calculate the equity infused during FY 2026-27 and further, in line with Clause 28.2 of the Regulation No. 2 of 2023, net depreciation beyond 75% is considered as reduction of equity base during FY 2026-27.

4.6.15 As per clause 29 of Regulation 2 of 2023, and finding merit in the submissions of the stakeholders, the Commission has considered the base Return on Equity of 14% for FY 2026-27 and additional 2% will be considered at the time of true-up of relevant year based on the petitioners meeting the Standards of Performance as per Licensee Standards of Performance Regulation, 2016.

4.6.16 The TGDISCOMs are directed to establish clear and robust procedures for the time-bound completion of tasks assigned to employees. In cases where tasks are not completed within the stipulated timelines, appropriate action shall be initiated The Standards of Performance timelines shall be scrupulously adhered to, and any deviations therefrom shall be dealt with through suitable corrective and disciplinary measures.

4.6.17 The Commission has observed that TGDISCOMs have not claimed tax on return on equity due to lack of profits, and thus the Commission has also not grossed up the net allowable base rate. The Return on Equity as claimed and approved is shown in table below:

Table 4-21: Return on Equity claimed and approved for TGSPDCL for FY 2026-27

(Rs. Crores)

Particulars	MYT Order	Claimed	Approved
TGSPDCL			
Regulatory Equity at the beginning of the year	2311.18	2,192	3060.34
Net Capitalisation during the year	2106.83	7,209	2106.83
Equity portion of capitalisation during the year	526.71	1,802	526.71
Equity portion of fully depreciated assets added in that Year	-	163	-
Equity repayment during the year	-	-	44.86
Reduction in Equity Capital on account of retirement / replacement of assets	-	-	-
Regulatory Equity at the end of the year	2838.30	3,831	3542.19
Rate of Return on Equity	-	-	-
Base rate of Return on Equity	14%	16%	14%
Reduction in Base ROE for delay in filling of Petition (6 Month)	-	-	-

Particulars	MYT Order	Claimed	Approved
TGSPDCL			
Allowable rate of Return on Equity	14%		14%
Effective Income Tax rate	-	-	-
Net Rate of Return on Equity	14%	16%	14%
Return on Equity Computation	-	-	-
Return on Regulatory Equity at the beginning of the year	323.62	351	428.45
Return on Regulatory Equity addition during the year	36.87	131	33.73
Less:			
Uday Grant Equity component	79.91	-	74.27
Impact of Uday on ROE	11.19	-	10.40
Total Return on Equity	**349.30**	**482**	**451.78**

Table 4-22: Return on Equity claimed and approved for TGNPDCL for FY 2026-27

(Rs. Crores)

Particulars	MYT Order	Claimed	Approved
TGNPDCL			
Regulatory Equity at the beginning of the year	1360.34	1,375	1871.32
Net Capitalisation during the year	1561.25	1,400	1561.25
Equity portion of capitalisation during the year	390.31	350	390.31
Equity portion of fully depreciated assets added in that Year	0.00	43	0.00
Equity repayment during the year			12.32
Reduction in Equity Capital on account of retirement / replacement of assets	0.00		
Regulatory Equity at the end of the year	1750.65	1,682	2249.31
Rate of Return on Equity	0.00		
Base rate of Return on Equity	14%	16%	14%
Reduction in Base ROE for delay in filling of Petition (6 Month)	0		
Allowable rate of Return on Equity	14%		14%
Effective Income Tax rate	0	-	0
Net Rate of Return on Equity	14%	16%	14%
Return on Equity Computation	0		
Return on Regulatory Equity at the beginning of the year	190.45	220	261.98

Particulars	MYT Order	Claimed	Approved
TGNPDCL			
Return on Regulatory Equity addition during the year	27.32	25	26.46
Less:			
Uday Grant Equity component	40.56		37.93
Impact of Uday on ROE	5.68		5.31
Total Return on Equity	**212.09**	**245**	**283.13**

4.7 Interest on working Capital

Petitioners' Claim

4.7.1 The petitioners have claimed the Interest on Working Capital (IOWC) as per clause 33.3 of Regulation No. 2 of 2023 duly considering one-month normative O&M Expenses, one month maintenance spares, receivables for 45 days, minus amount held as security deposits other than those in the form of Bank Guarantees, if any, from Distribution System users to arrive at the total working capital requirement. The petitioners have considered rate of Interest on Working Capital as 1-year SBI MCLR plus 150 basis points.

4.7.2 TGSPDCL has claimed Rs. 150 Crores towards IoWC against Rs. 102.51 Crores approved, TGNPDCL has claimed Rs. 100 Crores against Rs. 71.11 Crores approved for FY 2026-27 as shown in below table:

Table 4-23: Interest on Working Capital claimed for FY2026-27

(Rs. Crores)

Particulars	Claimed	
	TGSPDCL	**TGNPDCL**
O&M Expenses	382	261
Maintenance Spares	259	122
Receivables	835	596
Less:		
Security Deposits	0	0
Total Working Capital	1,477	979
Interest Rate	10.25%	10.25%
Interest of Working Capital	**150**	**100**

Stakeholder's submissions

4.7.3 Some of the stakeholders submitted that TGSPDCL has claimed IoWC to the tune Rs. 150 Crores for FY 2026-27 and TGNPDCL has claimed Rs. 100 Crores for FY 2026-27.

4.7.4 Based on the disallowances on other items of the ARR and Rate of IoWC as above (FY 2024-25), the allowable Interest on Working Capital as per the stakeholder's assessment works out as follows:

Table 17: Summary of admissible IoWC for the FY 2024-25 and FY 2026-27

(All figures in Rs. Crores unless stated explicitly)

Particulars	TGSPDCL		TGNPDCL	
	FY 2024-25	FY 2026-27	FY 2024-25	FY 2026-27
O&M expenses	299.12	335.22	216.00	241.99
Maintenance spares	221.71	258.14	101.39	119.12
Receivables	495.60	562.71	356.39	411.69
Less:			-	-
Total Working Capital requirement	1,016.43	1,156.06	673.79	772.79
Interest rate	10.38%	10.25%	10.38%	10.25%
Interest on working capital	**105.51**	**118.50**	**69.94**	**79.21**

Petitioners' Replies

4.7.5 The petitioners have submitted that IoWC has been computed as per clause 33.6 of Regulation No. 02 of 2023 and requested to approve as filed.

Commission's Analysis and Findings

4.7.6 The petitioners have computed IoWC in accordance with clause 33.3 of Regulation No. 2 of 2023.

4.7.7 The Commission has computed the working capital requirement in accordance of Clause 33.3 of Regulation No. 2 of 2023 and considered the rate of interest as 10.25% equal to Base Rate as on the date of filing of petition plus 150 basis points (ie., 10.25% = 8.75% + 1.5%) on normative basis in accordance with clause 33.6 of Regulation No. 2 of 2023 and approved the IoWC as shown in table below:

Marginal Cost Lending Rates

Effective Date	Interest Rate (%)				
	ON	1M	3M	6M	1Y
15.01.2026	7.85	7.85	8.25	8.60	8.70
15.12.2025	7.85	7.85	8.25	8.60	8.70
15.11.2025	7.90	7.90	8.30	8.65	8.75
15.10.2025	7.90	7.90	8.30	8.65	8.75

Table 4-24: Interest on Working Capital claimed and approved for TGSPDCL for FY 2026-27

(Rs. Crores)

Particulars	MYT Order	Claimed	Approved
Normative O&M Expenses for one month	304.45	382	330.55
Maintenance spares at one percent of opening GFA for the Year	72.56	259	266.28
Receivables equivalent to 45 days of ARR	632.92	835	726.36
Less:			
Security Deposits	0.00		
Total Working Capital requirement	1009.93	1477	1323.18
Interest rate	10.15%	10.25%	10.25%
Interest on Working Capital	**102.51**	**150**	**135.63**

Table 4-25: Interest on Working Capital claimed and approved for TGNPDCL for FY 2026-27

(Rs. Crores)

Particulars	MYT Order	Claimed	Approved
Normative O&M Expenses for one month	223.29	261	243.91
Maintenance spares at one percent of opening GFA for the Year	42.58	122	126.71
Receivables equivalent to 45 days of ARR	434.69	596	516.36
Less:			
Security Deposits	0.00		
Total Working Capital requirement	700.56	979	886.98
Interest rate	10.15%	10.25%	10.25%
Interest on Working Capital	**71.11**	**100**	**90.92**

4.8 Non-Tariff Income

Petitioners' Claim

4.8.1 The petitioners have considered the actual Non-Tariff Income for FY 2024-25 and with a nominal growth rate of 2% on yearly basis to arrive at the Non-Tariff Income for FY 2026-27.

4.8.2 TGSPDCL has claimed Rs. 531.65 Crores towards Non-Tariff Income against the Rs. 159.75 Crores approved, TGNPDCL has claimed Rs. 182.65 Crores against Rs. 178.67 Crores approved as shown in table below:

Table 4-26: Non-Tariff Income claimed by TGSPDCL for FY2026-27

(Rs. Crores)

Particulars	Claim
Incidental Charges- Work	102.96
Sale of Scrap	-5.50
Penalties from Suppliers	11.04
SDs & BGs Forfeited	-9.84
Miscellaneous Income	5.16
Sale of Tender Schedule	0.51
Rent from Fixed Assets	6.47
Meter Testing Charges	0.92
Registration Fees	0.03
Interest on Staff loans & Advances	0.25
Penalty from Employees	0.52
Amortisation due to CC	384.01
Incentives and Rebates	26.01
Interest on Bank Deposits	9.12
Non-Tariff Income	**531.65**

Table 4-27: Non-Tariff Income as claimed by TGNPDCL for FY2026-27

(Rs. Crores)

Particulars	Claim
Penalties from Suppliers	8.27
Miscellaneous Income	7.35
Deferred Revenue Income	160.81
Income from Investment	6.22
Non-Tariff Income	**182.65**

(***Amortization of Depreciation on CC Assets** of **Rs. 384.01 Crores** for **TGSPDCL** and **Rs. 160.81 Crores** for **TGNPDCL** has been included in the **Non-Tariff Income** claimed by the **TGDISCOMs**.)

Stakeholder's submissions

4.8.3 One of the stakeholders submitted that during the month of August, 2025 while removing the internet cable wires from the poles, some of the cable operators informed that they are paying rental charges for using poles and sought clarification as to whether such charges are considered under NTI or not.

4.8.4 Other stakeholders submitted that TGSPDCL has claimed non-tariff income (NTI) to the tune of Rs. 532 Crores and TGNPDCL to the tune of Rs. 183 Crores for FY 2026-27 and submitted that the petitioner has not comprehensively considered all items qualifying as NTI under the Tariff Regulations while claiming and also stated that the petitioner has included amortisation of assets funded through Consumer Contributions and Grants, which is impermissible for NTI computation, upon excluding the same, the NTI for TGSPDCL works out to Rs. 142 Crores, over which the Petitioner has applied an annual escalation of 2% twice to arrive at the projected NTI for FY 2026-27.

Petitioners' Replies

4.8.5 The petitioners have submitted that, pole rental charges are already accounted as Non-Tariff Income in the Retail Supply and Wheeling business in accordance with clauses 82 & 90 of Regulation No. 2 of 2023.NTI has been computed in accordance with clause 82 of the Regulation No.2 of 2023. Only income streams that are attributable to the distribution business have been included. The deferred revenue arising from the amortisation of consumer contributions and grants has been considered separately, consistent with the methodology adopted by Commission and requested to approve the Non-Tariff Income as filed.

Commission's Analysis and Findings

4.8.6 The Commission has approved the Non-Tariff Income in accordance with clause 82 of Regulation No. 2 of 2023.

4.8.7 The Commission observes that the petitioners have included amortization of consumer contribution and grants under Non-Tariff Income in their claim. Amortization of assets funded through Consumer Contribution and Grants represents accounting adjustment of deferred revenue corresponding to assets created out of consumer contributions, and the same is not considered as an income stream arising from the distribution business operations. Accordingly, the Commission has not considered the amortization of Consumer Contribution and Grants under Non-Tariff Income for FY 2026-27 and it is adjusted under Depreciation and the Commission approved the Non-Tariff Income as per Audited Accounts after adjustment of amortization on consumer contribution and grants. The NTI Claimed and approved is as shown in table below:

4.8.8 Non-Tariff Income claimed and approved is shown in table below:

Table 4-28: Non-Tariff Income claimed and approved for TGSPDCL for FY2026-27

(Rs. Crores)

Particulars	MYT Order	Claimed	Approved
Incidental Charges- Work	123.32	102.96	123.32
Sale of Scrap	0.02	-5.50	0.02
Penalties from Suppliers	7.31	11.04	7.31
SDs & BGs Forfeited	12.16	-9.84	12.16
Miscellaneous Income	9.99	5.16	9.99
Sale of Tender Schedule	0.31	0.51	0.31
Rent from Fixed Assets	0.42	6.47	0.42
Meter Testing Charges	0.53	0.92	0.53
Registration Fees	5.51	0.03	5.51
Interest on Staff loans & Advances	0.13	0.25	0.13
Penalty from Employees	0.05	0.52	0.05
Amortisation due to CC	0	384.01	0.00
Incentives and Rebates	0	26.01	0.00
Interest on Bank Deposits	0	9.12	0.00
Non-Tariff Income	**159.75**	**531.65**	**159.75**

Table 4-29: Non-Tariff Income claimed and approved for TGNPDCL for FY2026-27

(Rs. Crores)

Particulars	MYT Order	Claimed	Approved
Penalties from Suppliers	6.1	8.27	6.05
SDs & BGs Forefeited	4.1	0.00	4.14
Miscellaneous Income	11.4	7.35	11.35
Interest on Staff loans & Advances	0.87	0.00	0.87
Deferred Revenue Income	149.3	160.81	0.00
Income from Investment	6.90	6.22	6.90
Non-Tariff Income	**178.67**	**182.65**	**29.31**

(*Amortization of depreciation on CC Assets of Rs. 456.38 Crores for TGSPDCL and Rs. 135.74 Crores for TGNPDCL has been adjusted in the depreciation by the Commission as against Amortizaton claimed of Rs. 384.01 Crores for TGSPDCL and Rs. 160.81 Crores for TGNPDCL. Whereas TGDISCOMs claimed Amortization in NTI)

4.9 Revenue from Open Access

Petitioner's Submissions

4.9.1 TGSPDCL has claimed Rs. 1.20 Crores towards Revenue from Open Access against Rs. 1.28 Crores approved, TGNPDCL has claimed Rs. 3.23 Crores against Rs. 9.00

Crores approved as shown in below table:

Table 4-30: Revenue from open access claimed for FY2026-27

(Rs. Crores)

Particulars	TGSPDCL	TGNPDCL
Revenue from open access	1.20	3.23

Commission's Analysis and Findings

4.9.2 The Commission has gone through the data furnished by the petitioners on Revenue from open access and approved as claimed.

Table 4-31: Revenue from open access claimed and approved for FY 2026-27

(Rs. Crores)

Particulars	TGSPDCL			TGNPDCL		
	MYT Order	Claimed	Approved	MYT Order	Claimed	Approved
Revenue from open access	1.28	1.20	1.20	9.00	3.23	3.23

4.10 Revised ARR for FY 2026-27

Petitioner's claim

4.10.1 The petitioners have claimed the following revised ARR for FY 2026-27.

Table 4-32: Revised ARR claimed for FY2026-27

(Rs. Crores)

Particulars	Claimed	
	TGSPDCL	TGNPDCL
Operations and Maintenance Charges	4,524.35	3,131
Depreciation	1,148.75	517.62*
Interest and Finance Charges on Loan	933.74	400
Interest on Working Capital	149.97	100
Return on Equity	481.87	245
Less:		
Non-Tariff Income	531.65	183
Income from Open Access Charges	1.20	3.23
Net Distribution ARR	**6,705.83**	**4,207.39**

** As per revised claim*

Stakeholder's submissions

4.10.2 The stakeholder has submitted that the petitioners computed the ARR of Distribution Business against each cost element based on the Distribution MYT Tariff Order for 5th Control Period as approved by the Commission, but there is wide variation between approved and the present filings and no reasons are provided for the variations in expenditure and income.

4.10.3 One of the stakeholders computed the ARR for FY 2026-27 and requested to consider the same as shown below:

For TGSPDCL

Sr. No.	Particulars	Claimed by DISCOM	Proposed by PFI	Difference
1	Operation & Maintenance (O&M) Expenses (1a+1b+1c)	4072	4072	0
1a	Employee Expenses	3638	3638	
1b	Administrative & General (A&G) Expenses	199	199	
1c	Repair & Maintenance (R&M) Expenses	235	235	
2	Return on Equity (RoE)	434	380	(54)
2a	Less: Additional 2% RoE on account of SOP		54	
3	Interest on Loan	840	840	0
4	Interest on Working Capital	150	150	0
5	Depreciation	1034	650	(384)
5b	*Amortized Depreciation from Consumer Contributed Assets*		*384*	
6	Aggregate Revenue Requirement (ARR)	6,530	6,092	(438)
7	Less: Non-Tariff Income	532	532	0
8	Other Income	1	1	
9	Net ARR	5,996	5,558	(438)

For TGNPDCL

Sr. No.	Particulars	Claimed by DISCOM	Proposed by PFI	Difference
1	Operation & Maintenance (O&M) Expenses (1a+1b+1c)	2818	2818	0
1a	Employee Expenses	2514	2514	
1b	Administrative & General (A&G) Expenses	152	152	
1c	Repair & Maintenance (R&M) Expenses	152	152	
2	Return on Equity	220	192	(28)
2a	Less: Additional 2% RoE on account of SOP		28	
3	Interest on Loan	360	360	0
4	Interest on Working Capital	100	100	0
5	Depreciation	595	583	(12)
5b	*Amortized Depreciation from Consumer Contributed Assets*		*12*	
6	Aggregate Revenue Requirement (ARR)	4,093	4,053	(40)
7	Less: Non-Tariff Income	183	183	0
8	Other Income	3	3	
9	Net ARR	3,907	3,867	(40)

4.10.4 Further the stakeholder submitted that the elements of ARR which are not as per Regulatory provisions may not be passed on to the consumers, rather it should be borne by Govt. of Telangana in the form of subsidy. Accordingly, the additional subsidy to be decided by Govt. of Telangana for FY 2026-27 should include Rs. 438

Crores and Rs. 40 Crores for TGSPDCL and TGNPDCL respectively.

4.10.5 Another stakeholder submitted that the increase in Distribution ARR for FY 2026-27 compared to approved in MYT is as follows

Particulars	**Approved (Rs.CR)**	**Revised (Rs.CR)**	**Increase %**
O&M Charges	2,679.46	2,818	5.19
Depreciation	413.49	595	44.07
Interest and finance charges on loans	358.53	360	
Interest on working capital	71.11	100	40.85
Return on equity	190.88	220	15.18
Impact True up 2024-25		484	
Non-tariff income	178.63	183	
Income from Open Access	9.00	3.23	
Distribution ARR	**3,525.84**	**4,391**	

4.10.6 Stakeholder submitted that the Commission issued 5th MYT wheeling tariff order for Distribution Business on 28.10.2024 and approved the ARR and the petitioners in the present filings stated that their filings are in line with the ARR approved by the Commission whereas on verification there is wide variation between the approved figures with filings. At the same time, they did not provide reasons for the variations in expenditure and income as TGNPDCL has claimed the ARR for Rs. 4391 Crores (25 % hike) against the approved Rs. 3,525.84 Crores and TGSPDCL has claimed Rs. 6,542 Crores (30 % hike) against the approved ARR of Rs. 5,133.68 Crores for FY 2026-27 and even after considering the impact of true up for FY 2024-25 claims for FY 2026-27 are higher than the Commission approved values. In the case of TGSPDCL revised claims on O&M charges are higher by 11.47%, on depreciation higher by 54.10%, on interest on long term loans higher by 51.62%, on interest on working capital higher by 45.63% and on return on equity higher than 38.22%. Similarly, in the case of TGNPDCL revised claims on O&M charges are higher by 5.19%, on depreciation higher by 44.07%, on interest on working capital higher by 40.85% and on return on equity higher than 15.18%. Given this wide deviation in claims for FY 2026-27 shall be thoroughly scrutinized and requested to reject the proposed ARR and direct the petitioners to submit a revised, realistic, and consumer-friendly ARR, any increase beyond this would be contrary to the Commission's own order and the principles of regulatory consistency.

4.10.7 Another stakeholder submitted that under the Regulation 2 of 2023, 10% of the net ARR is allocated to retail supply, while 90% is borne by the network. And stated that since network modernization primarily benefits retail consumers, loading such costs on open access users violates the principle of causation and imposes a disproportionate burden. Despite substantial capital expenditure proposed towards renovation and modernization, technology upgradation, and underground cable projects, stakeholder mentioned that petitioners have not proposed any revision in retail supply tariff.

Petitioners' Replies

4.10.8 The petitioners submitted that the replies related to Depreciation, Interest on Loans, and other expenditure are provided in the above related sections and requested to approve the ARR as per filings and methodology followed.

4.10.9 Further submitted that there is no violation of the MYT principle under Regulation No. 2 of 2023. In accordance with clause 6.2 (e) of Regulation No.2 of 2023 requires the distribution licensee to file for every year after the first year of the Control Period, an annual petition containing the true-up of the previous year and the revised Aggregate Revenue Requirement (ARR) for the ensuing year, along with the revised tariff and charges. Further, the MYT framework mandates that the Commission shall determine the ARR and tariff for each year of the Control Period separately, and also provides for the treatment of controllable and uncontrollable variables. Therefore, submission of a revised ARR for FY 2026-27 is not a mid-period revision but a statutory obligation under the MYT mechanism. The ARR approved in the original MYT Order serves only as a baseline projection, and the Regulation does not freeze the ARR, instead it anticipates annual updates based on actual capitalisation, O&M norms, true-up impacts, and other permissible adjustments. Hence, the proposal of revised ARR does not contravene the MYT Order nor undermine regulatory consistency, as it has been filed strictly in accordance with the provisions of Regulation No. 2 of 2023.

4.10.10 Petitioners submitted that the 90:10 ARR allocation between Distribution and Retail Supply is as per Regulation No. 2 of 2023 and does not imply that 90% of ARR is recovered from open access consumers. Retail consumers bear their share of 90% distribution ARR and 10% retail supply portion through tariff determination. For the purpose of wheeling charges, only the distribution ARR is considered as it reflects network usage costs and further submitted that network modernization benefits all users, including open access consumers, and therefore recovery of such costs through wheeling charges is justified and reiterated that the proposed wheeling charges are in accordance with the MYT Regulations and the methodology approved by the Commission.

Commission's Analysis and Findings

4.10.11 The Commission after prudence check has determined the ARR and wheeling tariffs in accordance with the clause 6.2 of Regulation 2 of 2023.

4.10.12 The Commission has approved the admissible expenditure under each ARR component for FY 2026-27 as discussed in the preceding sections of this Order and approved the revised ARR for FY 2026-27 as shown in table below:

Table 4-33: Revised ARR claimed and approved for TGSPDCL for FY 2026-27
(Rs. Crores)

(Wheeling + Retail) True up for FY: 2026-27-TGSPDCL			
Particulars	**MYT Order**	**Claimed**	**Approved**
	(i)	**(ii)**	**(iii)**
O&M Expenses	4059.35	4524.35	3966.61
Depreciation	745.05	1148.75	533.97
Interest & Finance Charges on Loan	615.41	933.74	683.92
Interest on Working Capital	102.51	149.97	135.63
Return on Equity	349.30	481.87	451.78
Gross Aggregate Revenue Requirement	**5871.62**	**7238.68**	**5771.90**
Less:			
Non-Tariff Income	159.75	531.65	159.75
Income from Open Access Charges	1.28	1.20	1.20
Add:			
Impact of true-up for prior period		545.20	280.63
Aggregate Revenue Requirement	**5,710.59**	**7250.88**	**5891.57**

Table 4-34: Revised ARR claimed and approved for TGNPDCL for FY2026-27
(Rs. Crores)

(Wheeling + Retail) True up for FY: 2026-27-TGNPDCL			
Particulars	**MYT Order**	**Claimed**	**Approved**
	(i)	**(ii)**	**(iii)**
O&M Expenses	2977.17	3130.00	2926.91
Depreciation	459.43	517.62*	371.75
Interest & Finance Charges on Loan	398.37	400.00	332.65

(Wheeling + Retail) True up for FY: 2026-27-TGNPDCL			
Particulars	**MYT Order**	**Claimed**	**Approved**
	(i)	**(ii)**	**(iii)**
Interest on Working Capital	71.11	100.00	90.92
Return on Equity	212.09	245.00	283.13
Gross Aggregate Revenue Requirement	**4118.17**	**4393.62**	**4005.36**
Less:			
Non-Tariff Income	178.63	183.00	29.31
Income from Open Access Charges	9.00	3.23	3.23
Add:			
Impact of true-up for prior period		462.46	215.45
Aggregate Revenue Requirement	**3930.55**	**4,669.85**	**4188.26**

**- As per revised claim*

4.10.13 As per Clause 77.1 of Regulation No.2 of 2023, the distribution licensees have to maintain the separate accounting records for Wheeling Business and Retail Supply Business and have to prepare an allocation statement to determine the Tariff separately. In case the accounting segregation has not been done between Wheeling Business and Retail Supply Business, the Aggregate Revenue Requirement shall be apportioned between Wheeling Business and Retail Supply Business as per following allocation matrix.

Table 4-35: Allocation Matrix for Wheeling and Retail Supply Business of ARR as per Regulation 2 of 2023

Particular	Wheeling Business (%)	Retail Supply Business (%)
Power Purchase Expenses	0%	100%
Inter-State Transmission Charges	0%	100%
Intra-State Transmission Charges	0%	100%
Operation and Maintenance Expenses	90%	10%
Depreciation	90%	10%
Interest and Finance Charges on Loan	90%	10%
Interest on Working Capital	90%	10%
Return on Equity	90%	10%

4.10.14 Based on the allocation matrix specified in the Regulation, the Commission has approved the Revised ARR for FY2026-27 for Distribution Wheeling Business and Retail Supply Business including True up amount of FY 2024-25 for Wheeling and

Retail Supply Business as per allocation matrix as shown in tables below:

Table 4-36: Net ARR claimed and approved for Wheeling Business for TGSPDCL for FY 2026-27

(Rs. Crores)

(Wheeling Business) ARR for FY: 2026-27 - TGSPDCL			
Particulars	**MYT Order**	**Claim**	**Approved**
	(i)	**(ii)**	**(iii)**
O&M Expenses	3653.41	4072	3569.95
Depreciation	670.55	1034	480.57
Interest & Finance Charges on Loan	553.87	840	615.53
Interest on Working Capital	102.51	150	135.63
Return on Equity	314.37	434	406.60
Gross Aggregate Revenue Requirement	5294.71	6530	5208.27
Less:			
Non-Tariff Income	159.75	532	159.75
Income from Open Access Charges	1.28	1.20	1.20
Aggregate Revenue Requirement	5133.68	5996.80	5047.31
Impact of true up of FY 2024-25		545.20	257.18
Net Aggregate Revenue Requirement	5133.68	6542.00	5304.49

Table 4-37: Net ARR claimed and approved for Distribution Wheeling Business for TGN PDCL for FY 2026-27

(Rs. Crores)

(Wheeling Business) ARR for FY: 2026-27 - TGNPDCL			
Particulars	**MYT Order**	**Claimed**	**Allowed**
	(i)	**(ii)**	**(iii)**
O&M Expenses	2679.46	2818.00	2634.22
Depreciation	413.49	465.86*	334.58
Interest & Finance Charges on Loan	358.53	360.00	299.39
Interest on Working Capital	71.11	100.00	90.92
Return on Equity	190.88	220.00	254.82
Gross Aggregate Revenue Requirement	3713.47	3963.86	3613.91
Less:			
Non-Tariff Income	178.63	183.00	29.31
Income from Open Access Charges	9.00	3.23	3.23
Aggregate Revenue Requirement	3525.84	3777.63	3581.37
Impact of true up/ true down of FY 2024-25		462.46	214.07
Net Aggregate Revenue Requirement	3525.84	4240.09	3795.43

**-As per revised claim*

Table 4-38: Net ARR claimed and approved for Retail supply Business for TGSPDCL for FY 2026-27

(Rs. Crores)

(Retail Business) ARR for FY: 2026-27 - TGSPDCL			
Particulars	**MYT order (i)**	**Claimed (ii)**	**Allowed (iii)**
O&M Expenses	405.93	452.42	396.66
Depreciation	74.51	114.87	53.40
Interest & Finance Charges on Loan	61.54	93.37	68.39
Interest on Working Capital	0.00	0.00	0.00
Return on Equity	34.93	48.19	45.18
Gross Aggregate Revenue Requirement	576.91	709.00	563.63
Less:			
Non-Tariff Income	0.00		0.00
Income from Open Access Charges	0.00		0.00
Impact of true up of FY 2024-25			23.45
Aggregate Revenue Requirement	576.91	709.00	587.08

Table 4-39: Net ARR claimed and approved for Retail supply Business for TGNPDCL for FY 2026-27

(Rs. Crores)

(Retail Business) True up for FY: 2026-27-TGNPDCL			
Particulars	**MYT order (i)**	**Claimed (ii)**	**Allowed (iii)**
O&M Expenses	297.72	313.00	292.69
Depreciation	45.94	51.76	37.18
Interest & Finance Charges on Loan	39.84	40.00	33.27
Interest on Working Capital	0.00	0.00	0.00
Return on Equity	21.21	24.00	28.31
Gross Aggregate Revenue Requirement	404.71	428.76	391.44
Less:			
Non-Tariff Income	0.00		0.00
Income from Open Access Charges	0.00		0.00
Impact of true up of FY 2024-25			1.39
Aggregate Revenue Requirement	404.71	428.76	392.83

4.11 Contracted Capacities

Petitioner's Submissions

4.11.1 The petitioners have submitted that the contracted capacities have been considered as approved in the MYT order as shown below:

Table 4-40: Contracted capacities claimed for FY2026-27

(in MVA)

Capacity	TGSPDCL	TGNPDCL
33 kV	1,794	206
11 kV	3,113	1,299
LT	5,768	2,610
TOTAL	**10,675**	**4,115**

Commission's Analysis and Findings

4.11.2 The Commission has considered Petitioner's claims of contracted capacities as they are in line with that in approved MYT order.

Table 4-41: Contracted capacity claimed and approved for FY2026-27

(in MVA)

Particulars	MYT Order	Claimed	Approved
TGSPDCL			
33 kV	1793.59	1,794	1793.59
11 kV	3113.49	3,113	3113.49
LT	5768.05	5,768	5768.05
TOTAL	**10675.12**	**10,675**	**10675.12**
TGNPDCL			
33 kV	205.53	206	205.53
11 kV	1299.4	1,299	1299.40
LT	2610.25	2,610	2610.25
TOTAL	**4115.18**	**4,115**	**4115.18**

4.12 Wheeling Charges and losses

Petitioner's Submissions

4.12.1 The petitioners have submitted that the losses considered for grossing up contracted capacities at each voltage level have been considered as approved in the MYT order

Table 4-42: Voltage wise losses claimed for FY 2026-27

(in %)

Voltage level	TGSPDCL	TGNPDCL
33 kV	3.14%	2.95%
11 kV	4.01%	3.68%
LT	4.60%	4.60%

4.12.2 Wheeling charges are determined voltage wise i.e, for LT, 11 kV, 33 kV consumers for long term and medium-term open access in Rs/kVA/Month and in terms of Rs/kVA/hr for short term open access as per clause 79.2 of Regulation No. 2 of 2023

Table 4-43: Wheeling charges claimed for FY 2026-27

Particulars	TGSPDCL	TGNPDCL
Long Term & Medium Term		
33 kV (Rs. /kVA/Month)	94.18	117.40
11 kV (Rs. /kVA/Month)	275.33	392.93
LT (Rs. /kVA/Month)	767.27	1,196.99
Short Term		
33 kV (Rs. /kVA/hr)	0.1308	0.1631
11 kV (Rs. /kVA/hr)	0.3824	0.5457
LT (Rs. /kVA/hr)	1.0656	1.6625

Stakeholder's submissions

4.12.3 One of the stakeholders submitted that for TGSPDCL the proposed wheeling charges for LT consumers stand at Rs. 767.27 /kVA/month for long/medium-term open access-an exorbitant rate that will cripple small and medium enterprises, for 11 kV consumers, the proposed rate is Rs. 275.33/kVA/ month, and for 33 kV consumers, Rs. 94.18/kVA/month, all representing steep increases. Short-term charges are also disproportionately high i.e., Rs. 1.0656/kVA/hr for LT, which will discourage short-term power transactions and market flexibility.

4.12.4 The stakeholder further submitted that the wheeling charges for FY 2026-27 are already set at Rs. 46.47/kVA/month (33kV), Rs. 189.16/kVA/month (11 kV), Rs. 625.13/kVA/month (LT) and any further increase would distort the cost-reflective tariff design and unfairly burden higher-voltage consumers.

4.12.5 The stakeholder submitted that the proposed TGNPDCL wheeling charges are exorbitant as shown below

The proposed wheeling charges for FY 2026–27 are exorbitant:

Voltage	Long/Medium Term (₹/kVA/month)	Short Term (₹/kVA/hr)
33 kV	117.40	0.1631
11 kV	392.93	0.5457
LT	1,196.99	1.6625

4.12.6 The wheeling charges for LT consumers (Rs. 1196.99/kVA/ month) are punitive and will cripple small industries and commercial establishments. The sharp increase from previous years is not justified by corresponding improvements in service quality, reliability, or loss reduction and stated that the proposed charges are not in line with the principles of affordability and cost reflectivity as mandated under the Electricity Act, 2003.

4.12.7 The stakeholder submitted that the proposed wheeling charges have increased significantly, particularly at the 33 kV level (about 102%), mainly due to the large capital expenditure proposed for conversion of overhead lines into underground cables and other renovation and modernization works and further submitted that the Net Distribution ARR has increased by about 35% year-on-year, driven largely by higher interest and finance charges and return on equity due to increased capex, along with true-up adjustments and also mentioned that several SERCs have treated underground cabling works as special infrastructure and excluded such costs from ARR, allowing only O&M expenses.

4.12.8 One of the stakeholder submitted that the wheeling charges proposed by the petitioners are not supported by demonstrated incremental costs attributable to open access consumers and are inconsistent with the regulatory framework and concerned that approval would undermine open access and renewable energy projects in the State, as they are not cost-reflective and would impose an undue financial burden on distribution system users, defeating the objective of promoting open access under the Electricity Act, 2003.

4.12.9 The stakeholder submitted that wheeling charges for LTOA and MTOA users should be levied on a Rs./kWh basis instead of Rs./kVA/month, in line with the Electricity (Second Amendment) Rules, 2024 and the practice followed in several States such as Andhra Pradesh, Tamil Nadu, Karnataka, Kerala, Gujarat, Maharashtra, and Rajasthan and mentioned that Rs./kWh based charges reflect actual network usage and are objective and non-discriminatory, whereas capacity based Rs./kVA charges rely on demand assumptions such as coincident demand.

4.12.10 The stakeholder requested to modify the proposed wheeling charges to ensure they are cost-reflective, non-discriminatory, and in line with actual cost of service and requested to recompute charges based on prudence-checked costs, avoiding over-recovery and opined that high wheeling charges disincentivize open access and discourage renewable energy integration and any increase would derail the state's energy transition goals and violate national renewable energy policies.

4.12.11 The stakeholder further submitted that high wheeling charges will increase the cost of doing business in Telangana, especially for energy-intensive industries and that may lead to migration of industries to states with lower wheeling costs, resulting in economic and employment losses and requested to ensure that any tariff increase is phased and does not impose sudden financial hardship on consumers and further requested to protect the consumer interests and reject the petitions duly upholding the ARR & wheeling charges approved in MYT order dated 28.10.2024.

4.12.12 Another stakeholder submitted that the proposed wheeling charges for LT category consumers have been fixed at Rs. 767/kVA/month for TGSPDCL and Rs. 1,196/kVA/month for TGNPDCL and the proposed levels represent a substantial increase in the fixed cost burden on open access consumers, such high wheeling charges, when applied uniformly, significantly escalate the overall cost of power procurement, particularly for consumers with geographically dispersed loads and round-the-clock operational requirements, such as the telecom sector. The impact is further magnified for consumers sourcing power under the Green Energy Open Access mechanism, where additional statutory charges already apply, there by rendering renewable power procurement financially unattractive despite its environmental benefits.

4.12.13 Stakeholders further submitted that Green Energy sourced power by its very nature, has lower plant load factor and efficiency as compared to conventional sources, owing to intermittency and variability of renewable generation. Applying uniform wheeling charges without accounting for these inherent characteristics makes Green Energy Open Access (GEOA)economically unviable for consumers for the telecom sector, which is otherwise committed to increasing renewable energy adoption in line with national sustainability goals and requested to define and notify a separate and rational wheeling charges per unit specifically for Green Energy sourced power, without such differentiation, the high wheeling charges per unit will negate the intended benefits of GEOA and discourage telecom sector from transitioning to renewable energy, thereby undermining both environmental objectives and policy intent.

4.12.14 One of the stakeholders submitted that as a part of the suggested comparative study, the wheeling charges proposed by both DISCOMs for the same category/voltage-wise consumers need to be examined. The wheeling charges proposed by NPDCL voltage-wise for long-term and medium-term consumers and short-term open access for the FY 2026-27 are higher than those proposed by SPDCL, despite the fact that the percentage of line losses at 33 kV, 11 kV and LT for NPDCL are lower than those for SPDCL and requested to conduct prudence check.

Petitioner's Replies

4.12.15 The petitioners have submitted that, the proposed wheeling charges are determined in accordance with Regulation No. 02 of 2023 and MYT Order for 5th control period which mandate recovery of distribution network costs based on voltage level and cost causation principles, not on the source of energy and submitted that the proposed charges are not arbitrary and are derived from the voltage wise allocation of ARR and are meant to recover common distribution network cost.

4.12.16 The Petitioner submitted that the proposed wheeling charges are cost-reflective and non-discriminatory, in line with the provisions of the Electricity Act, 2003. It was stated that the charges are derived from the voltage-wise allocation of ARR and are intended to recover common distribution network costs incurred irrespective of whether power is drawn through DISCOM supply or through Open Access. The Petitioner further submitted that no additional charges specific to Open Access consumers have been proposed beyond those permitted under the MYT Regulations. Accordingly, the contention that the proposed wheeling charges are arbitrary or impose an undue burden on Open Access consumers does not arise and reiterated that the filing is transparent, compliant with applicable regulations, and subject to the Commission's prudence check.

4.12.17 The Petitioner stated that the increase observed in 33 kV wheeling charges reflects the voltage-wise cost allocation and proposed capital expenditure towards network strengthening and reliability, and does not involve any OA specific loading and clarified that underground cabling works are being executed as utility projects and are treated in accordance with the MYT framework, subject to the Commission's approval and prudence check.

4.12.18 The distribution network must maintain capacity to serve contracted demand irrespective of whether the consumer procures power from conventional or renewable sources and the methodology adopted by the Commission fixed wheeling charges linked to kVA demand is cost-reflective and consistent with regulatory framework.

4.12.19 The petitioner further submitted that MYT Regulations and Commission's past orders do not envisage a separate wheeling charge for green energy or a shift from capacity-based charges (Rs. /kVA/month) to energy-based charges (Rs. /kWh)

4.12.20 TGDISCOMs submitted that their filings for FY 2026–27 has also provided wheeling charges expressed in Rs. /kWh in addition to the standard Rs. /kVA/month structure.

4.12.21 The Electricity (Promoting Renewable Energy through Green Energy Open Access) Rules, 2022 provide certainty on applicable charges such as transmission, wheeling, CSS, and standby but do not mandate concessional wheeling charges for renewable energy.

> *"9. Charges to be levied for Open Access. – (1) The charges to be levied on Green Energy Open Access consumers shall be as follows: -*
> *(a) Transmission charges;*
> *(b)Wheeling charges;*
> *(c) Cross subsidy Surcharge;*
> *(d)Standby charges wherever applicable; and*
> *(e)No other charges except the charges above, shall be levied"*

4.12.22 Thus, petitioner stated that the current approach is fully compliant with Electricity (Promoting Renewable Energy through Green Energy Open Access) Rules, 2022 and submitted that stakeholder's request for a separate or wheeling charges for green energy, does not align with the MYT framework or GEOA Rules and requested to consider the same methodology as defined in Regulation 2 of 2023 for determination of wheeling charges and to approve the charges as per the filing made by TGDISCOMs.

4.12.23 The petitioners further submitted that, while they acknowledge that renewable energy has inherent intermittency and lower PLF, these characteristics affect generation economics, not network cost drivers. The network remains obligated to provide the same level of readiness and reliability for all users including open access users. Differentiating wheeling charges based on generation source, which is contrary to the principles of non-discrimination and cost reflectivity in the MYT framework.

4.12.24 It was further submitted that denomination of wheeling charges is in accordance with the Regulation 2 of 2023 and the approved MYT Order, wherein wheeling charges are specified in Rs/kVA/month for long-term and medium-term open access and Rs/kVA/hour for short-term open access users and stated that transmission and distribution costs are largely fixed in nature and are therefore appropriately recovered on a demand basis, whereas recovery on an energy basis may lead to under-recovery of fixed costs.

4.12.25 TGSPDCL further submitted that, the wheeling charges proposed in the ARR have been determined strictly on a cost-reflective basis, as required under the Regulation No. 2 of 2023, and are therefore essential for ensuring the adequate maintenance, reliability, and readiness of the distribution network. The Regulation mandates that the ARR of the Distribution Wheeling Business must recover the prudently approved costs of operating, maintaining, and strengthening the network (clause 79.1) and that voltage-wise wheeling charges must reflect the actual cost of service. Accordingly, the concern regarding adverse impact on competitiveness is misplaced, as a reliable and well-maintained network is fundamental to industrial productivity and economic growth.

4.12.26 The petitioners submitted that, the comparison between TGSPDCL and TGNPDCL based on contracted capacity, capex, and ARR percentages is not like to like and stated that each DISCOM operates under distinct network conditions, consumer mix, geography, and investment needs.

Commission's Analysis and Findings

4.12.27 The Commission has examined the submissions of the stakeholder and the responses submitted by the petitioner regarding the proposed wheeling charges for LT category open access consumers and the request for a separate wheeling charge framework for Green Energy Open Access (GEOA). The wheeling charges are determined based on the approved ARR of the Distribution Licensees in accordance with Regulation No. 02 of 2023 . The ARR and wheeling charges approved for the relevant year have been computed based on the overall cost structure of the distribution network, which remains largely fixed irrespective of the source of power and as per Electricity (Promoting Renewable Energy through Green Energy Open Access) Rules, 2022 which provide certainty on applicable charges such as transmission, wheeling, CSS, and standby but do not mandate concessional wheeling charges for renewable energy. In view of the above the Commission not inclined to consider the request of the stakeholder to determine separate or a per-unit wheeling charges for green energy open access consumers.

Table 4-44: Voltage wise losses claimed and approved for FY2026-27

(in %)

Particulars	MYT Order	Claimed	Approved
TGSPDCL			
33 kV	3.14%	3.14%	3.14%
11 kV	4.01%	4.01%	4.01%
LT	4.60%	4.60%	4.60%
TGNPDCL			
33 kV	2.95%	2.95%	2.95%
11 kV	3.68%	3.68%	3.68%
LT	4.60%	4.60%	4.60%

4.12.28 Based on the revised ARR determined by the Commission and the contracted capacities at consumer end, the long term, medium term and short-term voltage wise wheeling charges computed and approved as shown below:

Table 4-45: Wheeling charges (Long Term & Medium Term) claimed and approved for FY 2026-27

Particulars	MYT Order	Claimed	Approved
TGSPDCL			
33 kV (Rs. /kVA/Month)	46.47	94.18	63.75
11 kV (Rs. /kVA/Month)	189.16	275.33	207.11
LT (Rs. /kVA/Month)	625.13	767.27	634.75
TGNPDCL			
33 kV (Rs. /kVA/Month)	38.98	117.40	100.23
11 kV (Rs. /kVA/Month)	320.82	392.93	336.85
LT (Rs. /kVA/Month)	962.86	1,196.99	1036.13

Table 4-46: Wheeling charges (Short Term) claimed and approved for FY 2026-27

Particulars	MYT Order	Claimed	Approved
TGSPDCL			
33 kV (Rs. /kVA/hr)	0.0645	0.1308	0.0885
11 kV (Rs. /kVA/hr)	0.2627	0.3824	0.2876
LT (Rs. /kVA/hr)	0.8682	1.0656	0.8816
TGNPDCL			
33 kV (Rs. /kVA/hr)	0.0541	0.1631	0.1392
11 kV (Rs. /kVA/hr)	0.4456	0.5457	0.4678
LT (Rs. /kVA/hr)	1.3373	1.6625	1.4391

Applicability

4.12.29 Applicable for the use of distribution system of a licensee by other licensees, generating companies, captive power plants, and consumers who are permitted open access as per terms and conditions of Open Access Regulation (1 of 2024) and any other person(S) for wheeling of electricity.

4.12.30 The Wheeling Tariffs (Wheeling Charges and Wheeling Losses) determined for FY 2026-27 are applicable from 01.04.2026 to 31.03.2027.

Terms & Conditions

4.12.31 The Wheeling Tariffs (Wheeling charges and Wheeling losses) are to be levied as per terms and conditions approved by the Commission from time to time.

4.12.32 The Wheeling Charges payable and Wheeling energy losses to be borne shall be related to contracted capacity in kVA at the entry point except for LT system. For LT system 1 kW=1 kVA.

4.12.33 The Distribution Licensee shall deliver the quantum of contracted capacity given to it for wheeling, reduced by the Wheeling Loss.

4.12.34 The Wheeling Charges and Wheeling Losses in kind shall be up to the respective voltage level at which the wheeled electricity is delivered or injected whichever voltage is lower.

4.12.35 Wheeling Charges and Wheeling Losses are payable for contracted demand of the open access user at the entry point of the consumers.

4.12.36 If the wheeling involves transmission of electricity through transmission system of a Transmission Licensee, the consumer or the supplier as the case may be, shall pay the applicable transmission charges and transmission losses in kind also. Transmission system is considered to be involved in the wheeling of electricity in the following cases:

a. Entry/Exit point is connected to the EHT System.
b. The entry and exit points are connected to the network of more than one TGDISCOM.
c. If the wheeling of electricity is through the distribution system of more than one Distribution Licensee, the Wheeling Charges shall be payable to the Distribution Licensee of the area where the electricity is delivered.

4.12.37 The other conditions applicable for levy and collection of Wheeling Tariff shall be as per the provisions of the Regulation No. 1 of 2024 (Terms and Conditions of Open Access) Regulation, 2024.

4.12.38 Exemption from payment of Wheeling Tariffs for the eligible Users of the Distribution Network shall be as per the Government policy in force. The TGDISCOMs may take up the issue of making good of revenue loss due to such exemption with the State Government for proper relief.

This Order is corrected and signed on this the 28th day of March 2026.

SD/-	**SD/-**	**SD/-**
Cherukuri Srinivasa Rao	**Raghu Kancharla**	**Dr. Justice Devaraju Nagarjun**
Member (Finance)	**Member (Technical)**	**Chairman**

// CERTIFIED COPY //

Appendix – A
Schedule of approved wheeling tariffs for FY 2026-27

TGSPDCL -Wheeling Charges

Voltage	Wheeling Charges
Long-Term & Medium – Term	
33KV (Rs/kVA/month)	63.75
11KV (Rs/kVA/month)	207.11
LT (Rs/kVA/month)	634.75
Short-Term	
33KV (Rs/kVA/hr)	0.0885
11KV (Rs/kVA/hr)	0.2876
LT (Rs/kVA/hr)	0.8816

TGNPDCL -Wheeling Charges

Voltage	Wheeling Charges
Long-Term & Medium – Term	
33KV (Rs/kVA/month)	100.23
11KV (Rs/kVA/month)	336.85
LT (Rs/kVA/month)	1036.13
Short-Term	
33KV (Rs/kVA/hr)	0.1392
11KV (Rs/kVA/hr)	0.4678
LT (Rs/kVA/hr)	1.4391

TGSPDCL -Wheeling Losses

Voltage Levels	FY: 2026-27
33 kV	3.14%
11 kV	4.01%
LT	4.60%

TGNPDCL -Wheeling Losses

Voltage Levels	FY: 2026-27
33 kV	2.95%
11 kV	3.68%
LT	4.60%

Appendix – B
COMMISSION'S DIRECTIVES

1. The TGDISCOMs are directed to plan for dissemination of the information regarding the rights of the consumers and the functioning of CGRFs and Ombudsman in a big way, if required taking the assistance of other agencies and are directed to submit revised proposal for sensitization programs.
2. **Capital Investments**
   a. The DISCOMs shall seek approval for individual schemes at least 90 days prior to undertaking the investment in accordance with the Guidelines for Investment Approval. The individual schemes/ projects submitted by the DISCOMs for Commission's approval must provide complete details including those relating to the cost and capitalisation for each year of 5th Control Period.
   b. Considering the importance of capitalisation of works, the Commission lays down the following requirements to be fulfilled before accepting inclusion of the value of capitalised work in the Original Cost of Fixed Assets (OCFA):
      i. On completion of a capital work, a physical completion certificate (PCC) to the effect that the work has been fully executed, physically, and the assets created are put in use, to be issued by the concerned engineer not below the rank of Superintendent Engineer.
      ii. The PCC shall be accompanied or followed by a financial completion certificate (FCC) to the effect that the assets created have been duly entered in the fixed assets register by transfer from the Capital Works in Progress (CWIP) register to OCFA. The FCC shall have to be issued by the concerned finance officer not below the rank of Senior Accounts Officer.
      iii. The above-mentioned certificates have to be submitted to the Commission within 60 days of completion of work, at the latest. The Commission may also inspect or arrange to inspect, at random, a few of the capitalised works included in the OCFA to confirm that the assets created are actually being used and are useful for the business.
3. The TGDISCOMs are directed to adhere to the timelines as specified in Regulation No.2 of 2023 in future filing of petitions.
4. The TGDISCOMs are directed to conduct safety awareness programs with active involvement of safety officers to increase awareness amongst the O&M staff to use

safety equipment and also the consumers on the aspects of safety to avoid electrical accidents.

5. The Commission observed that the petitioner had not reduced the capitalized portions of Employee Costs and A&G Expenses from Gross O&M Expenses while computing the O&M claim. Expenses that are capitalized form part of the capital cost base and are already recovered through Depreciation, Interest on Loan Capital, and Return on Equity. Allowing such expenses again under O&M would result in double recovery, which the Commission does not permit.

   The Commission therefore directs TGDISCOMs to deduct the capitalized portions of Employee Costs and A&G Expenses from Gross O&M Expenses in all future tariff petitions (para 3.3.16 and 4.3.22).
6. The Commission observed that TGDISCOMs have been releasing certain Security Deposits and Bank Guarantees that were previously forfeited, without furnishing justification for such release. The Commission directs TGDISCOMs to provide case-wise justification for the release of any forfeited Security Deposits and Bank Guarantees in all future tariff petitions.
7. In terms of Clause 77.1 of TGERC Regulation No. 2 of 2023, TGDISCOMs are directed to maintain separate accounting records for Wheeling Business and Retail Supply Business and to prepare an allocation statement for determination of tariff separately for each business.
8. TGDISCOMs are directed to file tariff petitions along with a reconciliation statement of actuals versus amounts previously approved, at the time of true-up.
9. TGDISCOMs shall submit the latest actuarial valuation report along with a reconciliation statement comparing the employee expenses claimed with those allowed in the preceding year, as part of each tariff petition.
10. TGDISCOMs shall furnish, in all future tariff petitions, detailed reasons for any delay in settlement of ex-gratia claims arising out of electrical accidents.
11. TGDISCOMs are directed to furnish the following details under Non-Tariff Income as part of each tariff petition:
    - Pole rental charges collected from telecom and cable operators, including the number of poles engaged and the amount collected;
    - Income from sale of scrap;
    - Income from forfeiture of Security Deposits and Bank Guarantees; and
    - Negative balances in Security Deposits and Bank Guarantees.
    - Others

Annexure-I

Public Notice

Appeared in CITY HANS (English) on Dt: 21-12-2025

City Hans

21.12.2025

BEFORE THE HONOURABLE
TELANGANA ELECTRICITY REGULATORY COMMISSION

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

SOUTHERN POWER DISTRIBUTION COMPANY OF TELANGANA LIMITED

PUBLIC NOTICE

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 petition before the Telangana Electricity Regulatory Commission (TGERC) for True-up of FY 2024-25 and Determination of Revised ARR & Wheeling Tariffs for Distribution Business for FY 2026-27 for the Distribution Business. These filings have been taken on record by the Hon'ble Commission in O.P. No.70 of 2025 and O.P.No.72 of 2025.

2. Copies of the filings referred are available in the office of Chief Engineer (IPC&RAC), TGSPDCL, #6-1-50, Corporate Office, 'A' Block, First floor, Mint Compound, Hyderabad 500063 and the Superintending Engineer, Operation circles of the Distribution Company at BanjaraHills, Hyderabad(South), Hyderabad(Central), Medchal, Cybercity, Habsiguda, Secunderabad, Rajendranagar, Saroornagar, Vikarabad, Mahabubnagar, Gadwal, Nagarkurnool, Wanaparthy, Medak, Siddipet, Sangareddy, Nalgonda, Yadadri, Suryapet and Narayanpet. 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 **21.12.2025** onwards on payment of charges for photocopying.

3. Objections/suggestions/comments, if any, on the filings, together with supporting material may be sent to the Chief Engineer (IPC&RAC), TGSPDCL, #6-1-50, Corporate Office, 'A' Block, First floor, Mint Compound, Hyderabad 500063 in person or through Registered Post so as to reach on or before **12.01.2026** 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)/stakeholders(s) sending the objections/ suggestions/comments. If the objections/suggestions/comments are filed on behalf of any organization or any category of consumers, it should be clearly mentioned. If the objector also wants to be heard in person it may also be specifically mentioned.

4.The Objections/Suggestions/Comments shall be made in the following format:

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

5. The Objection/Suggestion/Comment should accompany the following details:

Name of the Objector	
Correspondence Address	
Email-id	
Contact Number	
Objection filed against [Name of TGDISCOM]	
Whether copy of Objection/Suggestion/ Comment enclosed?	Yes/No
Whether proof of delivery of copy of Objection/ Suggestion/Comment at Licensee's office enclosed?	Yes/No
Whether Objector wants to be heard in person?	Yes/No

6. The gist of the filings of the TGSPDCL for True-up of FY 2024-25 and Determination of Revised ARR & Wheeling Tariffs for Distribution Business for FY 2026-27 for the Distribution Business are indicated in Schedule- I & II below.

7. Further, in this matter the Telangana Electricity Regulatory Commission intends to conduct a Public Hearing at Court Hall, Vidyut Niyantran Bhavan, G.T.S. Colony, Kalyan Nagar, Hyderabad,Telangana - 500 045 on **24.01.2026 (Saturday)** from **11:00 am** onwards.

Place: Hyderabad.
Date : 21.12.2025

Sd/-CHAIRMAN & MANAGING DIRECTOR
Southern Power Distribution Company of Telangana Limited

SCHEDULE-I

True-up for FY 2024-25 for Distribution Business

(Rs. Crore)

Particulars	TGSPDCL		
	Approved	Actual	Deviation (Actual-Approved)
O&M expenses	3,585.56	4,025.43	439.87
Depreciation	535.37	809.32	273.95
Interest and Finance Charges on Loan	469.64	533.88	64.24
Interest on Working Capital	85.17	126.30	41.13
Return of Equity	168.76	301.54	132.17
Other Expenditure	0	25.60	25.60
ARR	**4,844.50**	**5,822.06**	**977.56**
Less: NTI	153.55	570.44	416.89
Less: Revenue from OA (Wheeling Charges)	1.21	16.70	15.49
Net ARR	**4,689.74**	**5,234.92**	**545.18**
Gap transferred to ARR for FY 2026-27			**545.18**

SCHEDULE-II

Revised ARR for FY 2026-27 for Distribution Business

(Rs. Crore)

Name of the Discom	Revised ARR proposed for FY 2026-27
TGSPDCL	6,542

Filing of proposed wheeling Tariffs for FY 2026-27

Voltage Level	Long-term and Medium-term Open Access consumers		Short-term Open Access consumers	
	Unit	Rate	Unit	Rate
33 kV	Rs/kVA/month	94.18	Rs/kVA/hour	0.1308
11 kV	Rs/kVA/month	275.33	Rs/kVA/hour	0.3824
LT	Rs/kVA/month	767.27	Rs/kVA/hour	1.0656

DIPR R.O.No.953-PP/CL-AGENCY/ADVT/1/2025-26, Dt:20-12-2025

NORTHERN POWER DISTRIBUTION COMPANY OF TELANGANA LIMITED

PUBLIC NOTICE

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 petition before the Telangana Electricity Regulatory Commission (TGERC) for True-up of FY 2024-25 and Determination of Revised ARR & Wheeling Tariffs for Distribution Business for FY 2026-27 for their Distribution Business. These filings have been taken on record by the Hon'ble Commission in O.P. No.71 of 2025 and O.P.No.73 of 2025.

2. Copies of the filings referred are available in the office of Chief Engineer (IPC&RAC), TGNPDCL, H.No.2-5-31/2, VidyuthBhavan, Nakkalagutta, Hanumakonda – 506001 and the Superintending Engineer, Operation circles of the Distribution Company at Hanumakonda, Warangal, Mahabubabad, Jaya Shankar (Bhupalpally), Mulugu, Jangaon, Karimnagar, Jagitial, Peddapally, Khammam, Bhadradri Kothagudem, Nizamabad, Kamareddy, Adilabad, Nirmal, Mancherial 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 **21.12.2025** onwards on payment of charges for photocopying.

3. Objections/suggestions/comments, if any, on the filings, together with supporting material may be sent to the Chief Engineer (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 **12.01.2026** 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)/stakeholders(s) sending the objections/suggestions/comments. If the objections/suggestions/comments are filed on behalf of any organization or any category of consumers, it should be clearly mentioned. If the objector also wants to be heard in person it may also be specifically mentioned.

4. The Objections/Suggestions/Comments shall be made in the following format:

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

5.The Objection/Suggestion/Comment should accompany the following details:

Name of the Objector	
Correspondence Address	
Email-id	
Contact Number	
Objection filed against [Name of TGDISCOM]	
Whether copy of Objection/Suggestion/ Comment enclosed?	Yes/No
Whether proof of delivery of copy of Objection/ Suggestion/Comment at Licensee's office enclosed?	Yes/No
Whether Objector wants to be heard in person?	Yes/No

6. The gist of the filings of the TGNPDCL for True-up of FY 2024-25 and Determination of Revised ARR & Wheeling Tariffs for Distribution Business for FY 2026-27 for their Distribution Business are indicated in Schedule- I & II below.

7. Further, in this matter the Telangana Electricity Regulatory Commission intends to conduct a Public Hearing at Court Hall, Vidyut Niyantran Bhavan, G.T.S. Colony, Kalyan Nagar, Hyderabad,Telangana - 500 045 on **24.01.2026 (Saturday)** from **11:00 a.m** onwards.

Place: Hanumakonda.
Date : 21.12.2025

Sd/-CHAIRMAN & MANAGING DIRECTOR
Northern Power Distribution Company of Telangana Limited

SCHEDULE-I

True-up for FY 2024-25 for Distribution Business

(Rs. Crore)

Particulars	TGNPDCL		
	Approved	Actual	Deviation (Actual-Approved)
O&M expenses	2,623	2,783	159
Depreciation	317	414	97
Interest and Finance Charges on Loan	244	328	83
Interest on Working Capital	58	82	24
Return on Equity	84	177	93
Other Expenditure	0	25	25
ARR	**3,327**	**3,808**	**482**
Less: NTI	172	175	4
Less: Revenue from OA (Wheeling Charges)	6	0.24	-5.76
Net ARR	**3,149**	**3,633**	**484**
Gap transferred to ARR for FY 2026-27			**484**

SCHEDULE-II

Revised ARR for FY 2026-27 for Distribution Business

(Rs. Crore)

Name of the Discom	Revised ARR proposed for FY 2026-27
TGNPDCL	4,391

Filing of proposed wheeling Tariffs for FY 2026-27

Voltage Level	Long-term and Medium-term Open Access consumers		Short-term Open Access consumers	
	Unit	Rate	Unit	Rate
TGNPDCL				
33 kV	Rs/kVA/month	117.40	Rs/kVA/hour	0.1631
11 kV	Rs/kVA/month	392.93	Rs/kVA/hour	0.5457
LT	Rs/kVA/month	1,196.99	Rs/kVA/hour	1.6625

Appeared in DECCAN CHRONICLE (English)- on Dt: 21-12-2025

DECCAN CHRONICLE | HYDERABAD | SUNDAY | 21 DECEMBER 2025

BEFORE THE HONOURABLE TELANGANA ELECTRICITY REGULATORY COMMISSION

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

SOUTHERN POWER DISTRIBUTION COMPANY OF TELANGANA LIMITED

PUBLIC NOTICE

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 petition before the Telangana Electricity Regulatory Commission (TGERC) for True-up of FY 2024-25 and Determination of Revised ARR & Wheeling Tariffs for Distribution Business for FY 2026-27 for the Distribution Business. These filings have been taken on record by the Hon'ble Commission in O.P. No.70 of 2025 and O.P.No.72 of 2025.

2. Copies of the filings referred are available in the office of Chief Engineer (IPC&RAC), TGSPDCL, #6-1-50, Corporate Office, 'A' Block, First floor, Mint Compound, Hyderabad 500063 and the Superintending Engineer, Operation circles of the Distribution Company at BanjaraHills, Hyderabad(South), Hyderabad(Central), Medchal, Cybercity, Habsiguda, Secunderabad, Rajendranagar, Saroornagar, Vikarabad, Mahabubnagar, Gadwal, Nagarkurnool, Wanaparthy, Medak, Siddipet, Sangareddy, Nalgonda, Yadadri, Suryapet and Narayanpet. 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 **21.12.2025** onwards on payment of charges for photocopying.

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Place: Hyderabad.
Date : 21.12.2025

Sd/-CHAIRMAN & MANAGING DIRECTOR
Southern Power Distribution Company of Telangana Limited

SCHEDULE-I

True-up for FY 2024-25 for Distribution Business

(Rs. Crore)

Particulars	TGSPDCL		
	Approved	Actual	Deviation (Actual-Approved)
O&M expenses	3,585.56	4,025.43	439.87
Depreciation	535.37	809.32	273.95
Interest and Finance Charges on Loan	469.64	533.88	64.24
Interest on Working Capital	85.17	126.30	41.13
Return of Equity	168.76	301.54	132.17
Other Expenditure	0	25.60	25.60
ARR	**4,844.50**	**5,822.06**	**977.56**
Less: NTI	153.55	570.44	416.89
Less: Revenue from OA (Wheeling Charges)	1.21	16.70	15.49
Net ARR	**4,689.74**	**5,234.92**	**545.18**
Gap transferred to ARR for FY 2026-27			**545.18**

SCHEDULE-II

Revised ARR for FY 2026-27 for Distribution Business

(Rs. Crore)

Name of the Discom	Revised ARR proposed for FY 2026-27
TGSPDCL	6,542

Filing of proposed wheeling Tariffs for FY 2026-27

Voltage Level	Long-term and Medium-term Open Access consumers		Short-term Open Access consumers	
	Unit	Rate	Unit	Rate
33 kV	Rs/kVA/month	94.18	Rs/kVA/hour	0.1308
11 kV	Rs/kVA/month	275.33	Rs/kVA/hour	0.3824
LT	Rs/kVA/month	767.27	Rs/kVA/hour	1.0656

DIPR R.O.No.953-PP/CL-AGENCY/ADVT/1/2025-26, Dt:20-12-2025

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PUBLIC NOTICE

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2. Copies of the filings referred are available in the office of Chief Engineer (IPC&RAC), TGNPDCL, H.No.2-5-31/2, VidyuthBhavan, Nakkalagutta, Hanumakonda – 506001 and the Superintending Engineer, Operation circles of the Distribution Company at Hanumakonda, Warangal, Mahabubabad, Jaya Shankar (Bhupalpally), Mulugu, Jangaon, Karimnagar, Jagitial, Peddapally, Khammam, Bhadradri Kothagudem, Nizamabad, Kamareddy, Adilabad, Nirmal, Mancherial 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 **21.12.2025** onwards on payment of charges for photocopying.

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Place: Hanumakonda.
Date : 21.12.2025

Sd/-CHAIRMAN & MANAGING DIRECTOR
Northern Power Distribution Company of Telangana Limited

SCHEDULE-I

True-up for FY 2024-25 for Distribution Business

(Rs. Crore)

Particulars	TGNPDCL		
	Approved	Actual	Deviation (Actual-Approved)
O&M expenses	2,623	2,783	159
Depreciation	317	414	97
Interest and Finance Charges on Loan	244	328	83
Interest on Working Capital	58	82	24
Return on Equity	84	177	93
Other Expenditure	0	25	25
ARR	**3,327**	**3,808**	**482**
Less: NTI	172	175	4
Less: Revenue from OA (Wheeling Charges)	6	0.24	-5.76
Net ARR	**3,149**	**3,633**	**484**
Gap transferred to ARR for FY 2026-27			**484**

SCHEDULE-II

Revised ARR for FY 2026-27 for Distribution Business

(Rs. Crore)

Name of the Discom	Revised ARR proposed for FY 2026-27
TGNPDCL	4,391

Filing of proposed wheeling Tariffs for FY 2026-27

Voltage Level	Long-term and Medium-term Open Access consumers		Short-term Open Access consumers	
	Unit	Rate	Unit	Rate
	TGNPDCL			
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Appeared in THE SIASAT DAILY (URDU) - on Dt: 21-12-2025

BEFORE THE HONOURABLE TELANGANA ELECTRICITY REGULATORY COMMISSION

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(Rs. Crore)

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Appeared in Mana Telangana (Telugu) - on Dt: 21-12-2025

మన తెలంగాణ
ఆదివారం 21, డిసెంబర్ 2025

గౌరవ తెలంగాణ విద్యుత్ నియంత్రణ మండలి వారి సమక్షంలో

విద్యుత్ నియంత్రణ్ భవన్, జి.టి.ఎస్ కాలనీ, కళ్యాణ్ నగర్, హైదరాబాద్ - 500045

దక్షిణ తెలంగాణ విద్యుత్ పంపిణీ సంస్థ (TGSPDCL)

బహిరంగ ప్రకటన

1. [illegible]

2. [illegible] www.tgsouthernpower.org [illegible] www.tgerc.telangana.gov.in [illegible] 21.12.2025 [illegible]

3. [illegible] secy-tgerc@telangana.gov.in [illegible] TGERC [illegible]

4. [illegible]

5. [illegible]

6. [illegible] (DB) 2024-25 [illegible] 2026-27 [illegible] (ARR) [illegible] I & II [illegible]

7. [illegible]

స్థలం: హైదరాబాద్
తేది: 21.12.2025

సం/- ఛైర్మన్ మరియు మేనేజింగ్ డైరెక్టర్
టీజీఎస్పీడీసీఎల్, హైదరాబాద్

షెడ్యూల్ - I

2024-25 ఆర్థిక సంవత్సరానికి గాను పంపిణీ వ్యాపారం (DB) యొక్క ట్రూ అప్

(రూ. కోట్లలో)

వివరాలు	టీజీఎస్పీడీసీఎల్		
	ఆమోదించబడిన ఖర్చు	వాస్తవ ఖర్చు	ఖర్చు వ్యత్యాసం (వాస్తవ ఖర్చు- ఆమోదించబడిన ఖర్చు)
O & M ఛార్జీలు	3,585.56	4,025.43	439.87
తరుగుదల	535.37	809.32	273.95
అప్పు పై వడ్డీ మరియు ఆర్థిక ఛార్జీలు	469.64	533.88	64.24
నిర్వహణ మూలధనంపై వడ్డీ	85.17	126.30	41.13
ఈక్విటీపై రాబడి	168.76	301.54	132.77
ఇతర ఖర్చులు	0	25.60	25.60
మొత్తం సమగ్ర ఆదాయ అవసరత	4,844.50	5,822.06	977.56
తగ్గింపు చేయు (-)			
టారిఫేతర ఆదాయం	153.55	570.44	416.89
ఓపెన్ యాక్సెస్ నుండి ఆదాయం (వీలింగ్ ఛార్జీలు)	1.21	16.70	15.49
నికర సమగ్ర ఆదాయ అవసరత	4,689.74	5,234.92	545.18
ట్రూ అప్ ను 2026-27 ఆర్థిక సంవత్సరం ARR కు బదిలీ చేయబడినది.			545.18

షెడ్యూల్ - II

2026-27 ఆర్థిక సంవత్సరానికి గాను పంపిణీ వ్యాపారం (DB) యొక్క సవరించిన సమగ్ర ఆదాయ అవసరత (ARR)

(రూ. కోట్లలో)

పంపిణీ సంస్థ	2026-27 ఆర్థిక సంవత్సరానికి గాను ప్రతిపాదన చేయబడిన సవరించిన సమగ్ర ఆదాయ అవసరత (ARR)
టీజీఎస్పీడీసీఎల్	6,542

2026-27 ఆర్థిక సంవత్సరానికి గాను ప్రతిపాదించిన వీలింగ్ టారిఫ్

వోల్టేజ్ లెవెల్	దీర్ఘకాలిక మరియు మధ్యకాలిక ఓపెన్ యాక్సెస్ వినియోగదారులు		స్వల్పకాలిక ఓపెన్ యాక్సెస్ వినియోగదారులు	
	యూనిట్	ధర	యూనిట్	ధర
33 కెవి	రూ./కెవిఎ/నెలకు	94.18	రూ./కెవిఎ/గంటకు	0.1308
11 కెవి	రూ./కెవిఎ/నెలకు	275.33	రూ./కెవిఎ/గంటకు	0.3824
ఎల్ టి	రూ./కెవిఎ/నెలకు	767.27	రూ./కెవిఎ/గంటకు	1.0656

DIPR RO.No: 12294-PP/CL/ADVT/1/2025-26, Dt:20.12.2025

ఉత్తర తెలంగాణ విద్యుత్ పంపిణీ సంస్థ (TGNPDCL)

బహిరంగ ప్రకటన

1. [illegible]

2. [illegible] www.tgnpdcl.com [illegible] www.tgerc.telangana.gov.in [illegible] 21.12.2025 [illegible]

3. [illegible] secy-tgerc@telangana.gov.in [illegible] TGERC [illegible]

4. [illegible]

5. [illegible]

6. [illegible] (DB) 2024-25 [illegible] 2026-27 [illegible] (ARR) [illegible] I & II [illegible]

7. [illegible]

స్థలం: హన్మకొండ
తేది: 21.12.2025

సం/- ఛైర్మన్ మరియు మేనేజింగ్ డైరెక్టర్
టీజీఎన్పీడీసీఎల్, హన్మకొండ

షెడ్యూల్ - I

2024-25 ఆర్థిక సంవత్సరానికి గాను పంపిణీ వ్యాపారం (DB) యొక్క ట్రూ అప్

(రూ. కోట్లలో)

వివరాలు	టీజీఎన్పీడీసీఎల్		
	ఆమోదించబడిన ఖర్చు	వాస్తవ ఖర్చు	ఖర్చు వ్యత్యాసం (వాస్తవ ఖర్చు- ఆమోదించబడిన ఖర్చు)
O & M ఛార్జీలు	2,623	2,783	159
తరుగుదల	317	414	97
అప్పు పై వడ్డీ మరియు ఆర్థిక ఛార్జీలు	244	328	83
నిర్వహణ మూలధనంపై వడ్డీ	58	82	24
ఈక్విటీపై రాబడి	84	177	93
ఇతర ఖర్చులు	0	25	25
మొత్తం సమగ్ర ఆదాయ అవసరత	3,327	3,808	482
తగ్గింపు చేయు (-)			
టారిఫేతర ఆదాయం	172	175	4
ఓపెన్ యాక్సెస్ నుండి ఆదాయం (వీలింగ్ ఛార్జీలు)	6	0.24	-5.76
నికర సమగ్ర ఆదాయ అవసరత	3,149	3,633	484
ట్రూ అప్ ను 2026-27 ఆర్థిక సంవత్సరం ARR కు బదిలీ చేయబడినది			484

షెడ్యూల్ - II

2026-27 ఆర్థిక సంవత్సరానికి గాను పంపిణీ వ్యాపారం (DB) యొక్క సవరించిన సమగ్ర ఆదాయ అవసరత (ARR)

(రూ. కోట్లలో)

పంపిణీ సంస్థ	2026-27 ఆర్థిక సంవత్సరానికి గాను ప్రతిపాదన చేయబడిన సవరించిన సమగ్ర ఆదాయ అవసరత (ARR)
టీజీఎన్పీడీసీఎల్	4,391

2026-27 ఆర్థిక సంవత్సరానికి గాను ప్రతిపాదించిన వీలింగ్ టారిఫ్

వోల్టేజ్ లెవెల్	దీర్ఘకాలిక మరియు మధ్యకాలిక ఓపెన్ యాక్సెస్ వినియోగదారులు		స్వల్పకాలిక ఓపెన్ యాక్సెస్ వినియోగదారులు	
	యూనిట్	ధర	యూనిట్	ధర
33 కెవి	రూ./కెవిఎ/నెలకు	117.40	రూ./కెవిఎ/గంటకు	0.1631
11 కెవి	రూ./కెవిఎ/నెలకు	392.93	రూ./కెవిఎ/గంటకు	0.5457
ఎల్ టి	రూ./కెవిఎ/నెలకు	1,196.99	రూ./కెవిఎ/గంటకు	1.6625

Appeared in Andra Jyothi (Telugu) - on Dt: 21-12-2025

గౌరవ తెలంగాణ విద్యుత్ నియంత్రణ మండలి వారి సమక్షంలో

విద్యుత్ నియంత్రణ్ భవన్, జి.టి.ఎస్ కాలనీ, కళ్యాణ్ నగర్, హైదరాబాద్ - 500045

దక్షిణ తెలంగాణ విద్యుత్ పంపిణీ సంస్థ (TGSPDCL)

బహిరంగ ప్రకటన

1. దక్షిణ తెలంగాణ విద్యుత్ పంపిణీ సంస్థ(టిజిఎస్పిడిసిఎల్) పరిధిలోని యావన్మందికీ తెలియజేయునది ఏమనగా ప్రభుత్వ యాజమాన్యంలోని డిస్ట్రిబ్యూషన్ మరియు రిటైల్ సప్లయి లైసెన్స్ (నెం.13/2000), తేది.29.12.2000 కలిగి ఉన్న దక్షిణ తెలంగాణ విద్యుత్ పంపిణీ సంస్థ (టిజిఎస్పిడిసిఎల్), తెలంగాణ విద్యుత్ నియంత్రణ మండలి (టిజిఇఆర్సి) ముందు పంపిణీ వ్యాపారం (DB) యొక్క 2024-25 ఆర్థిక సంవత్సరానికి గాను ట్రూ అప్ మరియు 2026-27 ఆర్థిక సంవత్సరానికి గాను పంపిణీ వ్యాపారానికి (DB) సంబంధించి సవరించిన సమగ్ర ఆదాయ అవశ్యకత (ARR) & వీలింగ్ టారిఫ్‌ను నిర్ణయించడానికి ప్రతిపాదనలను దాఖలు చేసింది. ఈ దాఖలాలను గౌరవ కమిషన్ వారిచేత ఓ.పి. నెం. 70/2025 & ఓ.పి. నెం. 72/2025లో నమోదు చేయబడ్డాయి.

2. పైన పేరాలో సూచించిన దాఖలాల కాపీలు చీఫ్ ఇంజనీర్ (ఐపిసి&ఆర్ఏసి) పంపిణీ సంస్థ ప్రధాన కార్యాలయం, టిజిఎస్పిడిసిఎల్, # 6-1-50, మొదటి అంతస్తు, 'ఏ' బ్లాక్, మింట్ కాంపౌండ్, హైదరాబాద్ - 500 063 మరియు బంజారాహిల్స్, హైదరాబాద్ (సౌత్), హైదరాబాద్ (సెంట్రల్), మేడ్చల్, సైబర్ సిటీ, హబ్సిగూడ, సికింద్రాబాద్, రాజేంద్రనగర్, సరూర్ నగర్, వికారాబాద్, మహబూబ్ నగర్, గద్వాల్, నాగర్ కర్నూల్, వనపర్తి, మెదక్, సిద్దిపేట, సంగారెడ్డి, నల్గొండ, యాదాద్రి, సూర్యాపేట మరియు నారాయణపేట ఆపరేషన్ సర్కిళ్లలో ఉన్న సూపరింటెండింగ్ ఇంజనీర్ వారి కార్యాలయాలలో అందుబాటులో ఉన్నాయి. ఈ ప్రతిపాదనలు www.tgsouthernpower.org మరియు www.tgerc.telangana.gov.in లో కూడా అందుబాటులో ఉన్నాయి. ఆసక్తిగల వ్యక్తులు పైన పేర్కొన్న దాఖలాలను ఏదైనా కార్యాలయం వద్ద కార్యాలయ పని వేళల్లో ఉచితంగా పరిశీలించవచ్చును. ఈ దాఖలాల ప్రతులను 21.12.2025 నుండి పై కార్యాలయాల నుండి ఫోటోకాపీ చార్జీల చెల్లింపు పై పొందవచ్చు.

3. అభ్యంతరాలు/సూచనలు/అభిప్రాయాలు ఏవైనా ఉంటే, దాఖలాల పై, సహాయక ప్రతులతో పాటు, చీఫ్ ఇంజనీర్ (ఐపిసి&ఆర్ఏసి) గారికి, ప్రధాన కార్యాలయం (టిజిఎస్పిడిసిఎల్), # 6-1-50, మొదటి అంతస్తు, 'ఏ' బ్లాక్, మింట్ కాంపౌండ్, హైదరాబాద్ - 500 063 వ్యక్తిగతంగా లేదా రిజిస్టర్డ్ పోస్ట్ ద్వారా 12.01.2026 సాయంత్రం 5 గంటల లోపు పంపగలరు. దాని కాపీని పైన పేర్కొన్న చిరునామాలో లేదా ఇ-మెయిల్ ఐడి secy-tgerc@telangana.gov.in ద్వారా కమిషన్ సెక్రటరీ, TGERC వారికి కూడా సమర్పించాలి. అభ్యంతరాలు/సూచనలు/అభిప్రాయాలు నివేదించువారు వారి సంతకము(లు) మరియు పూర్తి పేరు, పోస్టల్ చిరునామా, ఇమెయిల్ ఐడి మరియు సంప్రదింపు నంబర్ పొందుపర్చగలరు. ఏదైనా సంస్థ లేదా వినియోగదారుల వర్గం తరపున అభ్యంతరాలు/సూచనలు/అభిప్రాయాలు దాఖలు చేయబడితే, అది స్పష్టంగా పేర్కొనవలెను. అభ్యంతరదారు(లు) వ్యక్తిగతంగా వినిపించాలనుకుంటే ప్రత్యేకంగా పేర్కొనవలెను.

4. అభ్యంతరాలు/సూచనలు/అభిప్రాయాలు ఈ క్రింది పట్టికలో సమర్పించాలి.

క్రమ సంఖ్య	పిటిషన్‌లోని పేరా నం. అందుబాటులో ఉంటే	టిజిఎస్పిడిసిఎల్ పిటిషన్‌లో చేసిన ప్రతిపాదన	అభ్యంతరాలు/సూచనలు/అభిప్రాయాలు

5. అభ్యంతరాలు/సూచనలు/అభిప్రాయాలు ఈ క్రింది వివరాలతో పాటు ఉండాలి.

అభ్యంతరం తెలిపిన వ్యక్తి పేరు	
సంప్రదింపు చిరునామా	
ఇమెయిల్-ఐడి	
సంప్రదింపు నంబర్	
(TGDISCOM పేరు)పై అభ్యంతరం దాఖలు చేయబడింది	
అభ్యంతరాలు/సూచనలు/అభిప్రాయాలు కాపీ జత చేయబడిందా?	అవును/లేదు
అభ్యంతరాలు/సూచనలు/అభిప్రాయాలు కాపీని లైసెన్స్‌దారు కార్యాలయంలో అందజేసినట్లు రుజువు జత చేయబడిందా లేదా?	అవును/లేదు
అభ్యంతరదారుడు స్వయంగా తన వాదన వినిపించాలనుకుంటున్నారా లేదా?	అవును/లేదు

6. పంపిణీ వ్యాపారం (DB) 2024-25 ఆర్థిక సంవత్సరానికి గాను ట్రూ అప్ మరియు 2026-27 ఆర్థిక సంవత్సరానికి గాను పంపిణీ వ్యాపారం (DB) కి సంబంధించి సవరించిన 'సమగ్ర ఆదాయ అవశ్యకత (ARR) & వీలింగ్ టారిఫ్' ను నిర్ణయించానికి ప్రతిపాదన చేయబడిన దాఖలాల సారాంశం దిగువ షెడ్యూల్ - I & II లో చూపించబడింది.

7. ఈ దాఖలాలకు సంబంధించిన బహిరంగ విచారణను గౌరవ తెలంగాణ విద్యుత్ నియంత్రణ మండలి వారు తేది: 24.01.2026 (శనివారం) ఉదయం 11.00 గంటల నుండి కోర్టు హాల్, తెలంగాణ విద్యుత్ నియంత్రణ మండలి, జిటిఎస్ కాలనీ, కళ్యాణ్ నగర్, హైదరాబాద్ - 500045లో నిర్వహించాలని భావిస్తోంది.

స్థలం: హైదరాబాద్
తేది: 21.12.2025

సం/- చైర్మన్ మరియు మేనేజింగ్ డైరెక్టర్
టిజిఎస్పిడిసిఎల్, హైదరాబాద్

షెడ్యూల్ - I

2024-25 ఆర్థిక సంవత్సరానికి గాను పంపిణీ వ్యాపారం (DB) యొక్క ట్రూ అప్

(రూ. కోట్లలో)

వివరాలు	టిజిఎస్పిడిసిఎల్		
	ఆమోదింపబడిన ఖర్చు	వాస్తవ ఖర్చు	ఖర్చు వ్యత్యాసం (వాస్తవ ఖర్చు- ఆమోదింపబడిన ఖర్చు)
O & M చార్జీలు	3,585.56	4,025.43	439.87
తరుగుదల	535.37	809.32	273.95
అప్పు పై వడ్డీ మరియు ఆర్థిక చార్జీలు	469.64	533.88	64.24
నిర్వహణ మూలధనంపై వడ్డీ	85.17	126.30	41.13
ఈక్విటీపై రాబడి	168.76	301.54	132.77
ఇతర ఖర్చులు	0	25.60	25.60
స్థూల సమగ్ర ఆదాయ అవశ్యకత	4,844.50	5,822.06	977.56
తగ్గించు సంజ్ఞ (-)			
టారిఫేతర ఆదాయం	153.55	570.44	416.89
ఓపెన్ యాక్సెస్ నుండి ఆదాయం (వీలింగ్ చార్జీలు)	1.21	16.70	15.49
నికర సమగ్ర ఆదాయ అవశ్యకత	4,689.74	5,234.92	545.18
ట్రూ అప్‌ను 2026-27 ఆర్థిక సంవత్సరం ARR కు బదిలీ చేయబడినది.			545.18

షెడ్యూల్ - II

2026-27 ఆర్థిక సంవత్సరానికి గాను పంపిణీ వ్యాపారం (DB) యొక్క సవరించిన సమగ్ర ఆదాయ అవశ్యకత (ARR)

(రూ. కోట్లలో)

పంపిణీ సంస్థ	2026-27 ఆర్థిక సంవత్సరానికి గాను ప్రతిపాదన చేయబడిన సవరించిన సమగ్ర ఆదాయ అవశ్యకత (ARR)
టిజిఎస్పిడిసిఎల్	6,542

2026-27 ఆర్థిక సంవత్సరానికి గాను ప్రతిపాదించిన వీలింగ్ టారిఫ్

వోల్టేజ్ లెవేల్	దీర్ఘకాలిక మరియు మధ్యకాలిక ఓపెన్ యాక్సెస్ వినియోగదారులు		స్వల్పకాలిక ఓపెన్ యాక్సెస్ వినియోగదారులు	
	యూనిట్	ధర	యూనిట్	ధర
33 కెవి	రూ./కెవిఏ/నెలకు	94.18	రూ./కెవిఏ/గంటకు	0.1308
11 కెవి	రూ./కెవిఏ/నెలకు	275.33	రూ./కెవిఏ/గంటకు	0.3824
ఎల్ టి	రూ./కెవిఏ/నెలకు	767.27	రూ./కెవిఏ/గంటకు	1.0656

DIPR RO.No: 12294-PP/CL/ADVT/1/2025-26, Dt:20.12.2025

ఉత్తర తెలంగాణ విద్యుత్ పంపిణీ సంస్థ (TGNPDCL)

బహిరంగ ప్రకటన

1. ఉత్తర తెలంగాణ విద్యుత్ పంపిణీ సంస్థ(టిజిఎన్పిడిసిఎల్) పరిధిలోని యావన్మందికీ తెలియజేయునది ఏమనగా ప్రభుత్వ యాజమాన్యంలోని డిస్ట్రిబ్యూషన్ మరియు రిటైల్ సప్లయి లైసెన్స్ (నెం.14/2000), తేది.29.12.2000 కలిగి ఉన్న ఉత్తర తెలంగాణ విద్యుత్ పంపిణీ సంస్థ (టిజిఎన్పిడిసిఎల్), తెలంగాణ విద్యుత్ నియంత్రణ మండలి (టిజిఇఆర్సి) ముందు పంపిణీ వ్యాపారం (DB) యొక్క 2024-25 ఆర్థిక సంవత్సరానికి గాను ట్రూ అప్ మరియు 2026-27 ఆర్థిక సంవత్సరానికి గాను పంపిణీ వ్యాపారం (DB) యొక్క సవరించిన సమగ్ర ఆదాయ అవశ్యకత (ARR) & వీలింగ్ టారిఫ్‌ను నిర్ణయించడానికి ప్రతిపాదనలను దాఖలు చేసింది. ఈ దాఖలాలను ఓ.పి. నెం. 71/2025 & ఓ.పి. నెం. 73/2025లో గౌరవ కమిషన్ వారిచేత నమోదు చేయబడ్డాయి.

2. పైన పేరాలో సూచించిన దాఖలాల కాపీలు చీఫ్ ఇంజనీర్ (ఐపిసి&ఆర్ఏసి) పంపిణీ సంస్థ ప్రధాన కార్యాలయం, హన్మకొండ (టిజిఎన్పిడిసిఎల్, ఇంటి నం. 2-5-31/2, విద్యుత్ భవన్, నక్కల గుట్ట, హన్మకొండ - 506001) మరియు హన్మకొండ, వరంగల్, మహబూబాబాద్, జయశంకర్ (భూపాలపల్లి), ములుగు, జనగాం, కరీంనగర్, జగిత్యాల, పెద్దపల్లి, ఖమ్మం, భద్రాద్రి కొత్తగూడెం, నిజామాబాద్, కామారెడ్డి, ఆదిలాబాద్, నిర్మల్, మంచిర్యాల మరియు కొమరం భీమ్ (ఆసిఫాబాద్) ఆపరేషన్ సర్కిళ్లలో ఉన్న సూపరింటెండింగ్ ఇంజనీర్ వారి కార్యాలయాలలో అందుబాటులో ఉన్నాయి. ఈ ప్రతిపాదనలు www.tgnpdcl.com మరియు www.tgerc.telangana.gov.in లో కూడా అందుబాటులో ఉన్నాయి. ఆసక్తిగల వ్యక్తులు పైన పేర్కొన్న దాఖలాలను ఏదైనా కార్యాలయం వద్ద కార్యాలయ పని వేళల్లో ఉచితంగా పరిశీలించవచ్చును. ఈ దాఖలాల ప్రతులను 21.12.2025 నుండి పై కార్యాలయాల నుండి ఫోటోకాపీ చార్జీల చెల్లింపు పై పొందవచ్చు.

3. అభ్యంతరాలు/సూచనలు/అభిప్రాయాలు ఏవైనా ఉంటే, దాఖలాల పై, సహాయక మెటీరియల్‌తో పాటు, చీఫ్ ఇంజనీర్ (ఐపిసి&ఆర్ఏసి) గారికి, ప్రధాన కార్యాలయం, హన్మకొండ (టిజిఎన్పిడిసిఎల్, ఇంటి నం. 2-5-31/2, విద్యుత్ భవన్, నక్కల గుట్ట, హన్మకొండ - 506001) వ్యక్తిగతంగా లేదా రిజిస్టర్డ్ పోస్ట్ ద్వారా 12.01.2026 సాయంత్రం 5 గంటల లోపు పంపగలరు. దాని కాపీని పైన పేర్కొన్న చిరునామాలో లేదా ఇ-మెయిల్ ఐడి secy-tgerc@telangana.gov.in ద్వారా కమిషన్ సెక్రటరీ, TGERC వారికి కూడా సమర్పించాలి. అభ్యంతరాలు/సూచనలు/అభిప్రాయాలు నివేదించువారు వారి సంతకము(లు) మరియు పూర్తి పేరు, పోస్టల్ చిరునామా, ఇమెయిల్ ఐడి మరియు సంప్రదింపు నంబర్ పొందుపర్చగలరు. ఏదైనా సంస్థ లేదా వినియోగదారుల వర్గం తరపున అభ్యంతరాలు/సూచనలు/అభిప్రాయాలు దాఖలు చేయబడితే, అది స్పష్టంగా పేర్కొనవలెను. అభ్యంతరదారు(లు) వ్యక్తిగతంగా వినిపించాలనుకుంటే ప్రత్యేకంగా పేర్కొనవలెను.

4. అభ్యంతరాలు/సూచనలు/అభిప్రాయాలు ఈ క్రింది పట్టికలో సమర్పించాలి.

క్రమ సంఖ్య	పిటిషన్‌లోని పేరా నం. అందుబాటులో ఉంటే	టిజిఎన్పిడిసిఎల్ పిటిషన్‌లో చేసిన ప్రతిపాదన	అభ్యంతరాలు/సూచనలు/అభిప్రాయాలు

5. అభ్యంతరాలు/సూచనలు/అభిప్రాయాలు ఈ క్రింది వివరాలతో పాటు ఉండాలి.

అభ్యంతరం తెలిపిన వ్యక్తి పేరు	
సంప్రదింపు చిరునామా	
ఇమెయిల్-ఐడి	
సంప్రదింపు నంబర్	
(TGDISCOM పేరు)పై అభ్యంతరం దాఖలు చేయబడింది	
అభ్యంతరాలు/సూచనలు/అభిప్రాయాలు కాపీ జత చేయబడిందా?	అవును/లేదు
అభ్యంతరాలు/సూచనలు/అభిప్రాయాలు కాపీని లైసెన్స్‌దారు కార్యాలయంలో అందజేసినట్లు రుజువు జత చేయబడిందా లేదా?	అవును/లేదు
అభ్యంతరదారుడు స్వయంగా తన వాదన వినిపించాలనుకుంటున్నారా లేదా?	అవును/లేదు

6. పంపిణీ వ్యాపారం (DB) 2024-25 ఆర్థిక సంవత్సరానికి గాను ట్రూ అప్ మరియు 2026-27 ఆర్థిక సంవత్సరానికి గాను పంపిణీ వ్యాపారం (DB) కి సంబంధించి సవరించిన 'సమగ్ర ఆదాయ అవశ్యకత (ARR) & వీలింగ్ టారిఫ్' ను నిర్ణయించడానికి ప్రతిపాదన చేయబడిన దాఖలాల సారాంశం దిగువ షెడ్యూల్ - I & II లో చూపించబడింది.

7. ఈ దాఖలాలకు సంబంధించిన బహిరంగ విచారణను, గౌరవ తెలంగాణ విద్యుత్ నియంత్రణ మండలి వారు తేది: 24.01.2026 (శనివారం) ఉదయం 11.00 గంటల నుండి కోర్టు హాల్, తెలంగాణ విద్యుత్ నియంత్రణ మండలి, జిటిఎస్ కాలనీ, కళ్యాణ్ నగర్, హైదరాబాద్ - 500045లో నిర్వహించాలని భావిస్తోంది.

స్థలం: హన్మకొండ
తేది: 21.12.2025

సం/- చైర్మన్ మరియు మేనేజింగ్ డైరెక్టర్
టిజిఎన్పిడిసిఎల్, హన్మకొండ

షెడ్యూల్ - I

2024-25 ఆర్థిక సంవత్సరానికి గాను పంపిణీ వ్యాపారం (DB) యొక్క ట్రూ అప్

(రూ. కోట్లలో)

వివరాలు	టిజిఎన్పిడిసిఎల్		
	ఆమోదింపబడిన ఖర్చు	వాస్తవ ఖర్చు	ఖర్చు వ్యత్యాసం (వాస్తవ ఖర్చు- ఆమోదింపబడిన ఖర్చు)
O & M చార్జీలు	2,623	2,783	159
తరుగుదల	317	414	97
అప్పు పై వడ్డీ మరియు ఆర్థిక చార్జీలు	244	328	83
నిర్వహణ మూలధనంపై వడ్డీ	58	82	24
ఈక్విటీపై రాబడి	84	177	93
ఇతర ఖర్చులు	0	25	25
స్థూల సమగ్ర ఆదాయ అవశ్యకత	3,327	3,808	482
తగ్గించు సంజ్ఞ (-)			
టారిఫేతర ఆదాయం	172	175	4
ఓపెన్ యాక్సెస్ నుండి ఆదాయం (వీలింగ్ చార్జీలు)	6	0.24	-5.76
నికర సమగ్ర ఆదాయ అవశ్యకత	3,149	3,633	484
ట్రూ అప్‌ను 2026-27 ఆర్థిక సంవత్సరం ARR కు బదిలీ చేయబడినది			484

షెడ్యూల్ - II

2026-27 ఆర్థిక సంవత్సరానికి గాను పంపిణీ వ్యాపారం (DB) యొక్క సవరించిన సమగ్ర ఆదాయ అవశ్యకత (ARR)

(రూ. కోట్లలో)

పంపిణీ సంస్థ	2026-27 ఆర్థిక సంవత్సరానికి గాను ప్రతిపాదన చేయబడిన సవరించిన సమగ్ర ఆదాయ అవశ్యకత (ARR)
టిజిఎన్పిడిసిఎల్	4,391

2026-27 ఆర్థిక సంవత్సరానికి గాను ప్రతిపాదించిన వీలింగ్ టారిఫ్

వోల్టేజ్ లెవేల్	దీర్ఘకాలిక మరియు మధ్యకాలిక ఓపెన్ యాక్సెస్ వినియోగదారులు		స్వల్పకాలిక ఓపెన్ యాక్సెస్ వినియోగదారులు	
	యూనిట్	ధర	యూనిట్	ధర
33 కెవి	రూ./కెవిఏ/నెలకు	117.40	రూ./కెవిఏ/గంటకు	0.1631
11 కెవి	రూ./కెవిఏ/నెలకు	392.93	రూ./కెవిఏ/గంటకు	0.5457
ఎల్ టి	రూ./కెవిఏ/నెలకు	1,196.99	రూ./కెవిఏ/గంటకు	1.6625

Annexure-II

List of Stakeholders who submitted Written Objections/Suggestions

S.No.	Objector Name and address	Date of Objection
1	M. Venugopala Rao Senior Journalist & Convener, Centre for Power Studies,	01.01.2026 & 20.01.2026
2	POWER FOUNDATION OF INDIA	24.12.2025 & 16.01.2026
3	Sri. M. Thimma Reddy, Convenor, Peoples Monitoring Group on Electricity Regulation	06.01.2026
4	Lt. Gen. Dr. S.P. Kochhar Director General, Cellular Operators Association of India (COAI)	08.01.2026
5	Sri Chitti Babu Sr. GM-Commercials, Greenko Group	19.01.2026
6	T. Sujatha, Sr. Director FTCCI	20.01.2026
7	Sri I.Gopinath, Chief Executive Officer, SICMA	20.01.2026
8	Telangana Solar Open Access Developers Association	24.01.2026

Annexure-III

List of Stakeholders who participated in the Public Hearing on Dt: 24-01-2026

SI.No	Name and Address of the Stakeholders
1	Sri. M. Venugopala Rao Senior Journalist & Convener, Centre for Power Studies,
2	M/s POWER FOUNDATION OF INDIA
3	Smt.T. Sujatha, Sr. Director FTCCI
4	Sri I.Gopinath, Chief Executive Officer, SICMA
5	Sri. Venkat Konakandla, Telangana Solar Open Access Developers Association
6	Sri. Chitti Babu Sr. GM-Commercials, Greenko Group