

No. PFI/Prog/TGERC/2026/041

Dated: 30/01/2026

To,

The Secretary

Telangana Electricity Regulatory Commission
Vidyuth Nyantran Bhavan, Sy. No. 145-P
G.T.S. Colony, Kalyan Nagar,
Hyderabad, Telangana- 500045

Subject: PFI Comments - Telangana DISCOMs Retail Supply Business True Up Petition for FY 2024-25 & ARR Petition for FY 2026-27

Reference: TGERC inviting Comments on True Up of FY 2024-25 & ARR Petition for FY 2026-27

Dear Sir,

Power Foundation of India (PFI) is a Policy Research and Advocacy entity and a registered society under the aegis of Ministry of Power, Government of India. PFI is supported by leading Central Power Sector Organizations to undertake evidence-based policy research and facilitate informed decision making by the Regulators, Ministry and other concerned stakeholders.

With reference to above, PFI has analyzed the Retail Supply Business True Up Petition for FY 2024-25 & ARR Petition for FY 2026-27 filed by Telangana DISCOMs, Northern Power Distribution Company of Telangana Limited (TGNPDCL) & Southern Power Distribution Company of Telangana Limited (TGSPDCL) before TGERC. Our comments/ suggestions on the said Petitions are enclosed herewith for your consideration as *Annexure- I & II* respectively. We would also like to orally submit our comments/ suggestions on the day of Public Hearing through video conference.

The comments have also been emailed to secy-tgerc@telangana.gov.in.

Warm Regards,

Encl: Annexure – I & II

Copy to:

- 1. The Hon'ble Chairperson**
Telangana Electricity Regulatory Commission
- 2. The Hon'ble Member**
Telangana Electricity Regulatory Commission

Yours Sincerely,



Executive Director, PFI

ANNEXURE-I**PFI Comments/Suggestions: TGNPDCL True-Up Petition FY 2024-25 for Retail Supply Business**

- 1) PFI is a Policy Research and Advocacy entity, a registered society under the aegis of the Ministry of Power, Government of India, and supported by leading Central Power Sector Organizations, to undertake evidence-based policy research and facilitate informed decision making by the Regulators, Ministry and stakeholders concerned with the Power Sector.
- 2) Telangana Electricity Regulatory Commission (TGERC) has sought comments / suggestions from various stakeholders on True-Up Petition filed by Telangana DISCOMs for FY 2024-25 of Retail Supply Business. PFI has observed that the DISCOMs have filed the True-Up Petition for FY 2024-25 under *TGERC (Multi Year Tariff) Regulations, 2023*.
- 3) PFI has reviewed and analyzed the said Petitions of Northern Power Distribution Company of Telangana Limited (TGNPDCL) for FY 2024-25 of Retail Supply Business, and our comments / suggestions on the same are as follows:

A. DELAYED AND INCOMPLETE FILING OF TRUE-UP PETITIONS

- 4) PFI notes that TG DISCOMs have filed Power Purchase Cost & Revenue True-Up Petitions for FY 2022-23, FY 2023-24 & FY 2024-25. These True-Up Petitions are incomplete since important elements like Sales, Energy Balance, Transmission Losses, Distribution Losses have not been filed. Moreover, in the absence of complete True-up, Revenue Gap / Surplus has not been calculated. Claiming Power Purchase True-Up without submitting the Sales and Energy Balance is a non-scientific & non-transparent way of determining the Power Purchase Cost and defeats the purpose of True-Up Exercise.
- 5) It is pertinent to mention that the last True-Up Order issued by Hon'ble TGERC is for FY 2018-19 dated 23/03/2023. Till date True-Up Orders for FY 2019-20, FY 2020-21, FY 2021-22, FY 2022-23, FY 2023-24 & FY 2024-25 are pending. The same

comment was submitted by PFI in the ARR Petition for FY 2025-26. Hon'ble TGERC addressed the said comment in the Tariff Order for FY 2025-26 dated 29/04/2025.

“3.3 TRUE UP/ DOWN AND FCA PETITIONS

Commission's analysis & findings

3.3.8 The Commission has noted the concerns of the stakeholders in respect of the consequences that resulted in running into losses of the petitioners on account of not properly filing the True-up/True-down petitions and not collecting Fuel Cost Adjustment (FCA) as per stipulated regulations. The petitioners have failed to explain as to why they could not file their claims in respect of FCA adjustments quarterly as stipulated in the Regulation which has resulted in huge backlogs thereby the TGDISCOMs are not in a position to claim the FCA either from the government or from the consumers.

*... 3.3.11 The Commission directs the TGDISCOMs to strictly comply with Regulation 2 of 2023 and ensure that **all future True-up, ARR, Tariff Proposals, and FCA claims are filed within the stipulated timelines. Any deviation from the prescribed schedule will be viewed seriously and may attract regulatory action.***”

- 6) Thereafter, TG DISCOMs in Petition I.A. No. 28 of 2025 prayed before the Commission that they may be granted time for filing of petition of power purchase True-Ups of FY 2022-23 and FY 2023-24 pertaining to retail supply business alongwith condonation of delay application within due course of time. Hon'ble TGERC vide Order dated 2/05/2025 granted time extension for two months. Relevant extract from the said Order is as follows.

*“13. Therefore, keeping in view of the exigencies as submitted by the petitioner this Commission extends the time for filing the true-up petitions. 14. Accordingly, this petition is allowed and petitioners/TGDISCOMs are directed to file the true-up petitions for FY 2022 – FY 2023 and FY 2023 – FY 2024 **within two months from the date of this order**”*

- 7) Even after being granted time extension of two months, the True-Up Petitions for FY 2022-23 & FY 2023-24 have been filed on 29/11/2025 i.e, 5 months of delay.

- 8) As per TGERC (Multi Year Tariff) Regulation, 2023, the DISCOMs need to file or True-Up annually. Relevant extract from the Regulations is as follows:

“6 Procedure for filing Petition

6.1 The petitions under MYT by the generating entity, transmission licensee/STU, SLDC and distribution licensee shall be filed as per the timelines specified in this Regulation...

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c) Multi Year Tariff petition shall be filed by 30th November of the year preceding the first year of the Control Period by distribution licensee (for retail supply business) comprising:

i. True-up of preceding year;

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

iii. Revenue from retail sale of electricity at existing tariffs & charges and projected revenue gap for the first year of the Control Period;

iv. Proposal of consumer category wise

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f) After first year of the Control Period and onwards, the annual petitions by distribution licensee (for retail supply business) shall comprise of:

i. True-up of preceding year;

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

iii. Revenue from retail sale of electricity at existing tariffs & charges and projected revenue gap for ensuing year of the Control Period;

iv. Proposal of consumer category wise retail supply tariff and charges for ensuing year of the Control Period.

- 9) Further, the same Regulations have also stipulated a penal mechanism to enforce timely submission of True-Up Petitions. Relevant extract from the Regulations 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:

*.
. .*

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

- 10) Moreover, the need for timely issuance of Tariff Orders and True-up Orders has been decided by Hon’ble APTEL in its judgement dtd. 11/11/2011 in OP No. 1 of 2011, as follows:

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

(a) No projection can be so accurate as to equal the real situation.

(b) The burden/benefits of the past years must not be passed on to the consumers of the future.

(c) Delays in timely determination of tariff and truing-up entails:

(i) Imposing an underserved carrying cost burden to the consumers, as is also recognised by para 5.3 (h) (4) of National Tariff Policy.

(ii) Cash flow problems for the licensees.

....

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

*(i) Every State Commission has to ensure that Annual Performance Review, **true-up of past expenses** and Annual Revenue Requirement and tariff determination is conducted year to year basis as per the time schedule specified in the Regulations.*

*(ii) It should be the endeavour of every State Commission to ensure that the **tariff for the financial year is decided before 1st April of the tariff year...***

(iii) In the event of delay in filing of the ARR, truing-up and Annual Performance Review, one month beyond the scheduled date of

*submission of the petition, the State Commission must initiate **Suo-moto proceedings** for tariff determination in accordance with Section 64 of the Act read with clause 8.1 (7) of the Tariff Policy.*

....

(v) Truing up should be carried out regularly and preferably every year...”.

- 11) From above, it is noted that Hon’ble APTEL has even decided that SERCs can initiate Suo-moto proceedings and collect the data and information and give suitable directions and then determine the Tariff even in the absence of the application filed by the utilities by exercising the powers under the provisions of the Act as well as the Tariff Regulations.
- 12) Thus, timely issuance of Tariff and True-up Orders that too cost-reflective results in timely passing of escalated cost in the power sector supply chain thereby maintaining adequate cash flow with the utilities, thus enabling them to supply uninterrupted quality supply to the consumers. It further avoids Creation of Regulatory Assets, burden of Carrying Cost and Tariff shock at once to the end consumers.
- 13) **In view of above, it is noted that TG DISCOMs have filed incomplete Petitions for True-Up of FY 2022-23, FY 2023-24 & FY 2024-25. They have filed for True-Up of Power Purchase Cost & Revenue only. Power Foundation of India (PFI) therefore, urges Hon’ble TGERC to conduct True-Up of FY 20223-23, FY 2023-24 & FY 2024-25 on suo-motu basis by 31st March 2026 as mandated by Hon’ble APTEL (stipulated above). This will avoid the issue of creation of Regulatory Assets, burden of Carrying Cost and Tariff shock to the end consumers.**

B. POOR COLLECTION EFFICIENCY

- 14) PFI notes that Collection Efficiency has declined from 88.19% in FY 2023-24 to 84.23% in FY 2024-25. Relevant extract from the Audited Accounts is as follows.

ADS 4: Statement of AT&C Loss

S. No.	Parameter	Unit	Description	For the year ended 31st March, 2025 (current year)	For the year ended 31st March, 2024 (previous year)
1	2	3	4	5	6
A	Gross Input Energy	MU	SE's Own Generation - Auxiliary Consumption + Energy Purchased (Gross)	25,695.03	24,907.79
B1	Inter-State sale/Energy Traded/UL	MU		333.51	452.55
B2	Transmission Losses	MU		1,179.77	1,238.61
C	Net Input Energy	MU	C= A-B1-B2	24,181.75	23,216.63
D	Energy Sold	MU	Energy Sold to all categories of consumers excluding units of energy Traded/Inter-State Sales/UL	22,042.78	21,063.33
E	Revenue from Sale of Energy on Tariff Subsidy received basis	Rs. crore	Revenue from Sale of Energy to all categories of consumers (including Tariff Subsidy received) but excluding Revenue from Energy traded /Inter-State Sales/UL	16,872.27	16,416.33
F	Opening Trade Receivable	Rs. crore	Gross Opening Trade Receivable as per Trade Receivable Schedule	10,252.63	8,314.10
G	Closing Trade Receivables	Rs. crore	i) Gross Closing Trade Receivables as per Trade Receivable Note ii) Any amount written off during the year directly from (i)	13,018.68	10,252.63
H	Adjusted Closing Trade Receivable for sale of Energy	Rs. crore	G (i+ii)	12,912.57	10,252.63
I	Collection Efficiency	%	(E+F-H)*100/E	84.23%	88.19%
J	Billing efficiency	%	Value to be taken from Additional Disclosure Statement 2	91.15%	90.73%
K	Units realized	MU	D*J	18,567.70	18,576.06
L	Units un-realized	MU	C-K	5,614.05	4,640.57
M	AT&C losses	%	L*100/C	23.22	19.99

- 15) One major reason for such poor collection efficiency is the exceptionally low Revenue Realization from Government Departments. Collection Efficiency of Govt. Departments for FY 2024-25 is only 19%. Relevant extract from Audited Accounts is as follows.

8. Gross trade receivables - consumer category wise for sale of energy (Rs.in Crore)

Particulars	As on 31st March, 2025				As on 31st March, 2024			
	Opening balance	Revenue billed	Revenue received	Closing balance	Opening balance	Revenue billed	Revenue received	Closing Balance
1	2	3	4	5	6	7	8	9
Domestic	384.29	2294.98	2270.40	408.86	380.66	2045.25	2041.62	384.29
Commercial	211.23	1582.56	1498.67	295.12	162.40	1447.12	1398.29	211.23
Agricultural	75.16	48.86	48.82	75.20	68.93	46.96	40.73	75.16
Industrial	723.06	2546.63	2056.42	1213.27	384.48	2557.19	2218.61	723.06
Others:	0.00			0.00				0.00
Public Street Lighting	73.91	93.97	18.83	149.05	38.98	73.53	38.60	73.91
Public Water Works	250.73	265.15	53.14	462.74	132.23	249.45	130.95	250.73
Railways	6.96	428.55	427.52	7.98	3.74	429.09	425.87	6.96
Bulk Supply	871.76	673.98	484.30	1061.43	722.12	655.34	505.70	871.76
Distribution Franchisee	0.00			0.00				0.00
Inter-state Trading/UL/DSM	0.00			0.00				0.00
Miscellaneous	11782.45	3942.99	413.15	15312.29	8962.05	3274.91	454.51	11782.45
Total (i)	14379.55	11877.67	7271.27	18985.95	10855.60	10778.83	7254.88	14379.55
Out of (i) above, related to Government Consumers								
State Government Departments	12152.85	4478.60	271.45	16360.00	8374.26	5380.08	1601.49	12152.85
Central Government Departments	15.85	728.25	725.89	18.20	10.87	808.07	803.09	15.85
Total trade receivables related Government consumers	12168.70	5206.85	997.34	16378.20	8385.13	6188.14	2404.58	12168.70

- 16) According to Form 9a submitted by TGNPDCL, total arrears of Rs. 50,000 and more pending for six months are a staggering Rs. 15,506 Cr. as on 30/03/2025. This translates to ~86% of the ARR of TGNPDCL.

ABSTRACT

STATEMENT SHOWING CIRCLE WISE ARREARS OF CONSUMERS OVER RS.50,000/- FY 2024-25 (including Govt. Services)

(RUPEES IN CRORES)

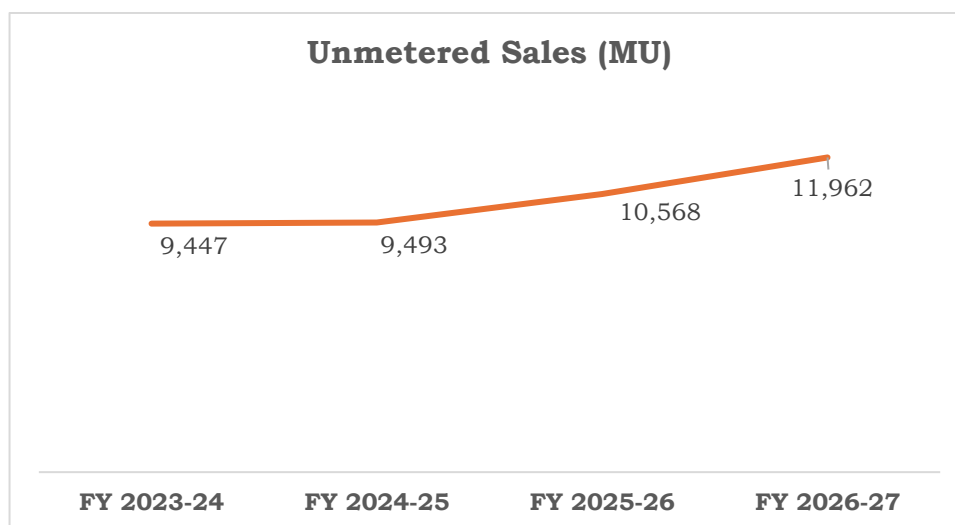
SNO	NAME OF THE CIRCLE	LT SERVICES		HT SERVICES		TOTAL	
		SCs	AMOUNT	SCs	AMOUNT	SCs	AMOUNT
1	HANUMAKONDA	856	12.69	70	971.65	926	984.3375872
2	WARANGAL	755	11.85	47	27.93	802	39.78053088
3	JANGAON	435	8.42	14	251.72	449	260.140538
4	MAHBUBABAD	673	12.10	26	186.48	699	198.5823874
5	PROF JAYASHANKAR	809	17.44	60	2275.86	869	2293.301497
6	KARIMNAGAR	1564	36.22	264	4654.98	1828	4691.198034
7	JAGITIAL	996	16.58	40	107.79	1036	124.3696209
8	PEDDAPALLY	383	8.73	50	3646.12	433	3654.85
9	KHAMMAM	2258	56.68	242	440.87	2500	497.5560651
10	BHADRADRI	830	20.48	77	551.38	907	571.8574286
11	NIZAMABAD	2784	63.17	139	1187.96	2923	1251.127212
12	KAMAREDDY	1794	33.22	32	40.09	1826	73.30527841
13	ADILABAD	886	13.38	61	78.85	947	92.23185815
14	NIRMAL	695	14.08	76	265.04	771	279.1203707
15	MANCHERIAL	931	15.10	41	209.89	972	224.99
16	KOMARAMBHEEM	556	7.76	33	263.20	589	270.9617768
TOTAL		17205	347.8966507	1272	15159.82	18477	15507.72

- 17) PFI requests Hon'ble TGERC to consider Collection Efficiency as 100% while approving the total Revenue for FY 2024-25. The difference between the actual Revenue Collected and the Revenue considering 100% Collection Efficiency should be borne by the Govt. of Telangana in the form of Subsidy.

**PFI Comments/Suggestions: TGNPDCL ARR Petition FY 2026-27 for
Retail Supply Business**

A. HUGE UNMETERED SALES

- 18) TGNPDCL in the ARR Petition for FY 2026-27 has projected huge unmetered Sales of 11,962 MU, 45% of the total Sales. These unmetered Sales are pertaining to the Agricultural consumers. PFI had also submitted a similar comment on the ARR Petition for FY 2025-26.
- 19) The unmetered Agriculture Sales as claimed for FY 2026-27 have been estimated to increase by around 13% over the Agriculture Sales in FY 2025-26.



- 20) Further, TG DISCOMs have also considered increase in number of unmetered agricultural connections in FY 2026-27 as shown below:

Agriculture Sales Billing Determinants for FY 2025-26 & FY 2026-27

Particulars	FY 2025-26	FY 2026-27	y-o-y Increase	Increase (%)	Ref
Connections (nos)	1402289	1448079	45790	3%	Form-2
Contracted Demand (MW)	5369	5538	169	3%	Form-3
Sales (MU)	10,568	11,962	1394	13%	Form-4

- 21) PFI notes from the above table that TGNPDCL has proposed addition in new unmetered connections in FY 2026-27, which implies that the DISCOM itself is proposing to provide new connections which will be unmetered in FY 2026-27. However, this is in violation

of the MoP *Electricity (Rights of Consumers) Rules, 2020* dtd. 31/12/2020, which states that **no connection shall be given without a meter** and such meter shall be the smart prepayment meter or pre-payment meter. Relevant extract of the said Rules is as follows:

“5. Metering – (1) No connection shall be given without a meter and such meter shall be the smart prepayment meter or pre-payment meter. Any exception to the smart meter or prepayment meter shall have to be duly approved by the Commission. The Commission, while doing so, shall record proper justification for allowing the deviation from installation of the smart pre-payment meter or prepayment meter.”

- 22) **PFI further observed that as per CEA Report on “Status of Metering in the Country”, only 41% of the Rural Distribution Transformer (DT) in case of TG North DISCOM are metered as on 31/03/2025.** In the past, Hon’ble TGERC has repeatedly directed TG DISCOMs to achieve 100% of the Agricultural DTR Metering, however, TG DISCOMs have failed to meter all Agricultural DTs as is evident from the CEA Report.
- 23) Distribution Losses, Metering, Billing and Collection are controllable parameters on the part of DISCOMs and therefore, True-up should not be allowed for masked inefficiencies on account of DISCOMs. Due to lack of metered connections and huge unmetered Sales, Proper Energy Accounting and Actual Distribution losses cannot be ascertained. Thus, the inefficiencies of TG DISCOMs are borne by honest metered consumers.
- 24) Further, TG DISCOMs have not given detailed calculations on how unmetered sales have been estimated. PFI notes than in ARR Petitions for FY 2026-27 of other Sates, like Madhya Pradesh, detailed norms considered for projecting the unmetered Sales are provided. Relevant extract from MP DISCOMs’ ARR Petition for FY 2026-27 is as follows.

Revised ARR for FY 2026-27 and Tariff Proposal for FY 2026-27

- 3.2.6.1 For Temporary Metered & Temporary Permanent Connections, the estimation of Consumers and Load has been carried out on Monthly basis instead of directly applying the growth rate to annual figures. For unmetered temporary agriculture consumers under this category, the assessed consumption is considered as per the norms stipulated by Hon'ble Commission in the Tariff order for FY 2025-26. The same is shown as below

Table 22: Phase Wise Assessment for Un-metered Temporary Agriculture Connections

Phase	Figures in Unit	
	Urban	Rural
	2024-25	2024-25
Three Phase	220	195
Single Phase	230	205

- 3.2.6.2 The month-wise segregation of norms for assessed consumption of unmetered permanent agricultural connections are as shown below:

Table 23: Phase Wise Assessment for Unmetered Permanent Agriculture Connections

Figures in Unit	Three Phase		Single Phase	
	Urban	Rural	Urban	Rural
Months				
April	95	95	95	95
May	95	95	95	95
June	95	95	95	95
July	95	95	95	95
Aug	95	95	95	95
Sept	95	95	95	95
Oct	170	170	180	180
Nov	170	170	180	180
Dec	170	170	180	180
Jan	170	170	180	180
Feb	170	170	180	180
March	170	170	180	180

- 25) Impact of proper Energy Accounting, which is achieved through metering, is huge. Assuming that we have real numbers of Power Purchase Quantum at State Periphery and the same is allowed in totality because it is serving both metered and unmetered consumer is entirely wrong. Power Purchase Quantum has been done to meet two things – (i) consumption and (ii) losses (Transmission & Distribution Loss). Unmetered consumption is an estimated figure and could be used to mask DISCOM losses. Further analysis might lead to the conclusion that losses are higher rather than unmetered consumption. For instance, in the table below, it can be seen that for the same Power Purchase Quantum of 140 MU, the Distribution Loss can vary drastically.

Scenario	Metered Sales (MU)	Unmetered Sales (MU)	Distribution Losses (MU)	Power Purchase Quantum (MU)
Scenario 1	100	30	10	140
Scenario 2	100	25	15	140

- 26) Further, some of the key parameters highlighting the negative performance of TGNPDCL DISCOMs are as follows:
- TGNPDCL is a loss-making utility and has been rated at 'C-' as per 14th Integrated Rating for FY 2024-25.

- b) AT&C Loss for FY 2024-25 is 23.22%, higher than All India Average of 15.04%
- c) ACS-ARR Gap (on Cash basis) stands at Rs. 1.49/kWh for FY 2024-25, the highest in the country

27) **In view of the above, PFI submits in case of such huge unmetered Sales, Distribution losses of TGNPDCL cannot be ascertained accurately, and proper Energy Accounting cannot be done. PFI requests the Hon'ble Commission to direct DISCOMs to submit action plan for metering at least 100% Agricultural Distribution Transformers at first level and to submit the action plan to meter all the unmetered agricultural sales in maximum 5 years. Further penal action u/s 142 of Electricity Act, 2003 may be taken for non-compliance with the directions of the Commission.**

B. REVISED POWER PURCHASE EXPENSES

B.1 Higher Cost of Central Generating Stations

- 28) PFI notes while computing Variable Cost & Fixed Cost of Central Generating Stations TGNPDCL has considered escalation of 5% & 3% respectively on H1 FY 2025-26 actuals. However, no reasoning has been provided by TGNPDCL for arbitrarily considering such escalations.
- 29) It is submitted that the Central Government, vide MoF Notification No.9/2025-Central Tax (Rate) dated 17/09/2025, has increased the GST rate on coal from 5% to 18%; and vide Notification No. 2/2025-Compensation Cess (Rate) dated 17/09/2025, has abolished the Compensation Cess of Rs. 400/MT, with effect from 22/09/2025. The abolition of the Compensation Cess and the increase in the GST rate on coal have impact on the cost of coal to be procured by the generating companies. Hon'ble CERC vide its suo-moto order dated 1/10/2025, has mentioned that changes due to GOI notifications dated 17/09/2025, squarely fall within the ambit of a change in law event and will be applicable to all PPAs having a composite scheme and covered under Section 63 of the Act, except in case of the generating companies having captive coal mines.

- 30) It is expected that rationalisation of GST rates on coal from 5% to 18% and removal of compensation cess of Rs. 400 per ton, will reduce the cost of generation for coal-based power generators. Further, Ministry of Coal estimated that impact of the new reform on coal pricing and the power sector is a substantial reduction in overall tax burden, with coal grades G6 to G17 seeing decreases in the range of Rs. 13.40 per tonne to Rs. 329.61 per tonne. For the power sector, the average reduction is estimated to be around Rs. 260 per tonne, translating into a cut of 17-18 paise per kWh in the cost of generation.
- 31) Therefore, it will not be prudent to escalate the ARR of FY 2026-27 and allow upfront loading in Tariff, due to increased Power Purchase Cost, for the consumers of Telangana. Moreover, Hon'ble Commission has already approved the monthly Fuel and Power Purchase Adjustment Surcharge (FPPAS), which recovers the variation in Power Purchase & Transmission cost through automatic route.
- 32) PFI has computed the Power Purchase Cost for FY 2026-27 considering energy charge rate & fixed cost the same as H1 FY 2026-27 actuals.

Power Purchase Cost for TGNPDCL from CGS Stations

Stations	Claimed (Rs. Cr.)			PFI Working (Rs. Cr.)			
	Fixed Cost	Variable Cost	Total Cost	Fixed Cost	Variable Cost	Total Cost	Difference
CGS	1,037	2,084	3,121	1,007	1,985	2,992	(129)

- 33) **PFI requests Hon'ble TGERC to consider the same Power Purchase Cost (FC and VC) for CGSs as H1 FY 2026-27 actuals. Any difference in Actual and Allowed Power Purchase Cost will be automatically factored in Fuel and Power Purchase Adjustment Surcharge (FPPAS) mechanism for FY 2026-27. It will not be prudent to escalate the ARR of FY 2026-27 and allow upfront loading in Tariff, due to increased Power Purchase Cost, for the consumers of Telangana. The difference in claimed Power Purchase Cost and as computed by PFI may be borne by the Govt. of Telangana in the form of subsidy.**

C. REVISED NET DISTRIBUTION ARR

- 34) TGNPDCL in the ARR Petition for Distribution Wheeling Business for FY 2026-27 submitted net Distribution ARR (comprising of O&M expenses, Depreciation, Interest and finance charges on Loan and Return on Equity) of Rs. 3,907 Cr.
- 35) However, based on the applicable Regulatory provisions PFI has worked out net Distribution ARR of Rs. 3,867 Cr. for TGNPDCL. The detailed submission of PFI has been made in its letter dtd. 16/01/2025 sent to Hon'ble Commission in this regard. The Summary of claimed and PFI working of net Distribution Wheeling Cost for FY 2026-27 is as follows:

(Rs. Cr.)

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	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)

- 36) **PFI requests Hon'ble TGERC to consider the submission made by PFI and accordingly allow net Distribution Wheeling ARR considering the PFI working shown above.**

C. REVISED O&M EXPENSES, DEPRECIATION, FINANCE CHARGES AND RoE FOR RETAIL SUPPLY BUSINESS

- 37) Based on the detailed submission made vide letter dtd. 16/01/2025 to Hon'ble Commission with respect to Distribution Wheeling Business ARR wherein PFI had

worked out revised O&M expenses, Depreciation, Finance Charges and RoE applicable for TGNPDCL for FY 2026-27, the revised applicable expenses for Retail Supply Business, i.e., 10% of the Total ARR, is as follows:

Summary of Retail Supply expenses for FY 2026-27 for TGNPDCL (Rs. Cr.)

Particulars (for Retail Supply, 10% of total)	TGNPDCL		
	Claimed	PFI Working	Difference
Operation and Maintenance expenses	313	313	0
Depreciation	66	65	(1)
Interest and finance charges on Loan	40	40	0
Return on Equity	24	21	(3)
Total Expenditure	444	439	(4)

- 38) **PFI requests Hon'ble TGERC to consider the above expenses pertaining to Retail Supply Business as worked out by PFI while computing the ARR of TGNPDCL for FY 2026-27.**

D. SUMMARY OF ARR FY 2026-27

- 1) As stipulated above, summary of PFI Comments on ARR of FY 2026-27 for TGNPDCL Retail Supply Business is as follows, Hon'ble Commission is requested to kindly consider the same.

(Rs. Cr.)

Sr. No.	Particulars	Claimed by DISCOM	Proposed by PFI	Difference
1	Sales (MU)	26371	26371	0
2	Distribution Loss	8.95%	8.95%	
3	Transmission Loss	3.67%	3.67%	
4	Power Purchase Cost	16075	15946	(129)
4a	<i>Less: Escalation in FC & VC of CGS Plants</i>		129	
5	Transmission Cost	1726	1726	
6	Operation & Maintenance (O&M) Expenses (6a+6b+6c)	313	313	0
6a	Employee Expenses	279	279	
6b	Administrative & General (A&G) Expenses	17	17	
6c	Repair & Maintenance (R&M) Expenses	17	17	
7	Return on Equity	24	21	(3)
7a	<i>Less: Additional 2% RoE on account of SOP</i>		3	
8	Interest on Loan	40	40	0

Sr. No.	Particulars	Claimed by DISCOM	Proposed by PFI	Difference
9	Interest on Working Capital	26	26	0
10	Depreciation	66	65	(1)
10a	<i>Less: Depreciation from Consumer Contributed Assets</i>		1	
11	Other Costs	4484	4444	(40)
11a	<i>Less: Comments on Distribution Wheeling Business</i>		40	
12	Aggregate Revenue Requirement (ARR)	22,754	22,581	(173)
13	Less: Non-Tariff Income	61	61	0
14	Other Income		-	
15	Net ARR	22,693	22,520	(173)
16	Revenue from Sale of Power	10172	10172	
17	Revenue (Gap)/Surplus	(12521)	(12348)	

In view of above, 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 subsidy to be decided by Govt. of Telangana for FY 2026-27 should include Rs. 173 Cr. additionally.**

PRAYERS BEFORE HON'BLE TGERC:-

- 1) To consider the comments / suggestions of Power Foundation of India (PFI) on the FY 2024-25 True-Up Petition of TGNPDCL Retail Supply Business.**
- 2) To conduct True-Up of FY 20223-23. FY 2023-24 & FY 2024-25 on suo-motu basis by 31st March 2026 as mandated by Hon'ble APTEL.**
- 3) To consider Collection Efficiency as 100% while approving the Revenue for FY 2024-25**
- 4) To consider the comments / suggestions of Power Foundation of India (PFI) on the ARR Petitions FY 2026-27 of TG DISCOMs.**
- 5) To direct TG DISCOMs to submit action plan for 100% Agricultural Distribution Transformers at first level and to submit the action plan to meter all the unmetered agricultural sales in maximum 5 years. Further to take penal action u/s 142 of Electricity Act, 2003 for non-compliance with the directions of the Commission.**
- 6) To not consider any escalation in Fixed Cost & Energy Charge Rate while determining the Power Purchase Cost of Central Generating Stations as a result of GoI Notification dated 17/09/2025 w.r.t. removal of Coal Cess and increase in GST on coal.**
- 7) To consider comments submitted by PFI on Distribution Wheeling Business Petitions submitted vide Letter dated 16/01/2026.**
- 8) The inefficiency of DISCOM should not be passed through in the ARR and may be borne by the Govt. of Telangana in the form of additional subsidy of Rs. 173 Cr. for FY 2026-27.**