

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 (TGNDCL) & 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-II**PFI Comments/Suggestions: TGSPDCL 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 Southern Power Distribution Company of Telangana Limited (TGSPDCL) 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...

- 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*

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 trueing-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 trueing-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, trueing-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 2022-23, 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 for FY 2024-25 is only 88.87%¹. One major reason for such poor collection efficiency is the exceptionally low Revenue Realization from Government Departments as tabulated below.

(Rs. Cr.)

Govt. Dept. Dues	FY 2022-23	FY 2023-24	FY 2024-25
Amount Billed	5,965	6,937	7,799
Amount Received	1,778	2,758	1,838
Collection Efficiency	30%	40%	24%

1

https://www.pfcindia.co.in/ensite/DocumentRepository/ckfinder/files/Gol_Initiatives/Annual_Integrated_Ratings_of_State_DISCOMs/14th_Annual_Integrated%20Rating%20and%20Ranking%20of%20Power%20Distribution_Uilities.pdf

- 15) Moreover, Tariff Subsidy amounting to Rs. 803 Cr. has been written off in FY 2024-25. Relevant extract from the Audited Accounts is as follows.

19 - SHORT TERM LOANS & ADVANCES

Particulars	As at March 31, 2025	As at March 31,2024
a. Unsecured, considered good		
Loans & Advances to employees	4.48	7.43
Refunds available with Revenue Departments	29.10	27.32
Advance to O&M Suppliers	2.09	1.83
Government Receivables	4,618.36	5,286.22
Provision for Government Receivables - Additional Power	(3,877.87)	(3,877.87)
Other Loans & Advances - Receivables from Vendors	0.56	0.23
Total	776.72	1,445.16

b. Tariff Subsidy amounting to Rs.803.45 Crores being receivable from the Govt since 2014-15 to 2019-20 is now considered un-recoverable and the same has written off in 2024-25

- 16) According to Form 9a submitted by TGSPDCL, total arrears of Rs. 50,000 and more pending for six months are a staggering Rs. 20,464 Cr. as on 30/03/2025. This translates to ~50% of the ARR of TGSPDCL.

Format - 9(a)

Arrears of consumers over Rs.50,000 pending for over six months

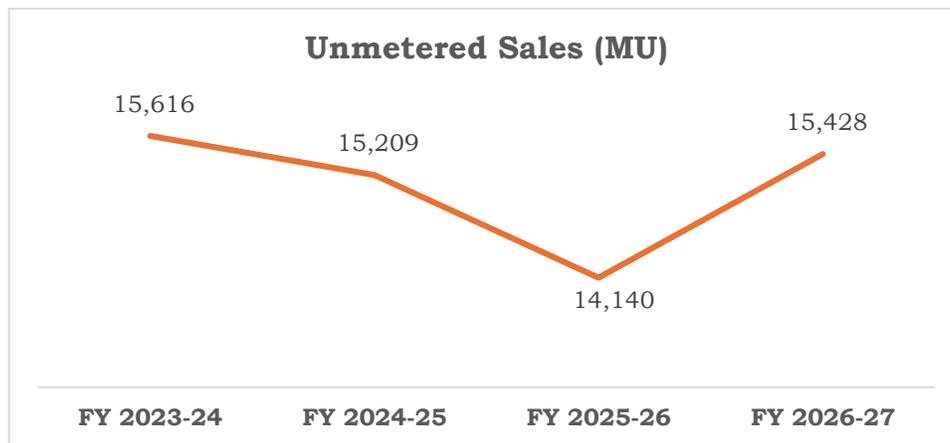
Category	SC Nos.	Rs.Lakhs
As on 31.03.2025		
LT Supply		
LT-I Domestic	1800	1,799.01
LT-II Non-Domestic/Commercial	5537	6,624.80
LT-III Industry	1171	2,335.31
LT-IV Cottage Industries	6	7.57
LT-V Agricultural	919	1,118.67
LT-VI Street Lighting & PWS Schemes	20309	44,499.41
LT-VII General Purpose	549	688.86
LT-VIII Temporary Supply	103	94.20
LT-IX Electric Charging Stations/Battery Swap	1	0.61
LT Supply Total	30395	57,168.45
HT Supply		
HT-I Industry	1128	657,488.46
HT-II Others	441	53,974.35
HT-III Airports, Railway stations and Bus stations		-
HT-IV Irrigation & CPWS	311	1,263,860.07
HT-V Railway Traction	6	1,296.26
HT-VI Townships & Residential Colonies	7	99.54
HT-VII Temporary Supply	58	12,494.30
HT-IX Electric Charging Stations/Battery Swap		
HT Supply Total	1951	1,989,212.98
LT+HT Supply Total	32346	2,046,381.43

- 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: TGSPDCL ARR Petition FY 2026-27 for Retail Supply Business

A. HUGE UNMETERED SALES

- 18) TGSPDL in the ARR Petition for FY 2026-27 has projected huge unmetered Sales of 15,428 MU, 24% 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 9% 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)	1500174	1560174	60000	4%	Form-2
Contracted Demand (MW)	5644	6122	478	8%	Form-3
Sales (MU)	14140	15428	1288	9%	Form-4

- 21) PFI notes from the above table that TGSPDCL 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 18% of the Rural Distribution Transformer (DT) in case of TG South 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 TGSPDCL DISCOMs are as follows:

- a) TGSPDCL 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 18.51%, higher than All India Average of 15.04%
 - c) ACS-ARR Gap (on Cash basis) stands at Rs. 1.14/kWh for FY 2024-25.
- 27) **In view of the above, PFI submits in case of such huge unmetered Sales, Distribution losses of TGSPDCL 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 TGSPDCL has considered escalation of 5% & 3% respectively on H1 FY 2025-26 actuals. However, no reasoning has been provided by TGSPDCL 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 TGSPDCL from CGS Stations

Stations	Claimed (Rs. Cr.)			PFI Working (Rs. Cr.)			Difference
	Fixed Cost	Variable Cost	Total Cost	Fixed Cost	Variable Cost	Total Cost	
CGS	2,484	4,994	7,477	2,412	4,756	7,167	(310)

- 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) TGSPDCL 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. 5,996 Cr.
- 35) However, based on the applicable Regulatory provisions PFI has worked out net Distribution ARR of Rs. 5,558 Cr. for TGSPDCL. 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)	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	<i>Less: Additional 2% RoE on account of SOP</i>		54	
3	Interest on Loan	840	840	0
4	Interest on Working Capital	150	150	0
5	Depreciation	1034	650	(384)
5a	<i>Depreciation from Consumer Contributed Assets</i>		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)

- 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.**

D. 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 TGSPDCL 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 TGSPDCL (Rs. Cr.)

Particulars (for Retail Supply, 10% of total)	TGSPDCL		
	Claimed	PFI Working	Difference
Operation and Maintenance expenses	452	452	0
Depreciation	115	72	(43)
Interest and finance charges on Loan	93	93	0
Return on Equity	48	42	(6)
Total Expenditure	708	660	(49)

- 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 TGSPDCL for FY 2026-27.**

E. SUMMARY OF ARR FY 2026-27

- 1) As stipulated above, summary of PFI Comments on ARR of FY 2026-27 for TGSPDCL 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)	63753	63753	0
2	Distribution Loss	7.98%	7.98%	
3	Transmission Loss	3.67%	3.67%	
4	Power Purchase Cost	38492	38182	(310)
4a	<i>Less: Escalation in FC & VC of CGS Plants</i>		310	
5	Transmission Cost	4133	4133	
6	Operation & Maintenance (O&M) Expenses (6a+6b+6c)	452	452	0
6a	Employee Expenses	404	404	
6b	Administrative & General (A&G) Expenses	22	22	
6c	Repair & Maintenance (R&M) Expenses	26	26	
7	Return on Equity	48	42	(6)
7a	<i>Less: Additional 2% RoE on account of SOP</i>		6	
8	Interest on Loan	93	93	0

Sr. No.	Particulars	Claimed by DISCOM	Proposed by PFI	Difference
9	Interest on Working Capital	0	0	0
10	Depreciation	115	72	(43)
10a	<i>Less: Depreciation from Consumer Contributed Assets</i>		43	
11	Other Costs	6908	6470	(438)
11a	<i>Less: Comments on Distribution Wheeling Business</i>		438	
12	Aggregate Revenue Requirement (ARR)	50,241	49,444	(797)
13	Less: Non-Tariff Income	83	83	0
14	Other Income	198	198	
15	Net ARR	49,960	49,163	(797)
16	Revenue from Sale of Power	40378	40378	
17	Revenue (Gap)/Surplus	(9582)	(8785)	

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. 797 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 TGSPDCL 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. 797 Cr. for FY 2026-27.**