

Southern Power Distribution Company of Telangana Ltd. (TGSPDCL)



Additional Responses to additional Objections / Suggestions from FTCCI

On

Proposed revision of ToD tariff for the year 2025-26

Sl.No.	Name and other details of the Objector
1	Federation of Telangana Chambers of Commerce and Industry (FTCCI),

Sl.No.	Objections/Suggestions	Response of licensee
1	<p>A. Introduction</p> <p>1. Vide Order dated 29.04.2025, Hon'ble Telangana Electricity Regulatory Commission(hereinafter referred to as —Hon'ble TGERC or —Hon'ble Commission) determined the ARR and Retail Supply Tariff for the FY 2025-26 in the supply areas of TG Discoms in OP No.s 21 and 22 of 2025 (hereinafter referred to as —Tariff Order). Vide para 3.24 of the Tariff Order, the Hon'ble Commission after due stakeholder consultation approved the Time of Day (ToD) Tariffs for a selected HT categories. Relevant extracts of the Tariff Order are reproduced below:</p> <p>“3.24 TIME OF DAY (TOD) TARIFFS:</p> <p><i>Applicability:</i></p> <p><i>3.24.1 The following Time of Day (TOD) Tariffs are applicable for categories viz.,</i></p> <p><i>HT-I (A) Industry General;</i></p> <p><i>HT-I (A) Poultry Farms;</i></p>	

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	<p><i>HT-II (A) Others;</i></p> <p><i>HT-II (B) Wholly Religious Places;</i></p> <p><i>HT-III Airports, Railway stations and Bus Stations</i></p> <p><i>HT-IX Electric Vehicle Charging Stations;</i></p> <table border="1"> <tr> <td>Table 3-42: Applicable Time of Day (ToD) Tariffs Description</td><td>During the period</td><td>ToD Tariff over Retail Supply Energy Charges for FY 2025-26</td></tr> <tr> <td>Time of Day (ToD) Tariff</td><td>6 AM to 10 AM and 6 PM to 10 PM</td><td>Plus Rs. 1.00/ unit</td></tr> <tr> <td>Time of Day (ToD) Tariff</td><td>10 PM to 6 AM</td><td>Less Rs. 1.50/ unit</td></tr> </table>	Table 3-42: Applicable Time of Day (ToD) Tariffs Description	During the period	ToD Tariff over Retail Supply Energy Charges for FY 2025-26	Time of Day (ToD) Tariff	6 AM to 10 AM and 6 PM to 10 PM	Plus Rs. 1.00/ unit	Time of Day (ToD) Tariff	10 PM to 6 AM	Less Rs. 1.50/ unit	
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2	<p>B. Time of Day mechanism is demand centric measure</p> <p>4. The Petitioner's (TG Discoms herein) contention primarily revolves around the fact that Power Supply is expensive during the night hours resulting into the higher purchase cost against which they are not able to realize proportionate revenue. At the outset, the Petitioner's argument is vague, hollow and devoid of necessary facts and merits.</p> <p>5. The TG Discoms' proposal to abolish the existing ToD rebate of Rs.1.50 per unit for off-peak hours (10:00 PM–6:00 AM) effectively nullifies the price signal meant to incentivize load shifting and promote</p>	<p><i>The submissions made by the DISCOMs in the said proposal are based on a comprehensive and holistic analysis of power purchase costs and consumption patterns. These assessments have been carried out in alignment with central regulations and policy guidelines, ensuring that the proposed measures are both technically sound and regulatory compliant</i></p> <p><i>There has been dynamic change in the supply patterns and also consumer consumption patterns in the past few years. The initial intent of ToD is to flatten the load curve since the only major power source is thermal power.</i></p>									

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	<p>night-time consumption. Such a move strikes at the core purpose of the ToD framework and risks discouraging consumers from utilizing off-peak power altogether.</p> <p>6. ToD tariffs is generally conceptualize a demand-side management tool, designed to influence consumer behaviour by incentivizing load shifting away from peak periods. Regulatory principles and National Tariff Policy recognize ToD as a demand-centric mechanism — its objective is to flatten the load curve, not merely reflect supply-side cost variations. Aligning off-peak tariffs with normal-hour charges converts ToD into a supply-cost recovery exercise rather than a behavioral signal, defeating its fundamental regulatory purpose. The relevant provisions of National Tariff Policy 2016 are reproduced for ready reference:</p> <p>“8.4 Definition of tariff components and their applicability</p> <p>1. Two-part tariffs featuring separate fixed and variable charges and time differentiated tariff shall be introduced on priority for large consumers (say, consumers with demand exceeding 1 MW) within one year and subsequently for all consumers within a period of five years or such period as may be specified. This would also help in flattening the peak and implementing various energy conservation measures.”</p> <p>7. Furthermore, if ToD tariffs were truly meant as a supply-centric mechanism merely mirroring market</p>	<p><i>But in the present scenario, the supply patterns have changed drastically and it is not anywhere near to flat curve. Hence ToD purpose is to bring demand curve to supply availability rather than making it flat.</i></p> <p><i>Licensee would like to submit that it is examining the possibility of giving incentive during solar hours and this would be reflected in the next ARR filings for FY 27. Since PPA's are done with thermal plants, licensee is obliged to give schedule for 55% of availability to these plants. Hence the cost/unit for the licensee wouldn't go to the level of Rs.2-3/unit</i></p>

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	<p>price fluctuations, the resulting tariff structure would be highly volatile and impractical. For instance, during solar hours, tariffs would have to drop to sub-Rs.2.00/unit levels, reflecting prevailing GDAM market prices, while during non-solar peak hours, tariffs would soar to Rs.10.00/unit, aligning with the CERC-prescribed ceiling rates. Such extreme variability might create instability for both consumers and utilities, making long-term planning impossible and defeating the regulatory objective of providing a predictable, demand-shaping price signal. This clearly demonstrates that ToD was conceived as a demand-side management tool — stable enough to encourage behavioural change, not a minute-by-minute reflection of generation costs.</p> <p>8. While the Objector acknowledges that incentivizing consumption during solar hours is indeed the need of the hour, as envisaged in the Electricity (Amendment) Rules, 2023, it is equally important to view the issue from a broader system-planning perspective. The ultimate goal of resource planning should be to smoothen and stabilize the overall demand profile of the State or licensee area, reducing sharp peaks and deep troughs that strain grid operations and increase power procurement costs.</p> <p>9. Notably, the submissions in the instant petition are grossly inadequate in terms of State's demand profile and attempts to completely overlook the systemic implications of load variability (intraday) and peak load management.</p>	

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3	<p>C. Demand profile of the State</p> <p>10. By way of responses to preliminary objections flagged by the Objector, TG discoms have submitted as under:</p> <p>—The block wise energy dispatched from the contracted sources and market purchases and hourly power purchase cost of FY 2024-25 is attached in addition to the supporting information pertaining to the proposed amendment under the current filing. Furthermore, the block wise demand data and Hourly Energy Dispatch & Costs from all the available sources of Generation has been made publicly accessible through publication on the DISCOM's official website to ensure transparency and facilitate stakeholder engagement”</p> <p>11. The Objector humbly submits that the block wise demand data could not be located on the TG discoms official website. In the absence of supporting information on such front, the reference is drawn to the demand profile submitted by TG discoms to CEA which is neatly captured in the <i>Report On Resource Adequacy Plan for the State of Telangana</i>. The observations made by CEA on the Telangana demand profile is reproduced as under:</p> <p>“2.2 Present Demand Analysis (2023-24) The hourly demand pattern of 2023-24 was analyzed (as shown in Figure 2 and Figure 3), and it was observed that the peak demand for Telangana occurs in the months of February and March.The Demand</p>	<p><i>Supporting information pertaining to the proposed amendment under the current filing has been submitted to the Hon’ble Commission. Furthermore, the same has been made publicly accessible through publication on the DISCOM’s official website to ensure transparency and facilitate stakeholder engagement</i></p> <p><i>There has been dynamic change in the supply patterns and also consumer consumption patterns in the past few years. The initial intent of ToD is to flatten the load curve since the only major power source is thermal power. But in the present scenario, the supply patterns have changed drastically and it is not anywhere near to flat curve. Hence ToD purpose is to bring demand curve to supply availability rather than making it flat.</i></p> <p><i>The aim of this ToD revision is to bring the consumption to the day hours (10:00 to 06:00 hrs) when there is surplus energy available from the contracted sources which aids the DISCOMs to reduce the power purchase cost and the benefit of which will be passed in the tariffs to the Consumers.</i></p>

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	<p><i>Pattern of Telangana indicates that the state has a higher Day peak in comparison to its Night Peak, with the daily peak mostly occurring during the 11:00 Hrs to 15:00 Hrs. Further, the demand pattern remains almost flat during the noon hours.</i></p>	
4	<p>12. Based on the foregoing depiction, it is evident that the consumption patterns of HT consumers — particularly industrial users — play a pivotal role in moderating daily demand fluctuations across the State. The relatively flatter demand curve that exists today is largely attributable to the incentives extended for off-peak (10:00 PM to 06:00 AM) consumption under the ToD framework. These incentives encourage industries to shift significant portions of their operations to night hours, thereby reducing the amplitude of daily demand swings. This is fully aligned with Section 8.4 of the National Tariff Policy, 2016, which mandates introduction of time-differentiated tariffs with the objective of flattening the peak load curve and promoting demand-side management. Absent such incentives, the State would experience a far steeper evening ramp and pronounced daily demand variability, necessitating higher procurement of costly peaking power and reducing the ability to rely on economical base-load generation — ultimately driving up overall power purchase costs.</p> <p>13. The Objector further submits that this demand</p>	<p><i>Demand side management aims to bring the demand curve close to the supply curve. Due to the integration of renewable energy, particularly solar power, the supply availability during the day hours (10:00 hrs to 18:00 hrs) has increased and because of insufficient demand during these hours, thermal plants are being back down. By removing the incentive during the night hours, it is expected that some of the consumption will shift from night hours (22:00Hrs to 06:00hrs) to day hours. The proposed amendment to the existing Time-of-Day (ToD) tariff structure by TGDISCOMs promotes effective Demand Side Management</i></p>

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	<p>profile is expected to remain broadly unchanged in FY 2025-26 as well, given that the ToD slab structure has not undergone any significant revision since FY 2023-24. In view of the NTP's emphasis on using ToD tariffs as a load-shaping tool, it is imperative that the current incentive mechanism be preserved and strengthened, rather than withdrawn, to sustain the existing level of load balancing.</p> <p>14. In fact, Annexure II to both petitions, as filed by the Petitioner, provides category-wise HT consumption data for FY 2024-25. This data clearly shows that consumption during off-peak (night) hours remains lower than that during normal and peak hours — underscoring that refined ToD slab design are required to further incentivize HT consumers to increase their night-time usage. Strengthening the off-peak rebate would not only meet the intent of Section 8.4 of the NTP but also improve utilization of available generation capacity during low-demand hours, flatten the load curve further, reduce grid stress, and lower overall system costs.</p> <p>15. While the stated objective of the TG Discoms ought to be flattening the demand curve to reduce variability and relieve stress on the grid, the current proposal instead seeks to force demand to mirror supply availability — an approach that runs contrary to established legal and policy principles. Section 61(c) and (d) of the Electricity Act, 2003 mandate that tariff design shall encourage competition, efficiency, economical use of resources, and good performance</p>	

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	<p>and shall promote co-generation and optimal utilization of electricity. In other words, the obligation is on the licensee to plan its supply portfolio efficiently so that it matches the State's demand profile — not the other way around.</p> <p>16. TG Discoms reply in such regard are categorical to be pointed out:</p> <p><i>“The primary objective of the proposed amendment to the existing Time-of-Day (ToD) tariff structure by TGDISCOMs is to promote effective Demand Side Management and ensure the long-term sustainability of affordable tariffs for consumers.</i></p> <p><i>TGDISCOMs have observed that the current incentivized hours often lead to power procurement at elevated rates, which ultimately translates into a higher tariff burden for consumers. To address this, the proposed amendment seeks to better align consumption patterns with the availability and cost of power-thereby enhancing grid stability and operational efficiency. This targeted realignment will optimize power procurement and contribute to tariff stability, safeguarding consumer interests in the long run.”</i></p> <p>17. As recognized by APTEL in Appeal No. 34 of 2014, Time-of-Day tariffs are a demand-side management tool intended to incentivize consumers to shift load away from peak hours, thereby improving system load factor, reducing overall power purchase costs, and enhancing grid stability. The Tribunal was categorical that such mechanisms must aim at flattening</p>	

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	<p>demand curves, not at offloading procurement inefficiencies onto consumers.</p> <p>18. The proposal of the TG Discoms appears to do precisely that — it effectively penalizes consumers who already support grid stability by consuming during off-peak hours, while masking inefficiencies in power procurement planning. Such an approach undermines the very purpose of ToD tariff design as envisaged under the Act, the National Tariff Policy, and settled APTEL jurisprudence, and if accepted, risks increasing grid variability and procurement costs rather than reducing them.</p>	
5	<p>D. Solar Integration and Market realities</p> <p>19. With marginal power purchase costs during solar hours already crashing to sub-Rs. 2/unit levels in the Day-Ahead and Green Day-Ahead Markets (DAM/GDAM), there is a compelling case for using price signals to encourage higher daytime consumption.</p> <p>20. Further, if the intention behind ToD tariffs were purely to reflect marginal cost of supply, the logical outcome would be to extend significant rebates during solar hours so as to absorb surplus renewable energy and prevent curtailment — a measure fully aligned with Clause 8.4 of the National Tariff Policy (NTP) 2016, which mandates time-differentiated tariffs to promote grid balancing and renewable energy integration.</p> <p>21. However, the true intent of ToD tariffs has</p>	<p><i>Licensee would like to submit that it is examining the possibility of giving incentive during solar hours and this would be reflected in the next ARR filings for FY 27. Since PPA's are done with thermal plants, licensee is obliged to give schedule for 55% of availability to these plants. Hence the cost/unit for the licensee wouldn't go to the level of Rs.2-3/unit</i></p>

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	<p>historically been demand-side management (DSM) — to flatten the load curve, reduce ramping stress on the grid, and optimize system utilization — not merely to track short-term fluctuations in market price. This principle has been recognized by APTEL in Appeal No. 34 of 2014, where the Tribunal held that ToD tariffs are justified precisely because they help consumers shift load in a manner that improves system load factor and reduces overall power procurement costs.</p> <p>22. Eliminating night-time incentives on the premise of aligning tariffs with supply availability distorts this objective. Instead, a rational approach would be to retain the night-time incentive (which supports base-load utilization and grid stability) and consider introducing daytime incentives during solar hours to promote renewable integration. Such a calibrated design would reduce solar curtailment, improve the cost-efficiency of power procurement.</p> <p>23. By way of illustration, the Objector submits that incentivizing the absorption of an additional 500 MW of solar power during daytime hours (even with a rebate of Rs.1.0/unit) could yield system-wide savings of nearly Rs.320 crore, as demonstrated below.</p> <p>Assumptions:</p> <p>i. Incremental daytime absorption of 500 MW of solar-period load (a conservative estimate).</p>	

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	<p>ii. Solar window assumed = 6 hours/day (typical usable solar hours). iii. Market price of Solar power = Rs. 2.5 / unit. iv. T&D losses – 10% v. ACOS = Rs. 7.03 / unit</p> <p>Working: vi. Daily Energy available = 500 MW x 6 hrs = 3000 MWh or 3 Mus vii. Energy available to consumer = 3MU * (1- 10%) = 2.7Mus viii. Annual Cost of energy = 3 Mu x 2.5 x 365 = Rs. 274 Crore ix. Revenue = 2.7 x (7.03 - 1) x 365 = Rs. 594 Crore x. Savings = Rs. 320 Crore.</p>	
6	<p>E. Inefficient Resource Planning 24. The Petitioner by way of reply to our preliminary objections submits <i>Abstract showing Hourly Energy Dispatch & Costs from all the available Sources of Generation</i> (Annexed). At the outset, the Objector would like to highlight that the following information has been deliberately hidden from such abstract: Quantum of power sourced from Exchange (and other short term sources) Rate of Power from long term tied up sources (Thermal, Hydel, NCE, etc.) By way of deliberately hiding the above information,</p>	<p><i>Discoms plan the long term PPA's based on the load requirement and market purchases are done to cater the shortfall energy. But due to the seasonality of the demand, the PPAs are not made for the peak power requirement since this would under-utilize the contracted PPAs. Also as per the RST tariff order FY 26, 2 no 800MW units of YTPS are expected to be commissioned by August 2025, 3rd 800MW</i></p>

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	<p>the Petitioner is pursuing a narrative that the power is expensive during the night hours due to excessive reliance on the expensive Power procurement from exchange (DAM, GDAM, market).</p> <p>25. With respect to power procurement for FY 2025-26 Tariff period, it is pertinent to note that the Hon'ble Commission has not granted blanket approval for procurement from short-term sources. Instead, it has allowed such procurement strictly on a need basis, as and when the situation warrants, based on the submissions of the TG Discoms.</p> <p>26. Paradoxically, in the very same filings, the TG Discoms have projected a significant quantum of surplus power for FY 2025-26. This contradictory position points to a flaw in the Discoms' procurement planning and portfolio optimization. Despite claiming higher renewable energy (RE) penetration as a key factor in their planning, they have consistently failed to adequately tie up base-load capacity, thereby creating artificial dependence on high-cost short-term market purchases.</p> <p>27. This pattern is not new — it has been observed across past control periods and has repeatedly resulted in higher power purchase costs and greater reliance on volatile exchange prices, thereby exposing consumers to unnecessary tariff shocks. The Hon'ble Commission itself, in the Tariff Order for FY 2025-26, has flagged this issue, clearly noting that procurement from short-term sources must be</p>	<p><i>unit is commissioned by October 2025, 4th 800MW unit by February 2026 and 5th 800MW unit by March 2026. But due to unforeseen circumstances, only one 800MW YTPS unit is commissioned as on 08.09.25. Due to the delay in the commissioning of units, the energy availability from YTPS station has come down. During the time slots in which ToD revision is proposed i.e 22:00hrs to 06:00hrs, much of the power requirement is catered by the thermal plants like YTPS.</i></p>

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	<p>resorted to only as an exception and not as a regular practice.</p> <p><i>“3.6.55 TGDISCOMs also proposed to purchase power from Open Market on need basis. In this regard, the Commission directs TGDISCOMs to ensure procurement of power from open market/exchange, whenever needed, to be on least cost basis.</i></p> <p>.....</p> <p><i>3.8.78 Based on monthly energy requirement and energy availability, it is observed that there will be no energy deficit but there will be surplus in all the months. Such surplus has been derived from the energy availability after meeting energy requirement of the TGDISCOMs.</i></p> <p><i>3.8.79 The Commission has taken into consideration that in the last financial year wherever surplus power was available an attempt was made to sell the excess power by the TGDISCOMs keeping in view of the variable cost of the respective generating stations. The Commission has observed that the TGDISCOMs have projected revenue from the sale of surplus is Rs. 2,739.83 Crore for FY 2025-26.</i></p> <p><i>3.8.80 The Commission has examined the submissions of TGDISCOMs regarding the power procurement cost for FY 2025-26. The Commission has considered the income projected by TGDISCOMs through sale of surplus power. However, the quantum of sale of surplus power and the revenue generated from sale of surplus power will be prudently checked by this Commission while Truing up of the power purchase cost.”</i></p>	

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	<p>28. From the above discussion, it is abundantly clear that the TG Discoms require adequate base-load capacity to meet the State's base-load demand in a cost-effective manner. However, due to insufficient tie-up of firm capacity, the Discoms are frequently compelled — particularly during off-peak hours, to rely on expensive short-term market purchases and exchange-based procurement to bridge the deficit.</p> <p>29. This practice is symptomatic of structural inefficiencies in procurement planning and reflects a lack of long-term resource adequacy strategy. Rather than addressing this core issue through improved portfolio planning, contracting, and scheduling, the Petitioner now seeks to transfer the financial burden of such inefficiencies onto consumers by proposing the withdrawal of off-peak incentives. Consumers — particularly those HT ones, contribute to grid stability by consuming during off-peak hours — cannot be made to shoulder the costs arising out of poor procurement planning by the licensee. Instead, the obligation lies on the Discoms to secure cost-effective base-load supply and minimize exposure to volatile short-term markets.</p>	
7	<p>YTPS commissioning</p> <p>30. For serving the base load requirements, TG Discoms have been projecting the power availability from Yadadri Thermal Power Station (5 x 800 MW) since FY 2023-24 however, the commissioning of the plant is repeatedly delayed. Relevant extracts of the</p>	<p><i>Discoms have planned to procure power RTC based on the energy requirement. But due to the delay in the commissioning of units, the energy availability from YTPS station has come</i></p>

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	<p>TG discoms submissions in the past filings are shown as under:</p> <p>FY 2023-24 (RST Order dated 24.03.2023) <i>“3.4.10 The TSDISCOMs have considered additional availabilities for FY 2023-24 as given below:</i> ▪ <i>YTPS (2x800 MW) – CODs of 1st unit on 1.12.2023 and of 2nd unit on 01.02.2024 are expected.</i> <i>4.3.6 The Commission has considered one unit of YTPS to be commissioned in February 2024 and not considered the second unit of YTPS to be commissioned up to March, 2024.”</i></p> <p>FY 2024-25 (RST Order dated 28.10.2024) <i>“2.5.3 Further, the availability of 2 units (2 X 800 MW) from YTPS were considered to be available from December 2024 and rest of the units are</i> Page 13 <i>expected to be commissioned by April 2025. The energy availability from YTPS has been considered from their respective expected COD months”</i></p> <p>FY 2025-26 (RST Order dated 29.04.2025) <i>“3.6.24 BTPS station is commissioned and is scheduling power to DISCOMs. All units of YTPS are expected to be commissioned by the month of May 2025.</i> <i>3.6.29 Based on the expected dates of commissioning of YTPS submitted by the petitioners, the Commission has considered realistic expected dates of commissioning and has considered the availability of Unit-I from August 2025, Unit II from April 2025, Unit III from November 2025, Unit IV from October 2025 and Unit V from January 2026. The energy availability is</i></p>	<p><i>down. This resulted in lower overall energy availability due to which more power needs to be procured from market purchases.</i></p>

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	<p><i>projected based on normative plant availability factor and uxiliary consumption applicable as specified in Regulation No. 2 of 2023.</i></p> <p><i>”</i></p> <p><i>31. Further, according to the Central Electricity Authority’s (CEA) Broad Status Report on Under-Construction Thermal Power Projects, dated March 2023, the Yadadri Thermal Power Station (YTPS) was originally scheduled for commissioning in FY 2021-22 and FY 2022-23. However, due to reasons outside the knowledge and control of the Objector, the project has experienced repeated delays. These delays have had a direct impact on the operational and power procurement costs of the Petitioner.</i></p> <p><i>32. The Objector underscores that YTPS, being a potential base-load power plant, is critical to the stability and cost-efficiency of the TG Discoms’ power portfolio. Its delayed commissioning has forced the Discoms to increasingly rely on short-term and market-based power procurement, which is typically more expensive and less predictable.</i></p> <p><i>33. While the non-timely commissioning of YTPS undeniably poses a significant risk to the operational and procurement planning of the TG Discoms, it is submitted that the proposed measure of abolishing the off-peak ToD slab cannot be construed as an appropriate or effective solution to maximize revenue recovery. Such a step does not address the underlying challenge of supply shortfalls or procurement</i></p>	

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	inefficiencies; instead, it unfairly transfers the financial burden to consumers who have aligned their operations and investments in reliance on existing tariff signals.																									
8	<p>F. Anticipated Shift in Demand pattern</p> <p>34. By making night-time consumption financially prohibitive, the proposed withdrawal of off-peak ToD incentives would incentivize consumers to shift their flexible or variable loads to daytime hours (normal hours). Such a behavioural shift would create a sudden surge in daytime demand, significantly affecting hourly demand variability and placing additional stress on the grid.</p> <p>35. Even under a conservative scenario where only 10–15% of night-time demand is shifted to the day, the impact would be substantial. According to the CEA’s Peak Power Supply Position Report for August 2025, Telangana’s peak demand is Page 15</p> <p>approximately 16,613 MW. A 10% shift of night-time demand — roughly 1,600 MW — into daytime hours would push the total demand well above the existing peak, potentially breaching system margins and operational limits.</p> <p>36. Such a sudden increase in daytime demand could lead to grid instability, overloading of transmission and distribution infrastructure, and even load-</p>	<p><i>The average generation availability and average demand during daytime (09:00 hrs to 16:00 hrs), the year 2024-25 are summarized as below</i></p> <table> <tr> <th>Time</th><th>Generation availability MW</th><th>Demand MW</th></tr> <tr> <td>09:00 to 10:00</td><td>11,227</td><td>11,496</td></tr> <tr> <td>10:00 to 11:00</td><td>11,956</td><td>11,508</td></tr> <tr> <td>11:00 to 12:00</td><td>12,280</td><td>11,521</td></tr> <tr> <td>12:00 to 13:00</td><td>12,329</td><td>11,530</td></tr> <tr> <td>13:00 to 14:00</td><td>12,210</td><td>11,409</td></tr> <tr> <td>14:00 to 15:00</td><td>11,844</td><td>11,479</td></tr> <tr> <td>15:00 to 16:00</td><td>11,094</td><td>11,544</td></tr> </table> <p><i>The generation availability is higher than demand during the daytime. Additionally, the state also has some solar capacity additions planned to be commissioned in FY26. This will further increase generation availability during the daytime. This</i></p>	Time	Generation availability MW	Demand MW	09:00 to 10:00	11,227	11,496	10:00 to 11:00	11,956	11,508	11:00 to 12:00	12,280	11,521	12:00 to 13:00	12,329	11,530	13:00 to 14:00	12,210	11,409	14:00 to 15:00	11,844	11,479	15:00 to 16:00	11,094	11,544
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	shedding, as the system may not be adequately prepared to absorb this abrupt load shift. This scenario underscores the critical role of ToD tariffs in flattening the demand curve.	<i>surplus available energy will be sufficient to cater additional demand which is expected to shift from night hours to the day hours.</i>
9	<p>G. Adverse Consumer and System Impact</p> <p>37. Tariff certainty is a cornerstone of the electricity regulatory framework, as recognized under Section 61 of the Electricity Act, 2003 and reinforced by Clause 8.0 of the National Tariff Policy, 2016, which emphasize predictable, stable, and rational tariffs to enable efficient consumer decision-making, encourage investment, and promote economic efficiency.</p> <p>38. Energy cost forms a critical input for any industrial operation, and therefore businesses/ industries plan their production schedules, supply chains, and cost structures well in advance, factoring in electricity and fuel price trends. Often, industries make significant capital investments—whether in additional shifts, automation, or captive infrastructure—when a predictable incentive framework exists. The introduction of ToD tariffs was precisely intended as a demand-centric measure, encouraging industries to shift consumption to off-peak hours and optimize the overall demand curve. This required industries to reorient their operations for 24-hour production cycles, re-train manpower, and invest heavily in enabling infrastructure.</p> <p>39. The sudden withdrawal of this carefully crafted</p>	<p><i>The per unit power purchase cost for licensee during the time period 22:00 hrs to 06:00 hrs is higher than cost during other times. Providing incentive during these hours would create financial burden to the licensee, which are ultimately passed on to consumers through tariff adjustments—potentially leading to future hikes.</i></p>

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	<p>incentive framework would amount to a regulatory injustice for HT consumers who have aligned their operations and invested capital in good faith, based on the regulatory signal provided by ToD tariffs. Such an abrupt change would greatly penalize consumers who supported grid stability for efficient resource use.</p> <p>40. Recognizing that industries cannot now roll back these investments or drastically curtail their consumption profile, the TG Discoms appear to be using this situation as an opportunity to extract additional revenue at the expense of industry.</p> <p>This is economically and regulatorily untenable. Moreover, industries and LT consumers that have invested in automation, timers, and EV charging infrastructure based on ToD rebates would be left with sunk costs, eroding confidence in tariff signals. Such actions risk creating regulatory uncertainty, discourage future participation in demand-side management initiatives, and undermine the credibility of the Commission's long-term policy signals.</p> <p>41. In view of the foregoing, the Objector respectfully submits that the Commission should maintain, and if possible, strengthen the existing ToD rebates.</p>	
10	<p>H. Cross subsidy levels breaching statutory limits</p> <p>42. The Objector submits that the existing level of cross-subsidization in Telangana is already heavily</p>	<p><i>Under the current ToD tariff structure, the nighttime incentive has led to increased</i></p>

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	<p>skewed against the HT category of consumers, placing an undue burden on them in contravention of statutory norms. As per Clause 8.3 of the National Tariff Policy (NTP) 2016, the cross-subsidy for any consumer category is required to progressively move towards $\pm 20\%$ of the cost of supply (CoS). However, based on the Tariff Order for FY 2025-26, the effective tariffs applicable to HT categories significantly exceed this ceiling, thereby breaching the permissible limit laid down under the NTP. Relevant extracts of the National Tariff policy 2016 are reproduced for easy reference:</p> <p>“8.3 Tariff design: Linkage of tariffs to cost of service <i>It has been widely recognised that rational and economic pricing of electricity can be one of the major tools for energy conservation and sustainable use of ground water resources.</i> <i>In terms of the Section 61(g) of the Act, the Appropriate Commission shall be guided by the objective that the tariff progressively reflects the efficient and prudent cost of supply of electricity.</i> <i>The State Governments can give subsidy to the extent they consider appropriate as per the provisions of section 65 of the Act. Direct subsidy is a better way to support the poorer categories of consumers than the mechanism of cross subsidizing the tariff across the board. Subsidies should be targeted effectively and in transparent manner. As a substitute of cross subsidies, the State Government has the option of raising resources through mechanism of electricity duty</i></p>	<p><i>consumption during hours when power procurement costs are relatively high. This trend results in elevated overall procurement expenses for DISCOMs, which are ultimately passed on to consumers through tariff adjustments—potentially leading to future hikes.</i></p> <p><i>In contrast, the proposed amendment—which involves withdrawing the nighttime incentive—is designed to realign consumption patterns by discouraging usage during high-cost hours. This shift will enable DISCOMs to optimize their power procurement strategy, reduce reliance on expensive sources, and maintain grid efficiency.</i></p> <p><i>By implementing this change, TGDISCOMs aim to safeguard consumers from future tariff increases driven by rising procurement costs, while simultaneously promoting a more</i></p>

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	<p>and giving direct subsidies to only needy consumers. This is a better way of targeting subsidies effectively. Accordingly, the following principles would be adopted:</p> <p>2. For achieving the objective that the tariff progressively reflects the cost of supply of electricity, the Appropriate Commission would notify a roadmap such that tariffs are brought within $\pm 20\%$ of the average cost of supply. The road map would also have intermediate milestones, based on the approach of a gradual reduction in cross subsidy.”</p> <p>43. This excessive cross-subsidization means that HT consumers are already paying well above the cost-reflective tariff, indirectly subsidizing other categories of consumers. Any proposal to further withdraw off-peak ToD rebates would only deepen this imbalance, making power tariffs for HT industries uncompetitive, discouraging investment, and eroding trust in the present Regulatory setup.</p> <p>44. For ease of reference and to illustrate the severity of the issue, the prevailing cross-subsidy levels for HT IA category, as determined in the Tariff Order for FY 2025-26, are presented below:</p> <table><tr><td>Discom</td><td>HT 1: Industry General</td><td>ACOS</td><td>ABR</td><td>Cross subsidy</td></tr><tr><td>TGSP DCL</td><td>11 KV</td><td>7.03</td><td>9.12</td><td>30%</td></tr><tr><td></td><td>33 KV</td><td></td><td>7.82</td><td>11%</td></tr></table>	Discom	HT 1: Industry General	ACOS	ABR	Cross subsidy	TGSP DCL	11 KV	7.03	9.12	30%		33 KV		7.82	11%	<p>balanced and economically sustainable grid.</p>
Discom	HT 1: Industry General	ACOS	ABR	Cross subsidy													
TGSP DCL	11 KV	7.03	9.12	30%													
	33 KV		7.82	11%													

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	132 KV		7.28	4%		
	and above					
	132 KV		7.43	6%		
	and					
	above_Ferro					
	TGNP DCL	11 KV	7.78	9.5	22%	
	33 KV		8.46	9%		
	33		7.94	2%		
	KV_Ferro					
	132		7.99	3%		
KV and above						
Source		Annex VII RST Order FY 2025-26	Table 3.50/51 RST Order FY 2025-26			
45. Assuming that HT consumers consume uniformly across peak, off-peak, and normal periods, and further assuming that 90% of sales remain during peak hours (with only 10% of load shifting from peak to off-peak), the resulting increase in the Average Billing Rate (ABR) would be approximately Rs. 0.45 per unit (Rs. 1.50 x 90% / 3).						
46. The revised level of cross subsidy is expected to be						

Sl.No.	Objections/Suggestions					Response of licensee
	as shown under:					
	Disco m	HT 1: Industry General	ACOS	ABR	Cross subsidy	
	TGSP DCL	11 KV	7.03	9.57	36%	
		33 KV		8.27	18%	
		132 KV and above		7.73	10%	
		132 KV and above_Ferro		7.88	12%	
	TGNP DCL	11 KV	7.78	9.95	28%	
		33 KV		8.91	15%	
		33 KV_Ferro		8.39	8%	
		132 KV and above		8.44	8%	
	Source		Annex VII RST Order FY 2025-	Table 3.50/5 1 RST Order FY		

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			26	2025-26		
	<p>47. The Objector submits that increase in cross-subsidy levels as shown above directly contravene Clause 8.3 of the National Tariff Policy (NTP) 2016, which mandates their progressive reduction within $\pm 20\%$ of the average cost of supply (ACoS). Instead of narrowing, the gap between HT tariffs and ACoS is widening, placing a disproportionate burden on industrial consumers and violating Section 61(g) of the Electricity Act, 2003. Any further withdrawal of ToD rebates would aggravate this imbalance, moving tariffs farther away from cost-reflective levels and undermining the competitiveness of energy-intensive industry in the State.</p>					