**V. ARUN ROY, I.A.S.,**
Chairman & Managing Director

TNEB Ltd., & TNPDCL and Chairman,
TNPGCL, TANTRANSCO & TNGECL.

Chairperson, SRPC

Dated 05th September 2026

To
The Chairperson
Central Electricity Regulatory Commission
6th, 7th & 8th Floors, Tower B, World Trade Centre,
Nauroji Nagar,
New Delhi- 110029

Sir,

**Subject: Issue regarding segregation and recovery of Deviation and Ancillary Services deficit charges attributable to embedded GNA/GNA-RE entities – reg.**

Kind attention is invited to the Deviation and Ancillary Services Account Deficit Recovery Statements being issued by NLDC with effect from 16.09.2024, in accordance with the Procedure approved by the Hon'ble Commission.

2. It is observed that, while apportioning the deficit amount, the GNA considered for the purpose includes the GNA/GNA-RE of embedded drawee entities within the States. Consequently, the deficit liability attributable to such embedded entities is presently being subsumed in the claims raised upon the respective State utilities even though the State utilities have neither a direct commercial obligation nor operational involvement. Further, RLDC Fees & Charges and ISTS charges are already being billed separately to the respective embedded GNA grantees.

3. At present, there is no specific Regulation/Procedure for identifying, segregating and recovering the deficit liability directly from the concerned embedded GNA/GNA-RE entities. The State utilities are therefore required to first discharge the consolidated liability raised by NLDC and subsequently recover the corresponding amount from the concerned entities, resulting in avoidable financial and administrative exposure upon the State utilities for a liability which is attributable to the respective embedded entities.

4. The matter was deliberated in the 54th TCC/57th SRPC meetings held on 16th /17th March 2026 and again in the 55th TCC/58th SRPC meetings held on 23rd /28th July 2026 and in Commercial Sub Committee meetings in which NLDC/SRLDC had been requested to come out with some Guideline/Procedure. The States highlighted the practical difficulties in recovering such amounts within the stipulated payment period, including delays in obtaining and reconciling the requisite data for raising corresponding claims on the embedded entities.

5. The existing arrangement may also result in interest liability, cash-flow implications and audit concerns for State utilities where payment to NLDC falls due before recovery from the concerned embedded entity.

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6. The increasing Pool Account Deficit and continued issuance of deficit recovery statements underscore the need for a clear and uniform regulatory mechanism for segregating and recovering the liability attributable to embedded GNA/GNA-RE entities.

7. In view of the above, it is requested that the Hon'ble Commission may consider prescribing a clear and uniform mechanism for segregation and direct/timely recovery of the deficit charges attributable to embedded GNA/GNA-RE entities.

Yours faithfully,

**CHAIRPERSON, SRPC**