

To  
The Secretary  
Telangana State Electricity Regulatory Commission  
5<sup>th</sup> floor, Singareni Bhavan, Red Hills  
Hyderabad - 500 004

August 18, 2023

Respected Sir,

**Sub : Submissions on Resource plans and business plans of TSDISCOMs for the 5<sup>th</sup> and 6<sup>th</sup> control periods**

With reference to the public notices, am submitting the following points on the subject issue for the consideration of the Hon'ble Commission:

1. Further to our submissions on load forecasts, distribution plans and procurement plans of TSSPDCL and TSNPDCL dated July 11, 2023, we are submitting the following points for the consideration of the Hon'ble Commission on the subject issues.
2. For the 5<sup>th</sup> control period, TSSPDCL has proposed a capital expenditure of Rs.15223.26 crore, while TSNPDCL has proposed a capital expenditure of Rs.9538 crore for the same period. The following points, among others, need to be examined before finalising the proposed subject plans:
  - a) In view of abnormal quantum of surplus power projected to be available every year during the 5<sup>th</sup> control period, ranging from the highest 43.24% during 2024-25 to the lowest of 15.23 per cent during 2028-29, need for the projected works and expenditure related thereto should be examined.
  - b) If distribution network is to be strengthened and expanded, as proposed by the DISCOMs, during the 5<sup>th</sup> control period, it needs to be clarified whether it is to cover the entire power, including abnormal quantum of surplus power, projected to be available or is it to cover requirements of power as per projected peak demand only.
  - c) Since the DISCOMs themselves have not projected sale of surplus power, any addition of distribution network capacity to cover the surplus power would become idle, thereby imposing unwarranted and avoidable burden on consumers of power in the form of MYT charges for distribution business, if the same is approved by the Commission.
  - d) If the projections of demand growth, especially for agriculture and lift irrigation schemes, made by the DISCOMs for the 5<sup>th</sup> control period, do not materialise, it will lead to increase in availability of surplus power and need for backing down the same and paying fixed charges therefor. In addition, idle capacity of distribution network would entail avoidable expenditure and burdens on consumers.

- 3. In its business plan, SPDCL has proposed, inter alia, that** “2.3.2 Consumer Metering As per Gazette notification Dt:17.08.2021, it is mandated that all the meters (other than Agriculture Consumers) are to be replaced with Prepaid Smart Meters by the Year’ 2025 in a phased manner for which GoI grant is 15% of the cost of the Meter (Limited to Rs.900/- per meter). Accordingly, a draft DPR for Smart Prepaid Metering for Consumers (excluding Agriculture Consumers) and System Metering under RDSS has been prepared and is to be approved by Distribution Reforms Committee (DRC) and also by the Telangana State Cabinet for final approval by MoP, GoI. The Distribution Reforms Committee (DRC) & District Electricity Committee (DEC) submitted proposals to Energy Department, GoTS for which approval is under process. The licensee shall take up the implementation of Smart Metering as soon as it receives the funding.

“2.3.3 Agricultural DTR Metering. As per the Hon’ble Commission’s directive in RST Order for FY 2023-24, the licensee is directed to achieve 100% Agricultural DTR metering within a period of twelve (12) months. In this regard, the licensee submits that the metering arrangements for Distribution Transformers was already proposed under RDSS in which metering to Agriculture Distribution Transformers was also covered. The proposal of TSSPDCL under RDSS was submitted to the Nodal Agency for which the concurrence of GoTS is required. In this regard, a letter was addressed to the office of Chief Minister from the Energy Department for approval. Upon approval from GoTS, the work of providing meters to agriculture Distribution Transformers will be taken up under RDSS scheme.”

- 4. In its business plan, NPDCL has proposed, inter alia, that** 2.3.2 Consumer Metering In GO MS No.1, Dt:03.01.2016, Energy (Budget) Department, Govt. of Telangana, it was decided that all Govt. Departments should have prepaid meters at their own cost w.e.f 1st April,2016. As per the above GO, TSNPDCL purchased 18812 prepaid meters for installation of meters to Govt. services and 15035 meters are fixed as on Dt:10.05.2023. As per Gazette notification Dt:17.08.2021, it is mandated that all the meters (other than Agriculture Consumers) are to be replaced with Prepaid Smart Meters by the Year’ 2025 in a phased manner for which GoI Grant is 15% of the Cost of the meter (Limited to Rs.900/- per meter). Accordingly a draft DPR for Smart Prepaid Metering for Consumers (excluding Agriculture Consumers) and System Metering under RDSS has been prepared and is to be approved by Distribution Reforms Committee (DRC) and also by the Telangana State Cabinet for final approval by MoP, GoI. The Distribution Reforms Committee (DRC) & District Electricity Committee (DEC) submitted proposals to Energy Department, GoTS for which approval is under process. The licensee shall take up the implementation of Smart Metering as soon as it receives the funding.

“14 2.3.3 Agricultural DTR Metering As per the Hon’ble Commission’s directive in RST Order for FY 2023-24, the licensee is directed to achieve 100% Agricultural DTR metering within a period of twelve (12) months. In this regard, the licensee submits that it is a policy matter and requires huge investment for installation of 2,32,526 meters for AGL DTRs an amount of Rs.378.55 Crs. is required and for maintenance of these meters an amount of Rs.136.16 Crs. on yearly basis is required.”

- 5. While SPDCL has proposed a capital cost of Rs.348 crore for LT meters and Rs.305.01 crore for HT meters, NPDCL has proposed Rs.116.01 core for LT meters**

and Rs.10.94 crore for HT meters during the 5<sup>th</sup> control period. What is the basis for these estimates of costs for purchasing pre-pad meters?

6. NPDCL has informed that it had already purchased 18812 pre-paid meters and installed 15035 meters to offices of the government. What is the procedure followed and terms and conditions for floating tender for procuring these meters adopted by NPDCL? What is the cost per meter and annual maintenance charges per meter paid and being paid by NPDCL?
7. We once again request the Hon'ble Commission to examine the following points, among others, relating to the proposed arrangement of pre-paid meters to non-agricultural service connections:
  - a) This move is to be seen in the background of the so-called reforms being imposed on the states by the Modi government for privatising power sector, and in conjunction especially with privatisation of power distribution and implementation of the direct benefit transfer (DBT) scheme. Implementation of RDSS, including installation of pre-paid meters, is to benefit the private operators, who will be permitted to take up power distribution in areas of their choice, as proposed by the GoI.
  - b) It is obvious that, the purpose of installing pre-paid meters is to force the consumers of power to pay in advance for power to be consumed by them, contrary to the standard practice over the decades of paying power bills monthly/bi-monthly for the power consumed by them. What is wrong with the present post-paid arrangement and what is the benefit and to whom with pre-paid arrangement under the proposed smart meters is left unexplained by its sponsors.
  - c) As proposed by the GoI, private operators will be permitted to use the existing transmission and distribution networks of the DISCOMs of the government, paying some nominal rentals for carrying on their distribution business. In other words, they need not invest the amounts required for establishing their own distribution network, make arrangements for its maintenance, etc.
  - d) Allowing private operators to use distribution network of the DISCOMs or rather, forcing the DISCOMs to allow private operators to use their network on lease, with DISCOMs themselves maintaining the network, is nothing but forcing the latter to lose a considerable part of their business, especially cross-subsidising component, to private operators, who get the opportunity to cherry-picking. Will the GoI apply this Tuglaquian approach to allow utilisation of such networks of private companies in this manner, for example, utilising the network of private telecom companies by others?
  - e) The protagonists of pre-paid meters are arguing that pre-paid arrangement is there for cell phones. Then, why not similar arrangement for power consumption also, they ask. First, there is post-paid arrangement for cell phones and landlines. Second, under pre-paid arrangement for a specific period, there is no limit on number of calls that can be made. In the case of power consumption, consumers

have to pay for the entire power they consume in a month; they are not allowed to consume any number of units of power during a specified period, pre-paying a specified amount.

- f) **The DISCOMs have a grace period of one month to pay bills to generators/suppliers of power for the power supplied by them and even rebate if they pay before the grace period. Under the existing arrangement, consumers are being given a period of 14 days from the date of issuing the bill for paying their bills for power consumed by them in a month. If payment of monthly bill is delayed, exceeding the due date, penalty is being collected by the DISCOMs, besides disconnecting the service. Moreover, all the permissible expenditure and return on equity for supplying power to consumers from the point of generation to end point is being passed through in the form of tariffs to be paid by the consumers. When such is the case, why should the consumers be forced to pay in advance for power to be consumed by them under the arrangement of pre-paid meters?**
- g) **As per applicable Regulation, “security deposit amount shall be two months charges in case of monthly billing and 3 months charges for bi-monthly billing.” In addition to collecting such a security deposit from the consumers, the DISCOMs also are collecting additional security deposit whenever the consumers exceed their contracted load. Then why should the consumers be forced to pay in advance for power to be consumed by them under the arrangement of pre-paid meters?**
- h) **Payment in advance for power to be consumed by the consumers is nothing but providing investment for private distribution company to purchase of power. Private distribution companies need not take loans for their working capital and they can retain the amount paid in advance by the consumers and use as they like till they have to pay for power purchased by them from generators/suppliers. In other words, private operators of distribution need not invest any amounts for developing and maintaining distribution network and for purchasing power. Arrangement of pre-paid meters is intended for bestowing this undue benefit to private operators.**
- i) **The works proposed to be taken up under RDSS need to be, and are being, taken up by the DISCOMs as a part and parcel of expanding, strengthening and maintaining their distribution network. For that no conditionalities, as imposed under RDSS, are required. The grant component under RDSS is a ruse to impose conditionalities like installation of pre-paid meters to ensure undue benefits to private operators of distribution of power.**
- j) **Whatever money the DISCOMs spend for purchasing and installing pre-paid meters is nothing but squandering public money, whether it is collected from the consumers concerned or spent from the grant under RDSS. The consumers have already spent their money for their existing meters. Forcing them to pay for pre-paid meters is nothing but imposing additional burden on them without any benefit to them.**

- k) The scheme of pre-paid meters benefits their manufacturers. Experience in power sector, as elsewhere in other sectors, shows that terms and conditions of bidding can be manipulated to select bidders of their choice by the powers-that-be. Bidding procedures and terms and conditions issued by the GoI have been found to be wanting in ensuring transparency and fair play, going by the way crony capitalism is being promoted and pampered. It is reported that crony capitalists, who have been promoted and pampered by the GoI, have already entered into manufacturing of pre-paid meters.**
- l) There will be practical problems to consumers for paying in advance for power to be consumed by them under the system of pre-paid meters. How much amount and how many times they have to pay in a month, keeping track of their consumption recorded in the pre-paid meter to avoid disconnection and mode of such payment will be problematic to the consumers.**
- m) Under smart pre-paid meter, if a consumer does not pay after the existing balance exhausts, his service connection will be disconnected automatically. If a consumer does not pay power bill before due date under the existing post-paid arrangement, his service will be disconnected. The DISCOMs are unable to disconnect service connections of offices of the government and its instrumentalities and local bodies, whatever be the reasons. Even under pre-paid meter system, there is no guarantee that the DISCOMs would not come under pressure not to disconnect services of offices of the government, its instrumentalities and local bodies for their default in paying power bills. It is ironical that, when the GoTS is failing in getting power bills paid by its offices, its instrumentalities and local bodies in time and itself failing in paying the committed subsidy to the DISCOMs in time, it is decided to install pre-paid meters to service connections of power consumers.**
- n) When the GoTS is vehemently and rightly opposing the direction of the GoI for installing meters to all agricultural service connections, why are the DISCOMs moving in the direction of installing pre-paid smart meters to non-agricultural service connections?**
- o) We request the Hon'ble Commission to examine the above-mentioned submissions, among others, and responses of the DISCOMs thereto and direct them not to proceed with implementation of installation of pre-paid meters to service connections of consumers of power in the state.**

**In fact, we raised these points in our submissions dated 13.1.2023 on the ARR and tariff proposals of the DISCOMs for the year 2023-24. But, our submissions are neither incorporated in the RSTO for the year 2023-24, nor has the Hon'ble Commission responded to the same.**

- 8. The regulatory process of the Commission should not facilitate concealing of relevant information from public gaze and consumers of power at large are entitled**

to know the reality, as they are, and will be, bearing all the burdens relating to the expenditures being and proposed to be incurred by the power utilities of GoTS and approved by the Commission. The prudence check by the Hon'ble Commission should cover how the process of tendering, their terms and conditions, for selection of bidders for purchases being made by the power utilities of the state government and prices and charges being finalised by them for purchase of materials and maintenance charges with required comparative study based on results and experience in other states and market trends relating to the issues concerned and the details be made public. Experience confirms that successive Commissions have been avoiding making such information public. The DISCOMs have added certain percentage of escalation of costs for various purchases based on wholesale price index and consumer price index every year. It is not known whether the Hon'ble Commission has made any prudence check of actual expenditure incurred by the DISCOMs, the procedures followed by them for calling tenders, their terms and conditions, how the bidders were selected and the prices paid for various items, their need and justifiability, actual market trends, etc., during the 4<sup>th</sup> control period.

9. We request the Hon'ble Commission to permit us to make further submissions after receiving and studying responses of the DISCOMs to our submissions during the scheduled public hearing.

Thanking you,

Yours sincerely,

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Copy to :

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To  
The Secretary  
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5<sup>th</sup> floor, Singareni Bhavan, Red Hills  
Hyderabad - 500 004

August 30, 2023

Respected Sir,

**Sub : Further Submissions on resource plans, load forecasts, distribution plans, procurement plans, business plans and resource plans of TSSPDCL and TSNPDCL for the 5<sup>th</sup> control period from 2024-25 to 2028-29 and 6<sup>th</sup> control period from 2029-30 to 2033-34**

Further to our written submissions dated 11.7.2023 and 18.8.2023 on the subject issues and in response to the replies given by TS DISCOMs, we are submitting the following points for the consideration of the Hon'ble Commission:

- 1. The DISCOMs have simply stated that the suggestion of the objector regarding analysis of load forecast, etc., for the 4<sup>th</sup> control period is noted. The Hon'ble Commission should have directed the DISCOMs to submit analysis of the subject plans approved by TSERC for the 4<sup>th</sup> control period for the reasons explained in our written submissions dated 11.7.2023. We once again request the Hon'ble Commission to direct the DISCOMs to submit a detailed analysis of the implementation and consequences of the subject plans for the 4<sup>th</sup> control period and provide us the same to study and make further submissions.**
- 2. The generalised contention of the DISCOMs that they "have to plan their power generation sources and in discharge of the same itself the TS Discoms have signed all the power purchase agreements and subsequently approached Hon'ble Commission for approval of the same" cannot justify their hasty decisions, obviously, at the behest of the state government, to enter into long-term power purchase agreements to purchase excess and unwarranted power and get consents of the Commission to the same. By no stretch of imagination that a surplus of 43.24% for 2024-25, of 41.97% for 2025-26, of 34.13% for 2026-27, of 26.29% for 2027-28 and of 15.22% for 2028-29 be considered justifiable and required to meet fluctuating and growing demand. Nor does such an availability of abnormal surplus reflect "ideal power mix." The argument of the DISCOMs that availability of surplus power as projected for future years is not constant has no relevance, for, it cannot avoid imposition of avoidable burdens on consumers of power in the form of paying fixed charges for surplus power backed down and higher tariffs being paid for purchasing power through exchanges and in the market. If analysis of actual position of availability of power, surplus power, fixed charges paid for backing down, quantum of costs of power purchased through exchanges and in the market, etc., for the 4<sup>th</sup> control period is provided with all relevant data, hollowness of the claims of the DISCOMs would be exposed thoroughly. The response of the DISCOMs that they "shall provide detailed justifications in the relevant Petition(s) to be filed before the Hon'ble TSERC" is evasive, as in the subject petitions, too,**

such information needs to be provided and examined. The argument of the DISCOMs that “if we consider the projected demand from LIS Department, there is no question of surplus energy, the energy requirement for respective years will increase drastically, hence that could meet the availability” falls in the hypothetical realm of uncertainty. That the DISCOMs have been constrained to drastically reduce the demand for lift irrigation schemes projected by the department concerned for the purpose of formulating the subject plans confirms that considering the demand projected by LIS department is unrealistic and does not correspond to ground reality. The DISCOMs also could not provide any substantiation and justification for requirement of the projected availability of surplus power during the 5<sup>th</sup> control period to meet demand of lift irrigation schemes with any degree of certainty. The DISCOMs have not explained as to how much power is supposed to be required for lift irrigation schemes even as per the projections of the department concerned and even after that how much would be the surplus power projected to be available during the fifth control period. Such a haphazard approach cannot be considered as planning. Moreover, that the DISCOMs have been maintaining silence as to who should bear the avoidable burdens arising as a result of the projected availability of abnormal quantum of surplus power that cannot be consumed as per the demand projected by the LIS department and others shows irresponsibility in decision making, without any accountability.

3. The DISCOMs claim on the one hand that “all efforts are being made to sell the surplus power through Exchanges in a most effective way”, and on the other, they claim that “it is difficult to project the quantum of sale of surplus power.” This dichotomy brings to the fore the fact that any efficient planning should not lead to availability of abnormal quantum of surplus power. It also implies that planning should not lead to availability of abnormal quantum of surplus power in the hope of selling it in the market, without any certainty.
4. While pointing out that their priority is procuring power from plant which is nearer to the load centres, the DISCOMs have maintained that “if the landing variable charge is lower in case a RE plant outside the state, it is prudent to purchase power from the said plant which will allow the consumers of Telangana with benefit of economical power.” Was that the basis for the DISCOMs when they entered into long-term PPAs with entities like SECI and CPSUs like NTPC, which act as middlemen, to purchase solar power of private power projects set up in other states?
5. The contention of the DISCOMs that “the additional RE sources PPA would serve part of peak demand in the day and add to energy security during the 6<sup>th</sup> CP when there is a deficit” needs to be substantiated. Moreover, to meet deficit during the 6<sup>th</sup> CP, entering into long-term PPAs with RE units during the 4<sup>th</sup> and 5<sup>th</sup> control periods is premature and unwarranted. In the name of meeting demand during the 6<sup>th</sup> control period, a situation of availability of abnormal quantum of surplus power should not be created during the preceding control periods.



6. The DISCOMs have contended that “it is to be noted that projection of demand and supply of electricity is done as per certain assumptions and any variation in the projected demand and supply of electricity with that of actual scenario leads to gap between the demand and supply.” While the contention of the DISCOMs that “certain assumptions” and “any variation in the projected demand and supply of electricity with that of actual scenario leads to gap between the demand and supply,” is unsubstantiated, projection of availability of abnormal quantum of surplus power during the 5<sup>th</sup> control period will certainly not be in tune with the likely gap between the demand and supply in view of the fact that the said availability of surplus power is projected based on availability of power from stations with whom the DISCOMs had PPAs with specified threshold levels of PLF/CUF. Even the variations in generation of power by those stations for any reasons cannot be in tune with the likely gap between the demand and supply in view of high degree of availability of abnormal quantum of surplus power. In other words, likely gap between demand and supply cannot absorb the projected surplus power. On the other hand, if the projected demand decreases, availability of surplus power would increase during the 5<sup>th</sup> control period, with resultant adverse consequences.
7. The DISCOMs have pointed out that “the Telangana government has initiated the ambitious Kaleshwaram lift irrigation project along with the existing ones, to meet the needs of the agriculture consumers in the State. The growth trend in this category has many variations due to variations in the operation of Lift Irrigation pumps based on rainfall, water levels in reservoirs, etc.” To meet the said needs the DISCOMs are expected to procure required power and create required distribution network. If many variations take place in the growth trend in this category, i.e., if projected demand comes down substantially, who should bear the resultant burdens is the point on which the DISCOMs have been and continue to be evasive. If projected demand for this category comes down substantially, revenue to the DISCOMs would come down proportionately, availability of surplus power would increase, proportionate capacity in transmission and distribution networks would remain idle - who should bear the burden of all these non-utilisations? Is it all the consumers or consumers under this category? The DISCOMs have been deciding contracted maximum load and load factor for HT industries and collecting charges applicable. The DISCOMs have been avoiding to respond to our requests for the kind of terms and conditions in the agreements, if any, they had with the department concerned for supply of power to LIS schemes.
8. The DISCOMs have reiterated that “the surplus power arises during few time blocks of the day and some unseasonal period during the year. It is also submitted that there are deficit of power in certain time blocks on the days of surplus power due to dynamic and fluctuating loads there is no unwarranted fixed charges paid by the TS Discoms.” Due to the said variations, provision for five percent of spinning reserve or reserve margin is generally considered sufficient. The abnormal quantum of surplus power projected to be available during the 5<sup>th</sup> control period by the

**DISCOMs is unwarranted. Due to entering into long-term PPAs for purchasing unwarranted power indiscriminately and getting regulatory consents for the same, unmindful of the need for maintaining ideal power mix to be in tune with fluctuating demand to the extent technically and practically possible, a situation of backing down abnormal quantum of surplus power and paying fixed charges therefor has been arising as per terms and conditions in the PPAs concerned. Therefore, the contention of the DISCOMs that “no unwarranted fixed charges paid” by them for backing down surplus power does not hold water. It is mainly due to indiscriminate entering into long-term PPAs and getting regulatory consents to the same, that a situation of availability of abnormal quantum of surplus power, far exceeding the technically unavoidable surplus, has been arising and such unwarranted decisions and orders are mainly responsible for the unwarranted situation of backing down abnormal quantum of surplus power and paying fixed charges therefor, and as such, backing down avoidable and unwarranted surplus power and payment of fixed charges therefor and imposing the burden thereof on consumers of power is unwarranted and avoidable. It is the imprudent decisions taken by the GoTS and imposed on the DISCOMs and regulatory consents given to the same which are responsible for this unwarranted situation. That is the reason why experience during the 4<sup>th</sup> control period needs to be analysed, proper lessons be drawn, possible corrections be carried out and costly blunders should not be repeated during the next control periods.**

- 9. Even while stating in its business plan that it had already purchased 18812 pre-paid meters and installed 15035 meters to offices of the government, NPDCL has avoided to reveal the price per unit paid and annual maintenance charges being paid. It is the consumers of power who have to bear the burden of these unwarranted pre-paid meters and as such they are entitled to know those burdens they have to bear. NPDCL has simply replied that the procurement of the pre-paid meters is being done by following the standard practice of competitive bidding with the process being done in the e-procurement platform. If the entire process of calling for tenders, their terms and conditions, finalising them and giving orders for purchase and maintenance of pre-paid meters is transparent and prudent, the DISCOMs should not avoid revealing of those details. How many prospective bidders participated in the pre-bid meeting, if any held by the DISCOMs, who are the bidders who actually participated in the bidding and what are the rates quoted by them for sale of pre-paid meters and charges for their annual maintenance? How much amount the DISCOMs are collecting from the consumers and how for installing pre-paid meters, and whether such installation is being carried out with consent of the consumers concerned need to be explained. All this information also needs to be examined by the Hon’ble Commission for prudence check and appropriate decisions. We request the Hon’ble Commission to call for records from the DISCOMs relating to these issues, examine them and subject them to prudence check. We also request the Hon’ble Commission to direct the DISCOMs to provide the said information to us to enable us to study them and make further submissions. In this connection, we would like to inform the Hon’ble Commission that, in response to our persistent requests during the public hearing held on the 19<sup>th</sup>**

instant, Hon'ble APERC has directed AP DISCOMs to provide cost analysis of pre-paid meters purchased by them, their annual maintenance charges and analysis of the subject plans for the 4<sup>th</sup> control period (on direction, the DISCOMs submitted it to APERC) to objectors within one week and permitted the objectors to make further submissions within two weeks thereafter.

10. We request the Hon'ble Commission to permit us to make further submissions during the public hearing scheduled on the 1<sup>st</sup> September.

Thanking you,

Yours sincerely,

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