

For perusal
Secretary
Member/I
Member/F
Chairman

BEFORE THE TELANGANA STATE ELECTRICITY REGULATORY COMMISSION

5th Floor Singareni Bhavan, Red Hills, Hyderabad – 500 004

TSERC, HYDERABAD
INWARD
15 MAY 2017
No. 549 DR
Signature

OP No. 22& 23 of 2016

IN THE MATTER OF

Petition requesting the Commission

1. To ensure ARR and tariff proposals are filed and examined within the period as stipulated under the Electricity Act, 2003.
2. To review all the power requirement estimate of agriculture submitted by TSDISCOMs.
3. To review the power purchase cost estimate submitted by TSDISCOMs.
4. To direct the DISCOMs to file information related to revenue at current tariffs
5. To take stringent action to bring down electrical accidents.
6. To segregate data and information separately, of ARRs, on the website.
7. To discuss and finalise a compensation package for farmers, whose lands are used for transmission and distribution lines, with government and power utilities.
8. To allow the objector to be heard in person before the Commission takes any decision on this application of the DISCOMs.

IN THE MATTER OF

Name and full address of the petitioner:

Dr. D. Narasimha Reddy,
201, Aarthi Residency, LN Colony, Saidabad, Hyderabad 500 059

Represented by

Dr. D. Narasimha Reddy,
201, Aarthi Residency, LN Colony, Saidabad, Hyderabad 500 059

And

Name and address of the Respondents:

Chairman and Managing Directors of
Northern Power Distribution Company of Telangana Ltd,
Southern Power Distribution Company of Telangana Ltd

BEFORE THE TELANGANA STATE ELECTRICITY REGULATORY COMMISSION

5th Floor Singareni Bhavan, Lakdi-ka-pool, Red Hills, Hyderabad – 500 004

IN THE MATTER OF

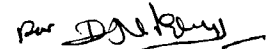
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AFFIDAVIT VERIFYING THE MEMORANDUM OF OBJECTIONS

I, D. Narasimha Reddy, son of Late D. Nagi Reddy do hereby solemnly affirm and state as under:

The statements made in the paragraphs of the accompanying memorandum of objections now shown to me are true to my knowledge, derived from TSGENCO's application for determination of generation tariff and new stations' capital cost for FY 2014-19 and the material gathered by me and made available to me and are based on information and advice received which I believe to be true and correct.



Solemnly affirm

Deponent

15-05-2017

Hyderabad

BEFORE THE TELANGANA STATE ELECTRICITY REGULATORY COMMISSION

* 5th Floor Singareni Bhavan, Lakdi-ka-pool, Red Hills, Hyderabad – 500 004

1.1 The following comments are being submitted on TSDISCOMs' ARR and tariff proposals in response to the Public Notice published in the Newspapers on 21st April, 2017.

Tariff Filing – Unjustified Delay

1.2 The TSDISCOMs are reported to have submitted tariff proposals for the financial year 2017-18 on 13th April 2017, even though ARRs were submitted on 30th November 2016. Filing of ARRs without tariff proposals was against the spirit of Electricity Act, 2003 and various provisions.

1.3 DISCOMs filed applications before the Commission and sought extension of time for filing tariff proposals from time to time. There is inordinate delay of more than five months in submitting the tariff proposals before TSERC, without proper explanation. This delay has implications on public participation in regulatory process, fiscal management of electricity sector, transparency and efficiency.

1.4 TSERC in its Tariff Order for the FY 2015-16 observed: "the delay in filings caused difficulties not only to objectors and consumers but also to the Commission. The Licensees shall make every effort to file ARR & Tariff Proposals 120 days before the effective date of Tariffs as per Sec.64 of the Electricity Act, 2003" (para 4.2.3). Furthermore, the Commission had directed the DISCOMs, "the Discoms are directed to submit the ARR and Tariff proposals in time i.e. by 30th November of current year in order to make the Tariff Order effective from 1st April of next year" (Directive 7.9 at page 237 of tariff order for 2015-16). The Commission seems to have accepted wide gap between ARRs and tariff filings, without any responsive direction. Thus, it has ignored its own directions. Such an ignorance would only imperil the integrity and stature of the Commission as a regulator.

1.5 For two years, FY 2016-17 and FY 2017-18, DISCOMs have cited UDAY scheme as the reason for delay in filing tariff proposals. Ironically, UDAY scheme stipulates that DISCOMs shall file tariff proposals in time so that new tariffs will come in to force from the first day of the ensuing financial year.

1.6 The Secretary of the Commission through the circular Lr. No. TSERC / Secy / F-No.ARR2017-18/5 / D.No.879 / 17. Date:17.02.2107 intimated to the TSDISCOMs as follows, "For the above said reasons, I am directed by the Commission to require you to file tariff proposals **on or before 23.02.2017** and in default, the Commission will act suo moto for determination of the tariff for FY 2017-18 in accordance with the directions of the Hon'ble Appellate Tribunal for Electricity in O. P. No. 1 of 2011 based on information available with the Commission in the form of ARR / FPTs for FY 2015-16 and FY 2016-17 and ARR for FY 2017-18. The Commission will reckon the information filed by licensees after commencement the suo moto proceedings for determination of the retail supply tariff for FY 2017-18".

1.7 Though the TSDISCOMs did not file tariff proposals by 23-02-2017, the Commission did not initiate any action suo moto to commence tariff determination process for the FY 2017-18. The Commission should have gone ahead with suo motu process as indicated in the above Circular.

1.8 Following the Clause 8.1 (7) of the National Electricity Policy 2016 quoted in the above Circular the Commission has to see that “any gap on account of delay in filing should be on account of licensee”.

1.9 The Commission has to see that from the coming financial year the TSDISCOMs file the tariff proposals in full in time.

Estimates on electricity Needs

2.1 Power requirement estimate for 2017-18 is higher than previous years' experience. Both DISCOMs in Telangana projected high growth rates in electricity consumption during the ensuing financial year 2017-18. SPDCL attributed this growth to additional power required for water grid, Hyderabad Metro Rail, 9 hour power supply to agriculture pumpsets and new lift irrigation schemes. Similarly, NPDCL also attributed this growth to additional power required for water grid, 9 hour power supply to agriculture pumpsets and new lift irrigation schemes. While SPDCL estimated growth rate of 9.42% NPDCL arrived at 12.05% growth rate in electricity consumption under its area. Further, NPDCL also estimated 26.16% growth rate in electricity consumption by HT services compared to 8% growth rate during the previous year. During the preceding year (2016-17) growth in consumption under SPDCL is less than 33% of this. In the case of NPDCL it was less than 60% the expected growth during 2017-18. This historical experience demands a relook at the consumption growth estimated by both the DISCOMs.

2.2 Out of 54,756 MU of being procured in the state of Telangana 12,907 MU will be supplied to agriculture wells. In other words LT agriculture will be accounting for 23.57% of the power consumption in the state. In the case of TSSPDCL agriculture wells will be accounting for 19.89% of electricity consumption and in the case of TSNPDCL it will be 32.25%. Despite such significant consumption by this sector the basis on which this consumption is estimated still raises many doubts.

2.3 Both the DISCOMs failed to integrate information that ground water levels have already declined and as a result per day electricity consumption in the State declined from 160 MU to 130 MU.

2.4 There is apprehension that T&D losses are being shown as agriculture consumption and that subsidy is going to support inefficient functioning.

T&D losses

3.1 T&D loss levels in both the DISCOMs continue to be high.

3.2 Distribution/commercial losses in Hyderabad South Circle continue to be more than 40%.

Energy efficiency

4.1 The Telangana State government has entered in to an agreement with the central government to implement Power for All programme. This includes energy conservation and energy efficiency interventions. Both the DISCOMs in Telangana have launched several energy efficiency initiatives. This programme targets to replace 19.4 lakh pumpsets with star rated energy efficient pumpsets. About 20,000 pumpsets are expected to be replaced in 2016 and will be completed by 2021. Under DELP segment all households in the state will be provided two LED bulbs.

Implementation will start this year with coverage of 20 lakh households. All households will be covered by 2019. Energy savings from these schemes shall be taken in to account while arriving at the total quantum of power needed in the state.

4.2 These energy efficiency initiatives will impact expenditure and revenues of the DISCOMs. All information related to these programmes shall be shared with the public. These shall be cleared by the Commission after holding public hearings as being done in the neighbouring state of Andhra Pradesh.

4.3 From the information provided it is clear that surplus from all sources is higher than that available from market sources. This implies that there is no need for procurement from market at all. Even without market purchases there will be surplus during the two months when demand will be high.

4.4 At some places in ARR it is mentioned that the DISCOMs may go in for purchases from the market if need arises: **“Bilateral/Inter-State purchases:** The licensee has not proposed any additional purchase of power through bilateral/ inter-state purchases for the FY 2017-18. However licensee may opt for procurement of power during specific days/ month depending on demand to ensure the stability of the grid and also to ensure uninterrupted power supply to all categories of consumers in the State.” (TSSPDCL, p. 39)

Electricity Tariff

5.1 In the tariff proposals filed by the TSDSCOMs the Commission was requested to retain the tariffs as per the Tariff order of FY 2016-17. Through these proposals they also proposed changes to some consumer categories.

5.2 But these filings did not mention the revenues at current tariffs and categories and revenues at the current tariffs and the proposed changes to the consumer categories. Without this information it will not be possible to have an idea whether the current tariffs will be enough to recover ARR. Whether there will be enough to fill the revenue gap. According to TSDISCOMs filings total ARR for FY 2017-18 stands at Rs. 31,930.45 Crore.

Electrical accidents

6.1 One of the important reasons for the electrical accidents in the state is lack of proper maintenance of electrical network that is resulting in snapping of conductors and distribution transformer blow outs. Age old electrical poles and conductors are not being replaced as required. This is resulting in sagging and snapping of conductors which have become death traps.

6.2 At the same time it is not to deny the importance of creating awareness among electrical consumers, particularly farmers in the state about precautions to be taken. They have to keep the electrical appliances in their premises in order. This can be effectively done when DISCOMs keep their house in order. Those who preach have to practice it first. Is not it?

6.3 The Commission shall institute a study to understand the electrical accidents taking place in the state and formulate action plan to eliminate such incidents. Safety audit, especially of rural distribution by DISCOM or by third party will help to understand the source of the problem and plan measures to reduce accidents. Detailed reports on accidents (location, cause etc), analysis and discussion on them will help to

understand where accidents happen (which geographical areas and what part of electrical network) and also possible root causes. Study of construction and operational issues like quality of material, earthing, platforms for DTs, fault clearing etc., which lead to accidents is also important.

Requesting the Commission:

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