

March 28th 2017

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The Secretary,
Telangana State Electricity Regulatory Commission,
5th floor, Singareni Bhavan, Red Hills, Hyderabad 500004

Lr. No. 94/CREDAI HYD/2016-17, dated October 21, 2016

Respected Sir,

Subject: Representation regarding power tariff for the construction sector

CREDAI, Confederation of Real Estate Developers' Association of India, is a national apex body of private real estate developers, headquartered in Delhi, with a membership of 11,500, spread over 23 State Federations and 153 City Chapters across the country. CREDAI Hyderabad, an important and a major city chapter in the state of Telangana, has more than 200 members and contributes to more than 80% of the real estate development in the fast-growing Hyderabad city.

Sir, we have received representations from our members expressing concern that they were given or are being given power connections under "Temporary Supply" category, though such stipulation is not made in the Tariff Order. In the absence of a power tariff, the right thing to do for the DISCOMs is to seek clarification of the Hon'ble Commission, instead of imposing wrong power tariff on the Real Estate developers and builders. This treatment violates the principle and sanctity of Tariff Order.

In this respect we would like to quote the observations made by the Hon'ble Telangana State Electricity Regulatory Commission, in para 24 of its orders passed on August 4, 2016, in respect of O. P. No. 90 of 2015. The para 24, of the Order of the Hon'ble Commission is reproduced below.

"We notice from the provision extracted in the tariff order for the year FY 2010-2011 that this stipulation of providing temporary connection is inserted, but a subtle distinction is made about the type of consumers and the nature of use. The temporary connection has to be given on the request of the consumer only in any of the existing categories, that is, HT I to HT VI but not at the discretion of the licensee, as the tariff is determined by the Commission. The construction activity connection cannot be said as a temporary connection and nowhere it is defined in the Tariff Order."

It is for this reason we are approaching the Hon'ble Commission to seek redressal, to set right the erroneous categorisation and seek judicious fitment of power tariffs to real estate consumers from among the available tariffs in The Tariff Order.

CREDAI HYDERABAD

Member: Confederation of Real Estate Developer's Association of India, Telangana
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MEMBER (7) PESHU
No : 234
DATE: 03.04.2017

CHAIRMAN
No : 234
DATE: 3/4/17

A.O
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To determine what is the nature of construction activity and its usage of power, we place below some of the salient features of the Real Estate Sector before the Hon'ble Commission for consideration.

1. The power requirement for construction activity is for more than 6 months and is up to 6 years, with a re-validity of 2 years, as evident from the Rule for issue of Building Permissions under G.O. Ms. No. 7, dated 5.1.2016, Amendment 18. (Copy enclosed for reference).
2. The temporary category, under clause 7 (1) (a) is meant only for consumers whose power requirement is for 6 to 12 months and it is not meant for consumers whose equipment is for more than 12 months going up to 6 to 8 years.
3. By arbitrarily imposing wrong tariff on the consumers the DISCOMs are violating the Tariff Order.
4. The Real Estate supports and creates demand for 300 and odd industries, such as steel, cement, electricals, sanitary ware, paints, furniture, lifts, doors and windows, and a host of other products. Further, it is the second largest employer after the agriculture, having higher multiplier effect on the economy, with a high income multiplier of 4.71 and high employment multiplier of 7.6. Further, for every rupee invested in the real estate activity creates assets worth 0.78 rupees, consequently adding to the GDP. The Real Estate contributes about 8% to the GDP.
5. To further support our submission with regard to the importance and nature of the Real Estate Sector, we quote the preamble given in the G. O. Ms No. 7, dated 5.1.2016, which clearly reflects the importance of this Sector. (The GO is enclosed for reference)

“After the formation of State of Telangana various Real Estate development agencies have been representing to the Government that some of the existing building rules framed by the State are not conducive to reach the real estate growth potential of urban areas in the State. They therefore requested in the interest of and to facilitate ‘Ease of Doing Business’ to simplify the existing building rules, give some concessions and remove certain bottle necks in the existing building rules to promote investment in Real Estate Sector in the State of Telangana.”

“Government after careful examination of the matter have felt that there is a need to take some steps to reform real estate sector in ‘Ease of Doing Business’ to encourage this sector to provide employment and economic growth. Therefore, to encourage the real estate sector to provide employment and economic growth Government hereby issues the following amendments to the Building Rules 2012.”

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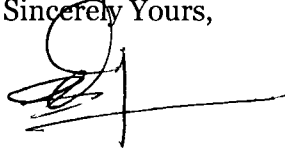
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6. From the foregoing explanation it can be seen that the nature of the power use of the Real Estate consumers closely resembles to that of Industry categories, namely LT III for LT consumers and HT I & HT II for HT consumers.

In view of our above submissions, we request the Hon'ble Commission to correct erroneous treatment of the construction activity as Temporary Activity, and request to consider LT III Industry category for those seeking LT connection and HT I or HT II Category for those seeking HT connection, since, the Real Estate Sector closely relates to Industry. We request the commission to intimate us about the public hearing, so as to represent our case.

Looking forward to favourable consideration of our representation, we remain with Respects to the Hon'ble Chairman and the Commission,

Sincerely Yours,



S. Ram Reddy,
President

Enclosures: G.O. Ms. No. 7, dated 5.1.2016

- CC: 1. CMD, Southern DISCOM of Telangana State
2. CMD, Northern DISCO of Telangana State

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