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Ex- Chief General Manager (HRD)

The Singareni Collieries Company Ltd., A.P.

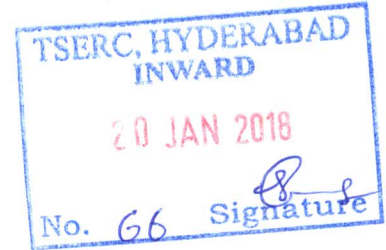
To.

Ref. pcks 1801/19

Date: 19-01-2018

TO

The Chief General Manager,  
(COMM & RAC),  
Corporate Office, TSNPDCL,  
Ground floor, Mint. Compound,  
Hyderabad – 500063.



Sub:- Proposal for upward revision of electricity tariff in TSSPDCL & TSNPDCL.

Ref:- i) Your advt. in newspaper on Tariff revision. Eenadu Telugu daily 28/12/17 P2

ii) Our letter No. 170512 dated 12-05-2017.

This letter is a follow up for my letter cited above, (~~enclosed as annex I~~). The performance can be improved. A review may help revision of Tariff for the FY 2020-21, but not before. Hence, I disagree with the new Tariff structure cited above for the FY 2018-19.

*P. C. K. Sharma*

P.C.K. SHARMA

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Waddepalli, HANMAKONDA - 506 370, Dist. Warangal (A.P)

Via. Kazipet Jn. (Sc.Rly), Courier - DTDC (Hanamkonda)

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## REPORT TO TSERC

1. According to one news item (The Hindu dated 29/12/2017 P13), the gap between cost and revenue has narrowed by Rs.0.17/ kwh during the FY 2016-17. (Financial year) It is a good achievement.
2. Sixteen states have increased tariff for the FY 2016-17 and thirteen states didn't increase. Telangana State finds place in second list viz. no increase in tariff category. It is a commendable record. The state govt. and the managements of TSNPDCL and TSSPDCL can be congratulated on this performance. If they continue this pace of improvement, they can cross some more milestones in forward movement.
3. Some acts, rules and regulations are quoted below to guide the action plan for further improvement. If implemented the TSNPDCL and TSSPDCL can be role models and move into top 5 discoms in India. Industries will come up and the subsidy burden on the state govt. can come down.
4. 4.0 Important Acts, rules and regulations for implementation.
  - 4.1 (P 235) Trading Margin (Regulation 2 of Notification No. 1-7/25 (5) 2003 – CERC dated 23.01.2006) as per central Electricity Regulatory Commission Regulations 2006, shall not exceed four (4.0) paise/kwh on the electricity traded, including all charges, except the charges for scheduled energy, open access and transmission losses. Electrical energy prices have declined. Hence any proposal to increase needs critical examination.
  - 4.2 (P42) section (1) The Electricity Act 2003 (Section 42). It shall be the duty of a distribution licensee to develop and maintain an efficient, coordinated and economical distribution system in his area of supply and to supply electricity as per the Electricity Act 2003.
  - 4.3 P43. S42(2) Surcharge and cross submission shall be progressively reduced in the manner as may be specified by the state commission.
  - 4.4 P (43). S(42) (2) The State Commission (TSERC) shall, not later than 5 years from the date of commencement of the Electricity amendment Act, 2003 by regulations, provide such open access to all consumers who require a supply of electricity where the maximum power to be made available at any time exceeds one MW (viz by 10-6-2008). Examples in Telangana State ITC, Singareni Collieries. (with > 1 MW demand)

4.5 P(47) S51(1) A distribution licensee may, with prior intimation to the appropriate commission, engage in any other business for optimum utilisation of its assets.

4.6 P(49) S5(1) No licensee shall supply electricity, after the expiry of two years from the appointed date (10<sup>th</sup> June 205), except through installation of a correct meter in accordance with regulations to be made on behalf of the authority.

4.7 P(51) (Section 61 b, c, d) The electricity Act 2003 the appropriate Commission (TSERC) shall specify the terms and conditions for the determination of tariff, and is doing so, shall be guided by the following (a to i). only b to d are listed below.

b) The generation, transmission and distribution and supply of electricity are conducted on commercial principles.

C) The factors which would encourage competition, efficiency, economical use of the resources, good performance and optimum investments.

d) Safeguarding of consumers interest and at the same time recovery of the cost of electricity in a reasonable manner.

5. The Phrase ARR (Additional Revenue Requirement) conveys unfair meaning. It is not found in the standard terminology of ICAI, ICWA or ICS why not we use the following method

$$\text{Sale price} - \text{Operating cost} = \text{Surplus (+) or deficit (-)}$$

The TSERC can direct Discoms as per the section 62(5) of the electricity Act 2003. Guidelines for payment of subsidy, if any, by the state govt. are given in section 65 of the electricity Act 2003.

6. Some excerpts are given below from the article “power purchases in A.P. and Telangana” (by Sri. M. Venugopala Rao. Sr. Journalist, FAPCCI Review, Sept. 30, 2017 P23 to 26)

6.01 (P23) TSERC in its tariff order for 2017-18 allowed no market purchases against 2.796.3mu claimed by the Discoms, They Purchased 3.938.77 MU from 27.5.2016 to 27.5.2017 at an average rate of Rs. 4.79 Per KWH. Again, for the month of July 2017, the TS discoms have purchased 14.10 MU @ Rs. 3.76 Per Kwh.

6.02 (P24) During the FY 2017-18, the A.P. Discoms in their annual submissions to the commission, have proposed to sell surplus power to the tune of 2208MU @ Rs. 2.79 per kw. As per A.P. reorganisation Act, Telangana and A.P. have the first sight of refusal to

purchase surplus power from each other. Telangana Discoms are purchasing power in the market and exchanges at relatively higher costs.

6.03 (P24) The average cost per kwh of nonconventional energy by A.P. disoms is Rs. 4.76 and by TS discoms it is Rs. 5.08/ kwh for the FY 2017-18.

6.04. (P 25) The TS Discoms are purchasing 570mw from the second unit of the Thermal power tech. corporate (TPCIL) by paying a fixed cost which is higher by Rs. 0.82 per kwh compared to fixed cost under an existing PPA.

6.05 (P25) APERC took the initiative as a result of which NTPC agreed to reduce the tariff from Rs. 6.16/kwh to Rs. 5.96/kwh.

6.06. (P25) The pro consumer initiatives taken suo- motu by SERCs of Gujarat and Karnataka, restraining their Discoms not to enter into PPAs with wind power developed to buy power at a tariff higher than Rs. 3.46 and Rs. 3.61 per kwh, respectively and emphasising on the need for following competitive bidding.

#### 7. Efficiency and performance (Section 61e of the electricity Act 2003)

e) the principles rewarding efficiency in performance.

There can be reward (incentive) schemes to those who are successful in achieving cost reduction. Such schemes should be limited to outcomes but not to inputs like attendance, material supply etc.

8. Central Advisory Committee (CAC) (Section 81 of electricity Act 2003). There are five (5) objectives i) to v) in this section only iv) & v are reproduced below
- iv) Protection of consumer interest.
  - v) Electricity supply and overall standards of performance by utilities.

The CAC can assist the TSERC in this endeavour.

9. (P71) Functions of State Commission (Section 86 of the electricity Act 2003). It is a long list but only two function (P71) 86 (1 b) and 86 (2 i) are reproduced below.

9.01 Section 86(1b) (Page 71) Regulate electricity purchase and procurement process of distribution licenses including the price at which electricity shall be procured from the generating companies or licenses or from other sources through agreements for purchase of power for distribution and supply within the state.

9.02. Section 86(2i) Page 72. The State Commission shall advise the state government on all or any of the following matters namely promotion of competition, efficiency and economy in activities of the electricity industry.

#### 10. Other Statutory bodies

There are some authorities to intervene under the following statutes.

- i) Consumer Protection Act 1986
- ii) Energy Consumption Act 2001
- iii) Competition Act 2002

Some PSUs had to face them last year (2017).

#### 11 Energy Cost

11.01 Now elec energy cost is a significant component. Entrepreneurs want to have competitive advantage. The surcharge needs a thorough review or announce time frame to phase out.

11.02 Kindly fix the datum level for domestic charges to prevent misuse or corruption. Better to introduce incentive scheme for energy savers. There can be favouritism and corruption to include some connection in the group LT'IA'

11.03 Prior to using the electrical pumps, farmers were using bullocks to raise water for fields in 4 to 8 hours in a day. There is scope for energy wastage in the 24-hour supply. Hence some steps are needed to control wastage in 24 hours supply. Some benefit or incentive scheme can be introduced for farmers fixing meters for their pump sets.

11.04 T&D losses of T Transco have to come down further by at least 1%. They should be limited to 11% during 2018-19.

12. For improvement of performance and reducing losses two exercises are needed.

- i) Energy audit by certified energy auditors
- ii) Action plan by any management consultants.

Some names are suggested below.

Energy Audit: - Any consultancy firm having certified energy auditors on roll.

For action plan any of the following four to be contacted.

- i). National productivity council, New Delhi
- ii) NITIE National (Institute of Industrial Energy's Mumbai)
- iii). Consultancy firms approved by the power finance corporation New Delhi.
- iv). Indian Institution of Industrial Engineers' Mumbai.

## 13 Concluding Summery

13.01. preceding paragraphs give an idea about the backlog in implementation of statutes. States will be monitored and the progress will be compared by central authorities like CERC, Central electricity authority and Bureau of energy efficiency. (BEE)

13.02. Benefits of reforms and performance improvement have reached common man in civil aviation and Telecom With similar efforts power sector also can achieve cost reduction. The benefits can be shared with common man. Relevant information is available of the “National Power Portal” (NPP). It can be accessed at <http://npp.gov.in>. The nodal agency for implementation of NPP and its operational control is CEA (central Electricity Authority). Open access for consumers can contribute significantly.

13.03 If required, an action plan can be submitted after public hearing about the following activities.

i) Manpower plan

ii) Bench marking of performance

- i) Incentive scheme for energy savers
- ii) Installation of meters in agriculture
- iii) Towards ‘Zero subsidy’
- iv) TSNPDCL & TSSPDCL in top five (5) discoms of India by April 2020.

**P. Chandrakanth Sharma**

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EX-

Adjunct Faculty: National Institute of Technology ( Warangal)  
Ex- Chief General Manager (HRD)  
The Singareni Collieries Company Ltd., A.P.

To.

pck Ref. 18/0119

Date: 19-01-2018

1) Name & full address of the objector

1. P. Chandra kanth Sharma  
Consultant & Advocate,  
1-1-259/101/A,  
P.G.R. lake view Towers,  
NIT-KUC Bypass, Waddepally,  
Hanamkonda 506370  
Dist. Warangal (urban), Telangana

2) objections

2 i) electrical energy prices are declining significantly. Hence, increase in Tariff seems unreasonable.  
ii) Follow the guidelines of central govt.

3) objections on the proposals of TSNPDSL

3) Entrepreneurs may be apprehensive on operating cost of the start ups. It will effect employment also. Why surcharge?

As decided by the TSERC.

4) Personal presentation.

Copy enclosed.

5. Acknowledgement Receipt

P. Sharma  
19/1/18

## Receipt

Received the letter no.  
PCKS ~~180119~~<sup>180119</sup> dated 19-01-2018 from  
Sri P.C.K. Sharma, consultant & Advocate,  
Hanamkonda, (cell no 9390036900) &  
Email id pcksharma@gmail.com

M. Sree (C.O)

Signature 19/1/18

Name Sandhya Devi

O/O G.M (IPC & RAEC)