



भारतीय राष्ट्रीय राजमार्ग प्राधिकरण

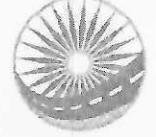
(सडक परिवहन और राजमार्ग मंत्रालय)

National Highways Authority of India

(Ministry of Road Transport & Highways)

Project Implementation Unit

Plot No. 65, Kothari Layout, Venkatesh Nagar,
GULBARGA - 585 102 (Karnataka State)



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No. NHA/PIU-GLB/NH-65/2025-26/ **1631**

Date: 19.01.2026

To

The Chief Engineer (RAC),

Southern Power Distribution Company of Telangana Limited ("TGSPDCL")

Corporate Office, 1st floor, 'A' block,

Mint Compound, Hyderabad-500063

Sub: Submission of suggestions by NHA on the Revised ARR, FPT and CSS proposed for FY 2026-27 for their Retail Supply Business (petition filed by TGSPDCL and TGNPDCL for approval in O.P. Nos. 80 and 79 of 2025) – Request to Restore Power Connections for the Street Lighting provided on the National Highways under the Tariff Category "LT-VI(A): Street Lighting" – Reg.

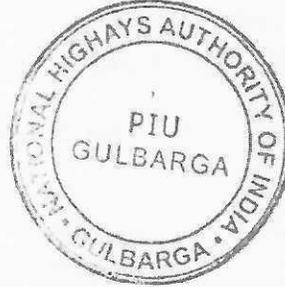
Ref: Public Notices dated 08.01.2026, published in the Deccan Chronicle and New Indian Express

Respected Sir / Madam,

We write on behalf of the National Highways Authority of India ("NHA") to submit our suggestions in O.P. Nos. 80 and 79 of 2025 ("Tariff Petitions") filed by Southern Power Distribution Company of Telangana Limited ("TGSPDCL") and Northern Power Distribution Company of Telangana Limited ("TGNPDCL") (collectively "Telangana Discoms") for approval of Revised ARR, FPT and CSS for FY 2026-27, in response to the Public Notices dated 08.01.2026. The detailed submissions on behalf of NHA are enclosed to this letter for your kind consideration please.

Further, NHA also wishes to make its submissions in person during the Public Hearing scheduled on 07.03.2026 (for TGSPDCL) from 10:30 hrs and for this purpose, authorised representatives of NHA would be present in the said Public Hearing.

Thank you for the opportunity.



Your faithfully,

Yashwanth
For I/c. Project Director
PIU – Kalaburagi, NHA

Encl: Submissions/Objections to the Revised ARR, FPT and CSS filed by TGSPDCL & TGNPDCL for FY 2026-27 (No. of Pages-18) along with Annexures.

Copy to:

- ✓ The Secretary, Telangana Electricity Regulatory Commission (TGERC), Vidyuth Nyantran Bhavan, G.T.S. Colony, Kalyan Nagar, Hyderabad – 500 045, Telangana, E-mail: secy@tserc.gov.in
2. Regional Officer, NHA, Bengaluru

TGERC HYDERABAD INWARD	
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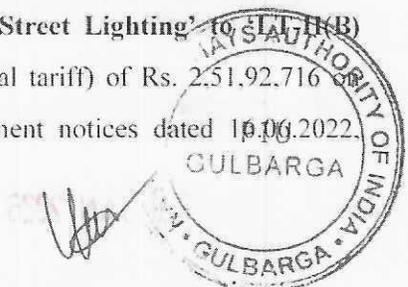
SUBMISSIONS AND OBJECTIONS BY NATIONAL HIGHWAYS AUTHORITY OF INDIA (NHAI) TO O.P. NOS. 79 & 80 OF 2025 FILED BY TELANGANA DISCOMS FOR DETERMINATION OF REVISED ARR, FPT AND CSS FOR FY 2026-27 FOR RETAIL SUPPLY BUSINESS.

I. CONSPECTUS

1. The National Highways Authority of India ("NHAI") is filing the present submissions/ objections to O.P. Nos. 79 and 80 of 2025 filed by the Northern Power Distribution Company of Telangana Limited ("TGNDPCL") and Southern Power Distribution Company of Telangana Limited ("TGSPDCL") (collectively "Telangana Discoms") for determination of Revised Aggregate Revenue Requirement ("ARR") and Tariff Proposals for retail supply business for FY 2026-27 (collectively "Tariff Petitions") and Public Notice dated 08.01.2026 inviting objections / suggestions on the said tariff petitions.
2. NHAI is an autonomous agency of the Government of India, established under the Ministry of Road Transport and Highways and is inter-alia responsible for the development, maintenance, and management of the National Highways network in India.
3. NHAI had awarded the work of development and operations and maintenance of four laning of Maharashtra-Karnataka Border to Sangareddy section of NH-65 (Old NH-9), which passes through the State of Telangana. The work has been completed, and the said stretch of the National Highway is operational. To ensure safety of the people, NHAI has installed street lighting along the project highway. To avail electricity supply for the street lighting on the Highway, NHAI availed electricity supply from TGSPDCL and the applicable tariff category for electricity supply to streetlights on highways was **LT-VI(A) – Street Light Category**, as under: -

S.No.	Division	Sub-Division	Section	No. of services
1.	Sangareddy	Sangareddy	Sangareddy Town-2	1
2.	Sangareddy	Sangareddy	Sangareddy Rural	1
3.	Sangareddy	Sadasivpet	Sadasivpet	6
4.	Sangareddy	Sadasivpet	Munipally	2
5.	Sangareddy	Sadasivpet	Sadasivpet Rural	2
6.	Zaheerabad	Zaheerabad-Town	Zaheerabad- Town	3
7.	Zaheerabad	Zaheerabad- Town	Zaheerabad- Rural	2
8.	Zaheerabad	Zaheerabad- Town	Kohir	3
9.	Zaheerabad	Zaheerabad- Town	Mannapur	4

4. However, *vide* Office Memorandum dated 22.04.2022, TGSPDCL has unilaterally changed the category for the above power connections from '**LT-VI (A) Street Lighting**' to '**LT-VI(B) Commercial**' and levied back-billing charges (i.e., Commercial tariff) of Rs. 2,51,92,716 on NHAI, retrospectively from 27.11.2017 onwards *vide* assessment notices dated 10.06.2022.



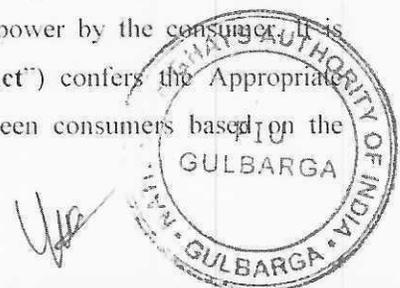
20.06.2022, 21.06.2022 and 06.07.2022. Copies of certain Assessment Notices are annexed as **Annexure A-1.**

5. *Vide* letters dated 03.06.2022, 27.06.2022 and 05.11.2024, NHAI has requested TGSPDCL for maintaining the tariff category for Street Lighting for National Highways as 'LT-VI(A) Street Lighting'. However, TGSPDCL disconnected the HT power supply to the Toll Plaza at Kamkole Village, Sangareddy District at around 23:00 hrs on 08.07.2022. The supply was restored only after two hours and solely upon NHAI's assurance of payment of back-billing charges. Accordingly, NHAI was forced to pay the back-billing charges of Rs. 2,51,92,716/- in full under protest on 27.07.2022. Copies of NHAI's letters dated 03.06.2022, 27.06.2022 & 05.11.2024 to TGSPDCL are annexed as **Annexure A-2.**
6. Notably, NHAI had earlier placed its comments and objections regarding the non-inclusion of *Street Lighting on National Highways* under the LT-VI(A) Street Light tariff category by the Telangana Discoms in O.P. Nos. 21 and 22 of 2025 and had also made detailed submissions during the public hearing conducted on 21.03.2025 in O.P. No. 21 of 2025. While considering the said issues, this Hon'ble Commission, in its Tariff Order dated 29.04.2025 passed in O.P. Nos. 21 and 22 of 2025, was pleased to grant liberty to NHAI to file a separate petition on the issue of street lighting on National Highways and its appropriate treatment under the applicable tariff categories.
7. Pursuant thereto, NHAI filed O.P. No. 52 of 2025 seeking, *inter alia*, a declaration that streetlights on National Highways fall under the LT-VI(A) Street Light tariff category. Pertinently, O.P. No. 52 of 2025 has been reserved for orders by this Hon'ble Commission.
8. Basis past practices of TGSPDCL and in view of the fact that the issue has not attained finality, it appears that Telangana Discoms will consider Street lighting on National Highways under 'LT-II (B) – Non-Domestic / Commercial' category. Accordingly, NHAI is constrained to submit their comments / objections *qua* non-consideration of 'Street Lighting on National Highways' under the "LT-VI (A) Street Light" category in O.P. Nos. 79 and 80 of 2025 so that the issue of correct tariff categorisation of street lighting on National Highways is appropriately examined and addressed by this Hon'ble Commission while determining the applicable tariffs for retail supply business of the Telangana Discoms.

II. SUBMISSIONS

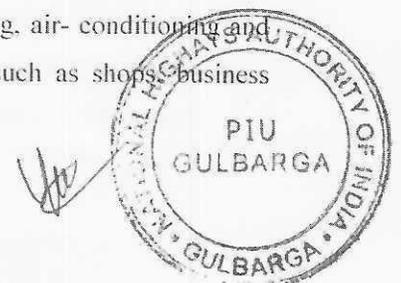
A. *Categorisation of consumer is based on the purpose for which electricity supply is required*

9. In terms of the Electricity Act and the enabling regulations, categorisation of consumers is primarily based on nature and purpose of the consumption of power by the consumer. It is submitted that Section 62(3) of the Electricity Act, 2003 ("Act") confers the Appropriate Commission with the power to classify and differentiate between consumers based on the



consumer's load factor, power factor, voltage, total consumption of electricity during any specified period or the time at which the supply is required or the geographical position of any area, **the nature of supply and the purpose for which the supply is required.**

10. Clause 94.1 of the Telangana State Electricity Regulatory Commission (Multi Year Tariff) Regulations, 2023 ("**TSERC MYT Regulations**") confers the same power to this Hon'ble Commission. In terms of Clause 94.1, this Hon'ble Commission may categorize consumers on basis of different parameters such as load factor, consumption, voltage, nature and purpose of supply. Further, in terms of Clauses 94.2 and 94.3 of the TSERC MYT Regulations, the distribution licensee is required to submit consumer category-wise and voltage-wise Cost of Service in its Petition for determination of retail supply tariff and this Hon'ble Commission is required to determine the Full Cost tariffs for retail sale based on such proposal of the distribution licensee.
11. Evidently, in terms of Section 62(3) of the Act and Clause 94.1 of TSERC MYT Regulations, one of the tests of categorization / classification of a consumer in different / distinct tariff categories is based on the nature and purpose of usage of supply by such consumers.
12. As per Clause 94.3 of the TSERC MYT Regulations, Telangana Discoms submitted their proposal for category-wise retail tariff before this Hon'ble Commission for approval. In terms of the proposed retail tariff schedule, Street Lighting on National Highways have not been categorized under '**LT-VI (A) Street Light**' category and it appears that Telangana Discoms will consider Street light on National Highways under '**LT-II(B) Non-domestic / Commercial**' category owing to no specific reference to the street lights provided for public on National Highways.
13. It is submitted that in terms of this Hon'ble Commission's Tariff Order dated 29.04.2025 passed in O.P No. 21 of 2025 and 22 of 2025 on revised ARR and Retail Supply Tariffs for Retail Supply Business for FY 2025-26 ("**Retail Tariff Order dated 29.04.2025**") and Tariff Order dated 28.10.2024 on ARR for Retail Supply Business for 5th Control Period and Retail Supply Tariffs for FY 2024-25 ("**Retail Tariff Order dated 28.10.2024**"), '**LT-II Commercial Category**' is applicable to the following:-
 - (a) A consumer who undertakes commercial activity;
 - (b) A consumer who undertakes non-domestic activity;
 - (c) A consumer who does not fall under any other LT category i.e., LT-I, LT-III to LT-IX categories.
 - (d) Consumers who avail supply of energy for lighting, fans, heating, air-conditioning and power appliances in Commercial or Non-Domestic premises such as shops, business



houses, offices, hotels, clubs, restaurants, theatres, warehouses, godowns, storage units or of such similar nature:

(e) Educational institutions run by individuals, Non-Government Organizations or Private Trusts including student hostels of such educational institutions.

14. Further, the sub-category LT-II(B) is applicable to such non-domestic/commercial consumers having consumption above 50 units per month.

15. In terms of the above, it is evident that LT-II category is applicable to premises which:

- (a) Use electricity at low voltage in non-domestic or commercial premises.
- (b) Such usage of electricity is for commercial consumption meant for operating various appliances, and
- (c) Usage of electricity for operation of various appliances is for purposes such as lighting, heating, cooling, entertainment /leisure, etc.

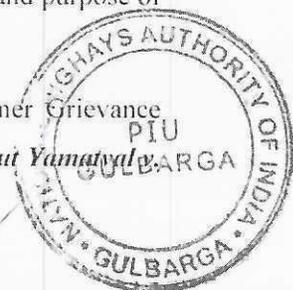
Hence, it is only if the premises is used for consumption of electricity for appliances, motor pump, heating elements, or commercial use, can it be said to fall under the 'LT-II Commercial' category. In other words, the genus, or the common thread running through all the entries in LT- II category, is that they are premises where electricity is consumed for a commercial purpose.

16. 'Commercial use' would mean the use of certain mercantile products, tools or intellectual property for financial gain. It is only if street lighting on National Highways are used for commercial purpose, i.e., to make financial gain, can its classification under LT-II Commercial category be justified.

A1. Object of Street Light on Highways is to ensure Public Safety

17. It is pertinent to note that object of providing lighting at National Highways is to ensure public safety and avoid accidents. Provision of lighting at places such as service roads, bus bays, major bridges, junctions, etc., on highways is evidently not for any commercial purpose, nor can such lighting be equated to consumption of electricity for operating various appliances used for commercial purposes such as cooling, cooking, washing etc. Accordingly, street lighting on National Highways cannot be categorised under the LT-II Commercial category. Such categorization runs contrary to Section 62(3) of the Electricity Act and Clause 94.1 of the TGERC MYT Regulations 2023 which states that categorization / classification of a consumer in different / distinct tariff categories by the Hon`ble Commission is to be based on the nature and purpose of usage of supply by such consumers.

18. Notably, in terms of the Order dated 27.05.2022 passed by Forum for Consumer Grievance Redressal in Representation No. 12 of 2024 titled *M/s Dilip Buildcon Mayur Layout Yamataly*

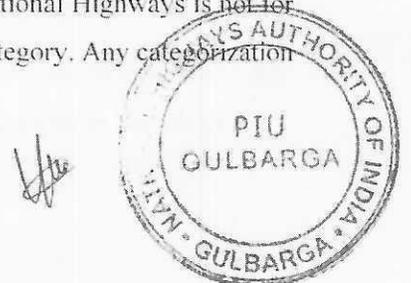


Executive Engineer MSEDCL, Yamatval Circle, I, it was held that National Highway is a public street. For electricity used in lighting of public streets or thoroughfares, the only requirement is that it should be open for use by the general public and it is not necessary that such use should be free of charge. Accordingly, levy of toll would not mean that the National Highway is not open for use by the general public. In this regard, the following is noteworthy: -

- (a) Hon'ble Appellate Tribunal for Electricity ("Hon'ble APTEL") in Judgment dated 09.09.2024 passed by Hon'ble Appellate Tribunal for Electricity in Appeal No. 230 of 2024 titled *M/s Dilip Buildcon Ltd. & Anr. v. MERC & Anr.* ("**Dilip Buildcon Judgement**") has held that collection of toll is a compensatory measure for construction of road and other associated infrastructural facilities and not for the purpose of gain / profit generation. It was further held that mere collection of toll would not bring streetlights in Commercial category since no commercial activity is being carried out.
- (b) The toll fee charged is only towards recovery of the costs incurred in the construction of such Highways and would not change the character of the streetlight from public function to commercial. In this regard, reliance is placed on: -
 - (i) Bombay High Court judgment dated 23.10.2023 in W.P. No. 7504 of 2022 titled *Maharashtra State Electricity Distribution Co. Ltd. v. DBL Mahagaon, Kinhi & Ors.* ("**DBL Judgment**") (Para 24-26) and
 - (ii) Hon'ble Supreme Court judgment in *MSK Projects (I) (JV) Ltd. vs. State of Rajasthan.* (2011) 10 SCC 573 (**Para 37**).

Copy of the *DBL Judgment* dated 23.10.2023 passed by Bombay High Court in W.P. No. 7504 of 2022), *MSK Projects (I) (JV) Ltd. vs. State of Rajasthan.* (2011) 10 SCC 573 and Dilip Buildcon Judgment dated 09.09.2024 passed by Hon'ble APTEL in Appeal No. 230 of 2024 are annexed as **Annexure A-3, Annexure A-4 and Annexure A-5**, respectively.

19. It is further submitted that from time to time, the District Administrative Authorities and local Police specifically urge NHAI to install lightings at different junction points on highways with the view to avoid accidents and ensure public safety. However, its categorisation under LT-II Commercial category would discourage NHAI to consider any such requests from the administrative authorities and local police. Copies of letters dated 06.11.2021, 04.03.2023, 10.10.2024, 07.01.2025 and 18.02.2025 from District Collector, Sub-Divisional Police Officer and Superintendent of Police, Sangareddy District to NHAI are annexed as **Annexure A-6**.
20. In view of the foregoing, it is submitted that since street lighting on National Highways is not for any commercial use, it cannot fall under the 'LT-II(B) Commercial' Category. Any categorization



of street lighting on National Highways under LT-II(B) category is arbitrary, unreasonable and contrary to the *DBL Judgement* and the *Dilip Buildcon Judgement*.

B. Hon'ble Bombay High Court and APTEL have already held that street lighting on National Highways shall be categorised under LT-VI Street Light Category

21. The Hon'ble Bombay High Court in the *DBL Judgment* and Hon'ble APTEL in *Dilip Buildcon Judgment*, while dealing with an identical issue with respect to categorisation of streetlights in highway have held that lighting on Highways is not for any commercial use, hence it cannot fall under the 'LT-II(B) Commercial' Category and it should be levied with Streetlight tariff. In this regard, the following is noteworthy: -

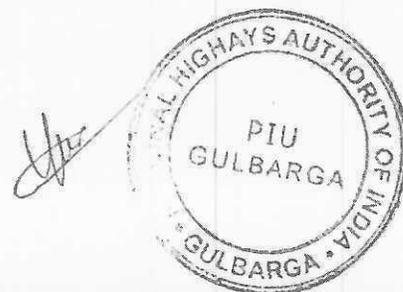
Re: DBL Judgment

22. In the *DBL Judgment*: -

- (a) DBL was the concessionaire incorporated solely for the purpose of executing the concession agreement with NHAI, and to discharge the obligations of the works provided therein i.e., four-laning of a road on hybrid annuity mode. DBL secured electricity connection for instalment of streetlights on the said road and it was granted under tariff LT-VI(A) category for the purpose of street lights on the national highway project.
- (b) However, MSEDCL made reclassification from LT-VI(A) category to LT-II(B) category and thereby made upward revision of electricity bills and collected amounts from DBL on account of re-categorisation.
- (c) Aggrieved thereby, DBL approached the Consumer Grievance Redressal Forum, Amravati ("CGRF") challenging the reclassification. The said representation came to be allowed directing the MSEDCL to retain the category of connection i.e. 'streetlight' category, and adjust the difference of amount collected from DBL by MSEDCL on account of reclassification.

23. The Hon'ble Bombay High Court upheld the direction of the CGRF and *inter-alia* held, as under:-

- (a) The usage of streetlights on National Highways is not for commercial reasons and is not meant to operate various appliances used for the purposes specified in LT-II, which was a pre-requisite to apply LT-II category i.e. the commercial category tariff.
- (b) The mere fact that streetlights were installed on over bridges and under bridges or at bus bay and bus shelter locations, built up sections on the project highways, does not mean that the use of electricity was for commercial consumption.



- (c) NHAI comes under the Ministry of Roadways under the Government of India: **the Highway is for the purpose of benefiting the general public at large, and the purpose of streets is not to earn profit but to provide connectivity and facilities to citizens of India.**
- (d) A huge investment was required for such construction of National Highways, and therefore toll was being collected; however, it would not make the activity commercial. **DBL was merely a concessionaire in respect of the project and its facilities, and did not exercise any proprietary, operational and commercial control over it.** Relevant extracts of the *DBL Judgment* are as under:-

"21. It is pertinent to note that, the street light category tariff i.e. LT-VI is applicable for the electricity used for lighting of public streets thorough fares which are open for use by the general public at Low/Medium Voltage and at High Voltage. Street lights in residential complexes, commercial complexes, industrial premises etc. will be billed at the tariff of the respective applicable categories.

22. Whereas, LT-II i.e. the non-residential/commercial tariff category is applicable for electricity used at Low/Medium voltage in non-residential, non-industrial and or commercial premises for commercial consumption meant for operating various appliances used for purposes such as lighting, heating cooling, cooking, washing/cleaning, entertainment/leisure and water pumping in, but not limited to, the premises enumerated under the said category.

23. Thus, it is apparent that the usage of electricity is relevant in the matter at the hand. It is not the case of the petitioner that the street lights are provided for the entire stretch of the highway. From the record, it can be seen that the street lights are provided at certain specific places like service roads, intersection of villages and towns. The photographs filed by the respondents along with the reply support the case of the respondent that the street lights are installed for use of local residents free of charge.

24. The petitioner has not pointed out anything to show that the usage is commercial which is meant for operating various appliances used for purposes of specified in LT-II, which is the pre-requisite to apply LT-II category i.e. the commercial category tariff.

25. The mere fact that street lights are installed on over bridges and under bridges or at bus bay and bus shelter locations, build up sections on the project highways, is not sufficient to arrive at a conclusion that the use of electricity is for commercial consumption. Similarly, the fact that the street lights are installed on certain highways is not sufficient to hold that it is for commercial consumption and not for the use of general public.

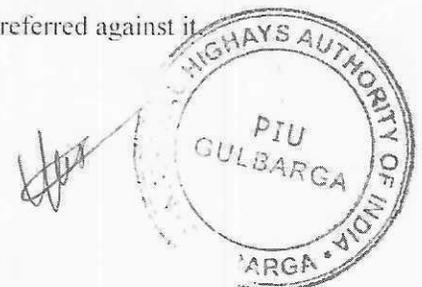
26. Moreover, the NHAI comes under the Ministry of Roadways under the Government of India. The highway is for the purpose of benefiting the general public at large and the purpose of streets is not to earn the profit but to provide connectivity and facilities to the citizens of India. A huge investment required for such construction of highways and therefore, the toll is being collected. However, it will not make the activity as commercial one.

27. Thus, I find substance in the submission of the learned counsel for the respondent that the respondent is merely a concessionaire in respect of the project and its facilities and do not exercise any proprietary, operational and commercial control over the project facilities"

[Emphasis Supplied]

The *DBL Judgment* has attained finality, as no appeal has been preferred against it.

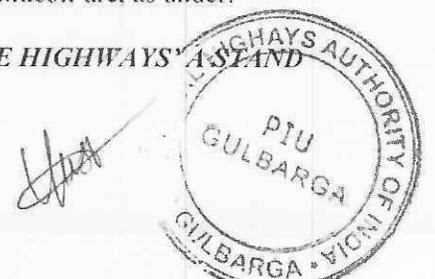
Re: Dilip Buildcon Judgment



24. The *DBL Judgement* was followed by the Hon'ble Appellate Tribunal for Electricity ("Hon'ble APTEL") in its Judgement dated 09.09.2024 in Appeal No. 230 of 2024 titled *M/s Dilip Buildcon Limited & Anr. vs. Maharashtra State Electricity Regulatory Commission & Anr* ("*Dilip Buildcon Judgement*"). The Appeal was filed against Tariff Order dated 31.03.2023 passed by Ld. MERC in Case No. 226 of 2022, to the extent that "*Toll collection Plazas including lightings on Express/ National/ State Highways*" was categorised under LT-II category meant for electricity supplied for non-residential and commercial purposes, as opposed to LT-VI category meant for street lights for local bodies, municipal bodies and other places/premises meant for public interest/open to the public for use free of charge.
25. Accordingly, the question of law framed by Hon'ble APTEL was "*Whether lighting on Express/ National / State Highway fall within LT-II Commercial Category?*" The Hon'ble APTEL *inter-alia* held, as under: -
- In terms of Section 62(3) of the Electricity Act enables and Clause 91 of the MERC (Multi Year Tariff) Regulations, 2019, the Appropriate Commission is empowered to classify consumers in distinct category basis the nature and purpose of supply by such consumer.
 - "Commercial use" would mean the use of certain mercantile products, tools or intellectual property for financial gain.
 - The genus, or the common thread running through all the entries in L.T.II category, is that they are premises where electricity is consumed for a commercial purpose.
 - Toll Collection Plazas are places/premises where toll is collected for the use of the Highway by different kinds of motor vehicles which can, possibly, be held to be a commercial activity. However, "lighting on National Highway", if disassociated with "toll collection plazas", would not fit in with other entries in L.T.II category, as the entire stretch of the National Highway would not constitute premises where commercial activity is carried on.
 - DBL Judgement* has already settled the issue *qua* streetlight on highways being under LT-VI Streetlight category.
 - Streetlights located on Highways should be treated under the "LT-VI Street Light" category and not under LT-II commercial category.
 - Streetlighting on the National Highway, other than those where some form of commercial activities are carried on in close proximity to the toll collection plazas, would therefore, not fall under LT-II category.

Relevant extracts of Judgement passed by Hon'ble APTEL in *Dilip Buildcon* are, as under: -

"IV. ARE 'LIGHTINGS ON EXPRESS / NATIONAL / STATE HIGHWAYS' ALONE CATEGORY?"



B. ANALYSIS

Section 62 of the Electricity Act relates to determination of tariff. Section 62(3) enables the Appropriate Commission to differentiate between consumers according to the consumer's load factor, power factor, voltage, total consumption of electricity during any specified period or the time at which the supply is required or the geographical position of any area, the nature of supply and the purpose for which the supply is required. Classification of consumers of electricity, on the basis of different parameters, is a power conferred on the Regulatory Commissions under Section 62(3) of the Electricity Act.

In the exercise of the powers conferred by clause (h), (i), (j), (l), (m), (o), (y), (zd), (ze), (zf), (zg), (zh) and (zp) of sub-section (2) of Section 181, read with the proviso to sub-section (1) of Section 36 and other provisions of the Electricity Act, the Maharashtra Electricity Regulatory Commission ("the MERC" for short) made the Maharashtra Electricity Regulatory Commission (Multi Year Tariff) Regulations, 2019 ("the 2019 Regulations" for short).

[...]

Clause 91 of the 2019 Regulations relates to determination of Retail Supply Tariff. Clause 91.1 (like Section 62(3) of the Electricity Act) enables the Commission to categorize consumers on the basis of their load factor, power factor, voltage, total consumption of electricity during any specified period or the time at which the supply is required or the geographical position of any area, the nature of supply and the purpose for which the supply is required.

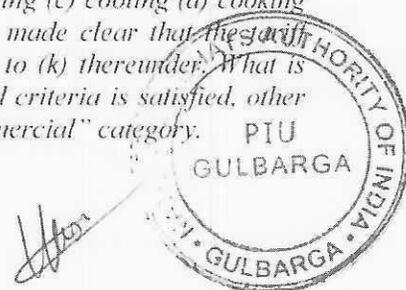
[...]

In the exercise of the powers conferred by Section 43(1) read with Section 181(2)(t) and other provisions of the Electricity Act, the MERC made the "Maharashtra Electricity Regulatory Commission (Electricity Supply Code and Standards of Performance of Distribution Licensees including Power Quality) Regulation 2021 (the "Supply Code" for short). Clause 1.5 thereof makes the Supply Code applicable to all Distribution Licensees and all Consumers in the State of Maharashtra. Regulation 2.2(l) classifies consumers into three broad categories (i) Low Tension Consumers (ii) High Tension Consumers and (iii) Extra High-Tension Consumers. Regulation 2.2(q) defines "Designated Consumers" to mean consumers using or engaged in the processes mentioned in the said clause, which includes Malls, Hotels, Banking etc. and which are connected at a supply voltage of 11 kV and above.

Regulation 14 of the Supply code relates to classification and reclassification of consumers into tariff categories and, thereunder, Distribution Licensees may classify or reclassify a consumer into various Commission's approved tariff categories based on the purpose of usage of supply by such consumers. Under the proviso thereto, the Distribution Licensee shall not create any tariff category other than those approved by the Commission i.e., the MERC.

The power conferred by Regulation 14 on a Distribution Licensee, to classify or reclassify a consumer, is subject to MERC having approved such tariff categories. Classification of consumers into distinct tariff categories must also be based on the purpose of usage of supply by such consumers. The test of classification/re-classification of a consumer, in different/distinct tariff categories, is the purpose for which supply of electricity is used by such a consumer.

As stated in the tariff schedule, "category LT-II : LT-Non-Residential or Commercial" is applicable to premises which (i) use electricity at low/medium voltage in non-residential, non-industrial and or commercial premises, (ii) such usage of electricity is for commercial consumption meant for operating various appliances, and (iii) usage of electricity for operation of various appliances is for purposes such as (a) lighting, (b) heating (c) cooling (d) cooking (e) entertainment/leisure and (f) water pumping. It is, however, made clear that the said category is not limited to the premises referred to in clauses (a) to (k) thereunder. What is sought to be conveyed thereby is that, as so long as the aforesaid criteria is satisfied, other premises may also fall within "LT-II: LT-Non-Residential or Commercial" category.



The question which necessitates examination is whether (i) "Toll Collection plazas" and (ii) "lighting on Express/National/State Highways" satisfy the aforesaid test, and thereby fall within "LT-II : LT – Non Residential or Commercial" category. It is only if the premises is used for consumption of electricity for commercial use can it be said to satisfy the afore-said requirements. "Commercial use" would mean the use of certain mercantile products, tools or intellectual property for financial gain. It is only if "Toll Collection plazas" and "lighting on Express/National/State Highways" are used for commercial purposes, i.e. to make financial gain, can their classification under "LT-II : LT - Non-Residential or Commercial" category be justified.

[...]

By the use of the word "including", the scope of "toll collection plaza", inserted in L.T.II category, has been expanded to also include, within its ambit, "lightings on National Highways". Consequently, it is only such lightings on National Highways which are associated with or form part of "toll collection plazas" which fall within LT-II category, and not lighting on the entire stretch of the National Highway as, otherwise, there was no justification in including "lightings on National Highways" along with "toll collection plaza", and "lightings on National Highways" could well have been inserted as a separate and distinct entry similar to exhibition centres, warehouses/ godowns, resorts, and canteens/ cafeterias.

[...]

As noted hereinabove, the principle of ejusdem generis means that, where general words follow enumeration of persons or things by particular and specific words, the general words must be understood as applying to persons or things of the same general kind or those specifically enumerated. The genus, or the common thread running through all the entries in L.T.II category, is that they are premises where electricity is consumed for a commercial purpose. All the specified words in Clause 7.22.10 are premises where commercial activities are carried on or, in other words, premises which are put to commercial use. Toll Collection Plazas are places/premises where toll is collected for the use of the Highway by different kinds of motor vehicles which can, possibly, be held to be a commercial activity. However "lighting on National Highway", if disassociated with "toll collection plazas", would not fit in with other entries in L.T.II category, as the entire stretch of the National Highway would not constitute premises where commercial activity is carried on.

[...]

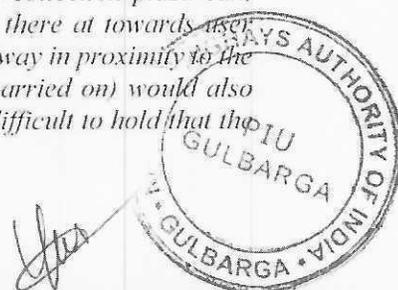
The submission of MSEDCL that all street lightings, on the entire stretch of the National Highways, would fall within LT-II category does not, therefore, merit acceptance. Street lighting on the National Highway, other than those where some form of commercial activities are carried on in proximity to the toll collection plazas, would therefore not fall within LT-II category.

[...]

V. DO STREETLIGHTS ON THE ENTIRE STRETCH OF THE NATIONAL HIGHWAY MEET THE CONDITIONS STIPULATED FOR LT II CATEGORY?

D. ANALYSIS:

The MERC, in its order in Case No. 12 of 2011 dated 17.08.2012, Case No. 322 of 2019 dated 30.03.2020 and in Case No. 226 of 2022 dated 30.03.2023, has classified commercial premises, used for commercial consumption, under LT-II category. While a toll collection plaza can, possibly, be held to be a commercial premises, since toll is collected there at towards user charges and, by use of the word "including", lighting on National Highway in proximity to the toll collection plaza (where commercial activities can be said to be carried on) would also constitute a commercial premises used for commercial purposes, it is difficult to hold that the



entire stretch of the National Highway, where street lighting is provided, would also constitute a commercial premises where electricity is consumed for a commercial purpose.

As noted hereinabove, the agreement, between the first and the second appellants, does not require street lighting to be provided for the entire length of the National Highway, but only for a part thereof such as major junctions, road over bridges etc. Such lightings are required to be provided for the purposes of safety and to avoid accidents, and not for carrying on any commercial activity

...

The submission that it is only the roads built by local bodies which would not fall within LT-II category necessitates rejection, since no such restriction is placed by the parameters prescribed either for L.T. II or L.T.VI Category. The requirement of such roads being used free of charge is also not stipulated with respect to street lighting. Street lights on the National Highways, which are provided for safety purposes and to prevent accidents, do not consume electricity for commercial purposes nor can such lighting be equated to consumption of electricity for operating various appliances used for commercial purposes such as cooling, cooking, washing etc. We are satisfied, therefore, that street lights on the National Highway, other than those in close proximity to the toll collection plazas and at places where commercial activity is being carried on, do not fulfil the conditions stipulated for premises falling within LT-II category.

[...]

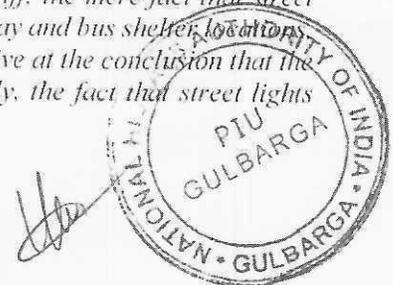
VI. JUDGEMENT OF THE BOMBAY HIGH COURT IN WRIT PETITION NO. 7504 OF 2022 DATED 23.10.20:

C. ANALYSIS

In Maharashtra State Electricity Distribution Company Limited vs DBL Mahagaon, Kinhi & others: (Judgement of the Bombay High Court in W.P. No. 7504 of 2022 dated 23.10.2023), the order under challenge was passed by the Consumer Grievance Redressal Forum, Amravati, in Representation No.16/2022 dated 27.05.2022 allowing the representation, and thereby directing the petitioner-MSEDCL to retain the category of connection in respect of the respondent to 'street light' category and adjust the difference of amount collected from the respondent on account of re-classification of category in their ensuing bills.

...

It is in this context that the Bombay High Court held that the street light category tariff i.e. LT-VI was applicable for the electricity used for lighting of public streets, thorough fares which were open for use by the general public at Low/Medium Voltage and at High Voltage; street lights in residential complexes, commercial complexes, industrial premises etc. are billed at the tariff of the respective applicable categories; whereas, LT-II i.e. the non-residential/commercial tariff category is applicable for electricity used at Low/Medium voltage in non-residential, non-industrial and or commercial premises for commercial consumption meant for operating various appliances used for purposes such as lighting, heating cooling, cooking, washing/cleaning, entertainment/leisure and water pumping in, but not limited to, the premises enumerated under the said category; it was apparent that usage of electricity was relevant; it was not the case of MSEDCL that street lights were provided for the entire stretch of the Highway; from the record, it could be seen that street lights were provided at certain specific places like service roads, intersection of villages and towns; the photographs filed by the respondent showed that street lights were installed for use of local residents free of charge; MSEDCL had not pointed out anything to show that the usage was commercial, and was meant for operating various appliances used for the purposes specified in LT-II, which was a pre-requisite to apply LT-II category i.e. the commercial category tariff; the mere fact that street lights were installed on over bridges and under bridges or at bus bay and bus shelter, location built up sections on the project highways, was not sufficient to arrive at the conclusion that the use of electricity was for commercial consumption; and, similarly, the fact that street lights



were installed on certain highways was not sufficient to hold that it was for commercial consumption and not for use of the general public.

The Bombay High Court further held that NHAI comes under the Ministry of Roadways under the Government of India; the Highway is for the purpose of benefiting the general public at large, and the purpose of streets is not to earn profit but to provide connectivity and facilities to citizens of India; a huge investment was required for such construction of highways, and therefore toll was being collected; however, it would not make the activity commercial; the respondent was merely a concessionaire in respect of the project and its facilities, and did not exercise any proprietary, operational and commercial control over the project facilities; the respondent, as a contractor, had handed over the project facilities to NHAI for operation of Toll Plaza, and the respondent was liable only towards maintenance of the project and not for collection of user fee from the users of the national highways; and it was, thus, difficult to accept that it was a commercial activity for which LT-II tariff will apply.

The afore-said judgement of the Bombay High Court has attained finality, as no appeal is said to have been preferred there-against. The law declared in the said judgment would, therefore, not only be binding on the parties thereto ie MSEDCL and MERC, but would constitute a precedent binding on this Tribunal.

[...]

XII. CONCLUSION

For the reasons afore-mentioned, we are of the view that MSEDCL was not justified in treating street lighting on the National Highway, other than those in and around the toll collection plazas and in places where commercial activities are carried on, as falling under LT-II category, and that such lighting on the National Highway would continue to be governed under the LT-VI category. The impugned order, to this limited extent, is clarified. The Appeal is allowed, and all the I.As therein stand disposed of."

[Emphasis Supplied]

26. It is submitted that the *Dilip Buildcon Judgement* has been given effect by the Ld. MERC in Order dated 31.12.2024 in Case No. 102 of 2023 ("MERC Review Order dated 31.12.2024), filed by MSEDCL seeking review of Tariff Order dated 31.03.2023 in Case No. 226 of 2022.
27. Further, in light of the *Dilip Buildcon Judgement*, in the subsequent tariff petition (Case No. 217 of 2024) filed for Final True Up for FY 2022-23 & FY 2023-24, Provisional True Up For FY 2024-25 and Multi Year Tariff For FY 2025-26 to FY 2029-30, MSEDCL has carried out the following change in the tariff categorisation: -

"6.20. Modification in Tariff Applicability

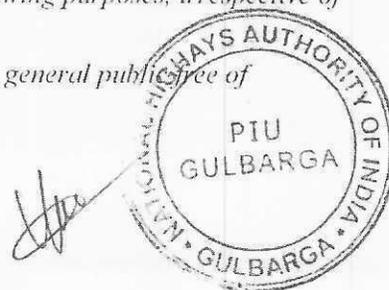
[...]

6.20.7. LT VI: LT- Street Light

6.20.7.1. Hon'ble Commission in its MTR Order in case no. 226 of 2022 has revised applicability of the above category as following:

"This category is also applicable for use of electricity / power supply at Low / Medium Voltage or at High Voltage for (but not limited to) the following purposes, irrespective of who owns, operates or maintains these facilities:

- a. *Lighting in Public Gardens (i.e. which are open to the general public free of charge):*



.....
 d. Such other public places open to the general public free of charge.”

6.20.7.2. However, Hon'ble APTEL in case of *M/s Dilip Buildcon Limited vs MERC and MSEDCL* the matter of reclassification of Street Lighting at toll collection plazas under LT VI (Street Light) tariff instead of LT-II (Non-Residential or Commercial) has provided judgement that street light for toll plaza roads are to billed under LT VI category. Accordingly in order to provide effect to Hon'ble APTEL order the applicability clause is proposed to be modified as follows:

“This category is also applicable for use of electricity / power supply at Low / Medium Voltage or at High Voltage for (but not limited to) the following purposes, irrespective of who owns, operates or maintains these facilities:

a. Lighting in Public Gardens (i.e. which are open to the general public free of charge);

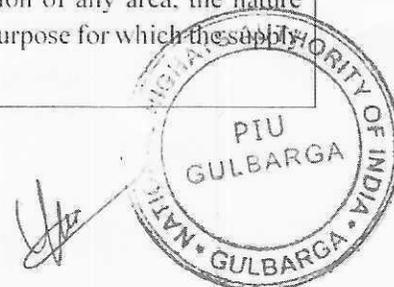
.....
 d. Such other public places open to the general public free of charge.

e. Street lights on National Highway”

[Emphasis Supplied]

28. Accordingly, in view of the *Dilip Buildcon Judgement* and the *DBL Judgement*, it is evident that commercial use of premises is the main test for LT-II categorisation. Accordingly, Street lighting on National Highways cannot be treated under ‘LT-II(B) Commercial’ category and ought to be treated under ‘LT-VI(A) Street Light’ category since it serves a public utility / municipal function.
29. It is submitted that the findings in *Dilip Buildcon Judgement* and the *DBL Judgement* are based on the principles enshrined under Section 62(3) of the Act, and the nature and purpose of usage of supply by a consumer. It is pertinent to note that regulatory tariff framework under the MERC MYT Regulations 2019 is analogous to the tariff framework under the TSERC MYT Regulations 2023. The powers relating to categorization of consumers (based on different parameters) under Regulation 91 of the MERC MYT Regulations 2019 are similar to the powers under Regulation 94 of the TSERC MYT Regulations 2023, which is evident from the following: -

MERC (Multi Year Tariff) Regulations, 2019	TSERC (Multi Year Tariff) Regulations, 2023
91. Determination of Retail Supply Tariff 91.1. The Commission may categorize consumers on the basis of their load factor, power factor, voltage, total consumption of electricity during any specified period or the time at which the supply is required or the geographical position of any area, the nature of supply and the purpose for which the supply is required.	94. Determination of Retail Supply Tariff 94.1. The Commission may categorize consumers on the basis of their load factor, power factor, voltage, total consumption of electricity during any specified period or the time at which the supply is required or the geographical position of any area, the nature of supply and the purpose for which the supply is required.



30. It is submitted that the MERC MYT Regulations as well as the TSERC MYT Regulations, do not provide for any specific categorisation of tariff categories and leaves it to Ld. MERC and this Hon'ble Commission, respectively to categorise consumers on the basis of the factors enumerated under Regulation 91 of the MERC MYT Regulations and Regulation 94 of the TSERC MYT Regulations.
31. In view of the above, the findings in the *Dilip Buildcon Judgement* and the *DBL judgement* are squarely applicable in the present case. The said findings are also binding and is a declaration of law in rem. This position is also upheld by Hon'ble APTEL in *Dilip Buildcon Judgement*, wherein it *inter-alia* held that the law declared in the *DBL Judgment* is not only binding on the parties thereto i.e., MSEDCL and MERC, but also constitutes a precedent binding on the Hon'ble APTEL.
32. It is a settled law that Orders and Judgements of the Hon'ble APTEL are binding on all State Electricity Regulatory Commissions. Further, the principle of hierarchical Judicial Discipline mandates that the orders passed by the superior court ought to be scrupulously followed by subordinate courts. Any departure therefrom will lead to indiscipline and anarchy. In this regard, reliance is placed on the following: -

- (i) *Bihar State Govt. Secondary School Teachers Assn. v. Bihar Education Service Association*, (2012) 13 SCC 33: -

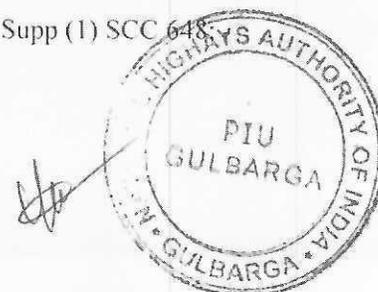
"42. The hierarchy of the courts requires the High Courts also to accept the decision of this Court, and its interpretation of the orders issued by the executive. Any departure therefrom will lead only to indiscipline and anarchy. The High Courts cannot ignore Article 141 of the Constitution which clearly states that the law declared by this Court is binding on all courts within the territory of India. As observed by this Court in para 28 of State of W.B. v. Shivananda Pathak [(1998) 5 SCC 513 : 1998 SCC (L&S) 1402] : (SCC p. 524, para 28)

"28. If a judgment is overruled by the higher court, the judicial discipline requires that the Judge whose judgment is overruled must submit to that judgment. He cannot, in the same proceedings or in collateral proceedings between the same parties, rewrite the overruled judgment."

43. In the same vein we may state that when the judgment of a court is confirmed by the higher court, the judicial discipline requires that court to accept that judgment, and it should not in collateral proceedings write a judgment contrary to the confirmed judgment. We may as well note the observations of Krishna Iyer, J. in Fuzlunbi v. K. Khader Vali [(1980) 4 SCC 125 : 1980 SCC (Cri) 916] : (SCC p. 129, para 7)

7. ... no Judge in India, except a larger Bench of the Supreme Court without a departure from judicial discipline can whittle down, wish away or be unbound by the ratio [of the judgment of the Supreme Court]."

- (ii) *Union of India v. Kamalshri Finance Corporation Ltd.* 1992 Supp (1) SCC 648



"6... The High Court has, in our view, rightly criticised this conduct of the Assistant Collectors and the harassment to the assessee caused by the failure of these officers to give effect to the orders of authorities higher to them in the appellate hierarchy. It cannot be too vehemently emphasised that it is of utmost importance that, in disposing of the quasi-judicial issues before them, revenue officers are bound by the decisions of the appellate authorities. The order of the Appellate Collector is binding on the Assistant Collectors working within his jurisdiction and the order of the Tribunal is binding upon the Assistant Collectors and the Appellate Collectors who function under the jurisdiction of the Tribunal. The principles of judicial discipline require that the orders of the higher appellate authorities should be followed unreservedly by the subordinate authorities. The mere fact that the order of the appellate authority is not "acceptable" to the department — in itself an objectionable phrase — and is the subject-matter of an appeal can furnish no ground for not following it unless its operation has been suspended by a competent court. If this healthy rule is not followed, the result will only be undue harassment to assesseees and chaos in administration of tax laws."

(iii) *Bhopal Sugar Industries Ltd v. ITO*, AIR 1961 SC 182: -

"8. ... If a subordinate tribunal refuses to carry out directions given to it by a superior tribunal in the exercise of its appellate powers, the result will be chaos in the administration of justice and we have indeed found it very difficult to appreciate the process of reasoning by which the learned Judicial Commissioner while roundly condemning the respondent for refusing to carry out the directions of the superior tribunal, yet held that no manifest injustice resulted from such refusal.

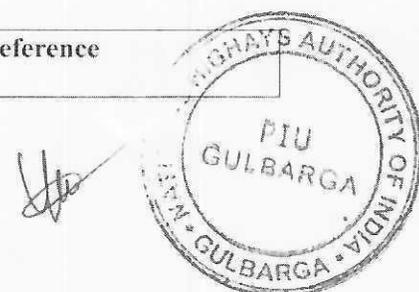
9. It must be remembered that the order of the Tribunal dated 22-4-1954, was not under challenge before the Judicial Commissioner. That order had become final and binding on the parties, and the respondent could not question it in any way. As a matter of fact the Commissioner of Income Tax had made an application for a reference, which application was subsequently withdrawn. The Judicial Commissioner was not sitting in appeal over the Tribunal and we do not think that in the circumstances of this case it was open to him to say that the order of the Tribunal was wrong and, therefore, there was no injustice in disregarding that order. As we have said earlier such a view is destructive of one of the basic principles of the administration of justice."

33. Further, State Electricity Regulatory Commissions (SERCs) are mandated to have a consistent approach on common/similar issues. Accordingly, there cannot be different dispensation in different States by SERCs on the categorisation of streetlights on National Highways. Therefore, this Hon`ble Commission ought to categorise streetlights on National Highways under the 'LT-VI(A) Street Light' category. In this regard, reliance is placed on Hon`ble APTEL Judgement dated 28.08.2020 in Appeal No. 21 & 73 of 2019 titled *Talwandi Sabo Power Limited vs. PSERC & Ors.* (Para-114).

C. Comparative Analysis with Other States

34. It is submitted that other SERCs have classified street lighting on express/national/state highways under the LT-VI Street Light category, as under: -

S. No.	State	Tariff Category for street lights on highways	Reference
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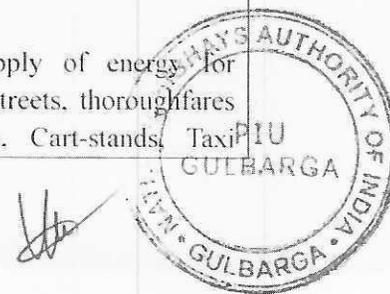


1.	Punjab	SVIII: Public Lighting Supply	Order dated 14.06.2024 in Petition No. 64 of 2023.
2.	Rajasthan	Public Street Lighting (LT-3)	Order dated 26.07.2024 in Petition Nos. RERC 2206/2024, 2207/2024, 2208/2024 read with Tariff Schedule dated 13.08.2024.

D. Streetlights on National Highway fall under LT-VI Category

35. In terms of the Retail Tariff Order dated 29.04.2025 and 28.10.2024, LT-VI category includes supply of energy for lighting on public roads, streets, thoroughfares **including** Parks, Markets, Cart-stands, Taxi stands, Bridges and also for PWS schemes in the Local Bodies viz., Panchayats/Municipalities/Municipal Corporations. Accordingly, it is evident that LT-VI Street Light category is applicable, among others, for lighting in public streets/ thorough fares which are open to the general public.
36. Further, LT-VI Street Light category is a distinct category specifically designed to cover street lighting for public use. The usage of the word “including” makes it evident that LT-VI Street light category is an inclusive category and would cover any street lighting which serves a public utility function. Accordingly, street lighting on National Highways ought to be categorized under the ‘LT-VI Street Light’ category, as it is intended for public safety.
37. It is pertinent to mention that Mission Bhagiratha, a safe drinking water project for every village in Telangana State, was initially not included under the LT-VI Category. However, Telangana Discoms in their Petition for determination Retail Supply Tariffs & Cross Subsidy Surcharge for FY 2023-24 proposed to categorise all Mission Bhagiratha services under LT-VI(B) or HT-IV(B) as applicable for respective voltage levels. This Hon’ble Commission vide Retail Supply Tariff Order dated 24.03.2024 approved the proposal of Telangana Discoms and modified the applicability of LT-VI(B) category and HT-IV(B) category to include Mission Bhagiratha scheme (a scheme intended for public safety), as under: -

Existing ‘Applicability’ clause before inclusion of Mission Bhagirathi Schemes	Approved ‘Applicability’ clause including Mission Bhagirathi Schemes under LT-VI Street Lighting and PWS Schemes category as per Retail Supply Tariff Order dated 24.03.2024
<p>9.7. LT-VI: STREET LIGHTING AND PWS SCHEMES</p> <p>Applicability</p> <p>9.7.1. Applicable for supply of energy for lighting on public roads, streets, thoroughfares including Parks, Markets,</p>	<p>9.7. LT-VI: STREET LIGHTING AND PWS SCHEMES</p> <p>Applicability</p> <p>9.7.1. Applicable for supply of energy for lighting on public roads, streets, thoroughfares including Parks, Markets, Cart-stands, Taxi</p>



Cart-stands, Taxi stands, Bridges and also for PWS schemes in the Local Bodies viz., Panchayats/ Municipalities/ Municipal Corporations. Metering is compulsory irrespective of tariff structure. [...]	stands, Bridges and also for PWS schemes and Mission Bhagiratha schemes in the Local Bodies viz., Panchayats / Municipalities / Municipal Corporations. Metering is compulsory irrespective of tariff structure. [...]
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38. It is submitted that same relief of inclusion of National Highways under 'LT-VI (A) Street Light' category, may be granted by this Hon'ble Commission while determining the Tariff and ARR in O.P Nos. 79 and 80 of 2025 for Telangana Discoms.

E. Financial Loss

39. It is submitted that if street lighting on National Highways continues to be categorized under the LT-II (B) Commercial category, it will result in significant financial hardship for the NHAI. The tariff differential between the LT-II (B) (with Rs. 11/- unit for above 500 units) and LT-VI (A) (with Rs. 7.10/ -unit) categories is substantial, with a difference of approximately Rs. 3-4 per unit (approx. 35%-36%). This tariff differential will impose a heavy financial burden on NHAI since it is obliged to meet these increased costs for public safety measures. Accordingly, it is critical that streetlights on National Highways be categorised under LT-VI (A) Street Light category.

III. RELIEF

40. In view of the above submissions, it is humbly prayed that in terms of the mandate under Section 64(3) of the Act, Clause 94.1 of the TSERC MYT Regulations, and the judicial precedents cited above, this Hon'ble Commission while determining the Tariff and ARR in O.P Nos. 79 and 80 of 2025 for Telangana Discoms, may include street lighting on National Highways under 'LT-VI (A) Street Light' category.

We submit the above for your kind consideration and request the Hon'ble Commission to pass such orders as the Hon'ble Commission may deem fit and proper in the facts and circumstances mentioned above.

