

To
The Chairman,
 Telangana Electricity Regulatory Commission (TGERC),
 Vidyut Niyantran Bhavan, G.T.S. Colony,
Kalyan Nagar, Hyderabad - 500045.

Dear Sir,

SUBJECT: Written Representation in ARR & Retail Supply Tariff Proceedings FY 2026-27 - Objections on (i) Misclassification of Construction Activity under HT-VII Temporary Supply; (ii) Revenue Impact of Reclassification; (iii) Delay in Post-OC Category Change; and (iv) Common Area Load Ceiling under HT Category VI - Filed on behalf of NAREDCO Telangana.

NAREDCO Telangana, representing real estate developers and construction industry stakeholders in Telangana, submits the following objections and prayers.

1. MISCLASSIFICATION OF CONSTRUCTION ACTIVITY UNDER HT-VII TEMPORARY SUPPLY

1.1. Background and TGSPDCL’s Position

TGSPDCL, in its reply dated 01.03.2025, has stated that construction activities involve temporary, shifting, and non-continuous loads and must be classified under HT-VII Temporary Supply. NAREDCO respectfully submits that this position is (a) factually incorrect, (b) inconsistent with this Commission’s own regulatory framework, (c) contrary to a binding quasi-judicial determination of this Commission, and (d) inconsistent with the approach taken by the sister-Commission APERC in Andhra Pradesh.

1.2 The Three-Criteria Test - Construction Fails All Three

The RST Order FY 2025-26 addresses HT-VII in two places: Clause 4.24 (the tariff schedule definition) and Clause 4.29.28 (category-wise conditions). Both establish HT-VII as a consumer-initiated category:

Clause 4.24, Page 282 - Tariff Schedule Definition:
“HT-VII: Temporary Supply shall be given on the request of the consumer initially for a period up to one year. After the expiry of the initial period of one year, the consumer can extend the same at his request.”

Clause 4.29.28 - Category-wise Conditions of HT Tariff:
“Temporary supply can be given initially for a period up to one year as per the tariff...”

Criterion	HT-VII Requirement (Cl. 4.24 & Cl. 4.29.28)	Construction Activity—Does It Qualify?
Duration	Initially up to 1 year; extension only at consumer’s request	2–8 years continuously — FAILS
Initiation	Only on REQUEST of the consumer	No developer requested HT-VII — FAILS
Nature of load	Transient, shifting, non-continuous	Fixed HT connection, fixed load centres, continuous operation — FAILS

1.3 GTCS 5.9.3.2: The Exception Cannot Swallow the Rule

GTCS Clause 5.9.3.2 (Page 17) mandates that every HT agreement shall be for a minimum period of two years. HT-VII Temporary Supply – with a maximum initial period of one year – is by definition an exception to permanent supply. Under settled principles of statutory interpretation, exceptions must be strictly construed and cannot be permitted to swallow the rule they except. Every construction HT connection is held under a minimum two-year HT agreement. Classifying such connections as Temporary Supply is internally contradictory to the GTCS itself.

1.4 Binding Quasi-Judicial Ruling – Clause 7.12, RST FY 2016-17

BINDING QUASI-JUDICIAL DETERMINATION

RST Order FY 2016-17, Chapter 7, Clause 7.12, Pages 178–181 | O.P. Nos. 06 & 07 of 2016

Public Hearings: 6th & 7th April 2016 (Hyderabad); 9th April 2016 (Karimnagar)

During the FY 2016-17 proceedings, TSSPDCL formally proposed classifying construction connections under HT-VII Temporary Supply. After public hearings, this Commission categorically ruled that HT-VII/LT-VIII Temporary Supply can be given ONLY on the REQUEST of the consumer and CANNOT be imposed by the Licensee. While the Commission set a tariff schedule for Temporary Supply applicable to construction (Demand: Rs. 500/kVA; Energy at 11kV: Rs. 10.80/kVAh), it made this tariff available as a consumer option – not as a category to be mandatorily applied by the Licensee.

This is a quasi-judicial determination under Section 62 read with Section 64 of the Electricity Act, 2003. It binds TGSPDCL as regulatory law. An executive act of the Licensee – however long continued – cannot override a quasi-judicial determination of this Commission. No subsequent Tariff Order has reversed or modified this ruling. TGSPDCL’s continued imposition of HT-VII on construction connections is inconsistent with this binding determination.

1.5 The Correct Classification – HT-I Industry (Section 62(3))

Construction sites run captive industrial processes that are identical in nature and purpose to processes carried out at standalone HT-I establishments:

Process at Construction Site	Identical Standalone Industry
On-site RMC batching plant	Off-site RMC factory
Steel rebar bending, cutting, welding	MS fabrication unit
Granite / stone cutting & polishing	Granite processing unit
Tower cranes, hoists, construction lifts	Heavy equipment hire industry
Aluminium / UPVC window fabrication on-site	Window manufacturing unit
Electrical panel / DB fabrication	Electrical fabrication unit

Section 62(3) of the Electricity Act, 2003 prohibits undue preference or discrimination between consumers who are similarly placed. An on-site RMC plant billing at Rs. 11.80/unit (HT-VII) and an identical off-site RMC plant billing at Rs. 6.00/unit (HT-I) perform an indistinguishable electrical purpose. The test under Section 62 is the purpose of supply – not the postal address of the installation.

1.6 The Alternative Classification — HT-II(A) Others

Clause 4.17, Page 276, RST Order FY 2025-26 — HT-II(A) Definition:

“HT-II(A) Others: Consumers who do not fall under categories HT-I, HT-III, HT-IV, HT-IV(B), HT-V, HT-VI, HT-VII, HT-VIII and HT-IX.”

Construction activity is not industrial (HT-I), not agricultural (HT-IV), not railway traction (HT-V), not a township (HT-VI), and certainly not self-selected Temporary Supply (HT-VII). It falls squarely within the residual definition of HT-II(A) Others. Additionally, HT-II(A) brings a material operational benefit under Clause 4.17.2 - a Time-of-Day incentive of Rs. 1.50/kVAh during night hours (10 PM to 6 AM). Construction sites operating night shifts for concrete pouring and RMC operations benefit directly.

1.7 APERC (AP) Precedent — Two-Tier Reclassification

Consumer Type	APERC (AP) w.e.f. 01.04.2025	TGERC Telangana (Current)	Gap
General construction activity	Commercial category (lower than Temporary Supply)	HT-VII Temporary Supply — highest HT retail rate	Unjustified premium for Telangana
Individual homebuilders / reconstruction	Domestic tariff (lowest applicable)	HT-VII Temporary Supply (imposed)	Severe discrimination against individual homeowners

1.8 Prayers on the misclassification of construction activity under HT-VII temporary supply

- Classify construction HT connections under HT-I Industry (Clause 4.16, Page 272) on the basis that construction sites operate identical industrial processes as HT-I establishments, and Section 62(3) prohibits differential treatment of similarly placed loads.
- In the alternative, Classify HT connections for construction of residential and commercial projects under HT-II(A) Others (Clause 4.17, Page 276, RST Order FY 2025-26) and not under HT-VII Temporary Supply.
- In the further alternative, create a dedicated ‘Construction Activity’ tariff category in the proposed Tariff Order at rates comparable to HT-I Industry or HT-II(A), in the manner the Commission created HT-IX for EV Charging (Clause 4.26, Page 283, RST Order FY 2025-26).
- Restrain TGSPDCL/TGNPDCL from classifying HT connections for construction under HT-VII without the consumer’s explicit written request, as mandated by Clauses 4.24 and 4.29.28 and as determined in Clause 7.12 of the FY 2016-17 Order.

2. REVENUE IMPACT OF RECLASSIFICATION - ARR NEUTRALITY

2.1 The projected HT category-VII at 11 KV sales id 287 MU out of the Total HT Sales of 34,055 MU

From Table 2-3 (TGSPDCL, pages 12–13) and Table 2-4 (TGNPDCL, pages 14–15) of the RST Order FY 2025-26:

2.2 Maximum Revenue Impact:

2.2.1 If reclassified to HT-I (Rs. 4.15/unit differential) Rs. 119.10 Crores

2.2.2 If reclassified to HT-II (others) (Rs. 3.00/unit differential) Rs. 86.10 Crores It is around 0.002 % of the total revenue generation

Construction is only a subset of HT-VII. Actual revenue impact will be a fraction of even these already negligible theoretical maxima. This Commission can accommodate reclassification entirely within cross-subsidy rationalization without any prejudice to DISCOM revenue adequacy.

2.3 Section 62(3): Non-Discrimination Is a Statutory Obligation

Section 62(3) of the Electricity Act, 2003 mandates that tariffs shall not show undue preference or confer undue advantage on any consumer in similar circumstances. This Commission has a statutory obligation to correct the discrimination between identical electrical loads classified differently based solely on geographic collocation with a construction site. Revenue impact is not a defence against compliance with Section 62(3).

2.4 Prayers on REVENUE IMPACT OF RECLASSIFICATION

- A.** Direct TGDISCOMs to file disaggregated HT-VII data separately identifying construction connections and other temporary supply consumers, to enable precise quantification (Section 64, EA 2003).
- B.** Record that the maximum revenue impact of reclassification is Rs. 86.1–119.1 Crores and is manageable within the ARR and cross-subsidy framework.
- C.** Direct that tariff design for construction activity be aligned with Section 62(3) of the Electricity Act, 2003 (non-discrimination between similarly placed consumers).

3. DELAY IN CATEGORY CHANGE FROM COMMERCIAL TO RESIDENTIAL POST OCCUPANCY CERTIFICATE

3.1 The Tariff Differential and the Delay

Post-Occupancy Certificate (OC), the tariff applicable to individual apartment units should convert from LT-II Commercial (Clause 4.3, Page 252 — energy charge Rs. 7.50–9.00/unit) to LT-I Domestic/Residential (Clause 4.2, Page 251 — slab-based Rs. 1.45–5.00/unit). In practice, TGDISCOMs are taking 3–6 months or more to effect this category change after OC submission, during which time residents are wrongfully billed at Commercial tariff rates. The consumer is entitled to billing at the correct tariff from the date the eligibility condition (OC) is met — not from the date DISCOM processes the change.

3.2 Tower-Wise OC Relief for Multi-Tower Projects

In large township projects developed in phases, residents of completed and OC-approved towers are denied the benefit of Residential tariff because the overall project OC has not been obtained for all towers. This discriminates against residents of completed towers on account of delays in unrelated towers.

3.3 Prayers on DELAY IN CATEGORY CHANGE FROM COMMERCIAL TO RESIDENTIAL POST OCCUPANCY CERTIFICATE

- A.** Direct TGDISCOMs to effect the category change from LT-II Commercial (Cl.4.3) to LT-I Domestic (Cl.4.2) within 15 days of OC submission.
- B.** Direct that any consumer billed at Commercial tariff beyond 15 days from OC submission is entitled to billing at Residential tariff from the date of OC submission, with the excess adjusted in subsequent bills.
- C.** For multi-tower projects, direct that the category change to Residential applies to each tower individually from the date of tower-wise OC, without awaiting the overall project OC.

4. COMMON AREA LOAD UNDER HT CATEGORY VI

4.1 The Current Provision - Dual Sub-Limit Structure

Clause 4.23.1, RST Order FY 2025-26 — HT Category VI Common Area Load Limits:

“...the connected load for common facilities such as non-domestic supply in residential area, street lighting and water supply etc., shall be within the limits specified hereunder:

- (i) Water Supply & Sewerage and Street Lighting put together: 10% of total connected load.*
- (ii) Non-domestic/Commercial & General purpose put together: 10% of total connected load.”*

Total cap: 20% of total connected load of the HT-VI Township connection.

4.2 The Core Argument: Township Residents Are Performing Government’s Function at a Higher Rate

To understand why the 20% cap and the ‘commercial’ characterization of common area load are both legally and factually incorrect, it is necessary to compare who pays for equivalent services in a panchayat / municipality versus a township:

Service / Load	In a Local Body (Government-managed)	In an HT-VI Township (Resident-managed)	Difference
Street lighting in lanes and corridors	Local Body pays — from government budget Electricity supplied under LT-VI Street Lighting & PWS at subsidized / concessional tariff	Residents pay from maintenance charges Electricity billed under HT-VI at LT-I / LT-II rates— HIGHER than LT-VI panchayat rate	Same service; residents pay more per unit than panchayat; no government support
Water pumping (OHT, sump, booster)	Local Body pays Electricity supplied at concessional rate under LT-VI PWS or HT-IV(B) CPWS schemes	Residents pay from maintenance charges Billed under HT-VI at higher blended rate	Same function; residents pay at higher rate with no subsidy
Sewage Treatment Plant (STP)	Local Body operates; billed at concessional HT-IV(B) CPWS rate or LT-VI rate	Mandatory under HMDA / DTCP rules; billed under HT-VI at higher rate	Same treatment function; same beneficiaries — residents pay more
Firefighting pump systems	Not applicable to Local Body at scale	Mandatory under DGFS Hyderabad/GHMC; billed at HT-VI rate	Residents bear full cost of mandatory civic safety infrastructure
Common area / corridor lighting	Local Body bears cost at subsidized tariff	Residents bear cost at HT-VI rate (higher than panchayat rate)	Residents subsidize what government would otherwise fund cheaply

Panchayats and municipalities receive electricity for street lighting, water pumping, and STP operations at subsidized / concessional rates (LT-VI Street Lighting & PWS, HT-IV(B) CPWS) funded by government budgets. These rates are substantially lower than the HT-VI rates at which township residents fund identical services from their own maintenance contributions.

In a township, the residents - not the government - fund all of this civic infrastructure entirely from their own pockets, and they do so at rates that are HIGHER than the concessional rates at which equivalent government-run utilities are supplied.

Therefore: (a) township common area load is not a burden on the DISCOM - it generates higher revenue per unit than the equivalent panchayat/municipal load; (b) it cannot be characterized as ‘commercial’ - it is pure civic infrastructure with zero commercial profit motive; (c) capping it and penalizing it as if it were a commercial load has no legal, economic, or policy rationale.

4.3 Revenue Comparison: DISCOM Earns More from Township Common Area Than from Equivalent Local Body Load

This is the decisive financial argument. When a panchayat operates a STP or water pumping station, the DISCOM earns revenue at concessional/subsidized rates (LT-VI or HT-IV(B)). When a township operates an identical STP or water pumping system, the DISCOM earns revenue at HT-VI blended rates — which are higher. There is therefore no conceivable revenue or financial justification for the DISCOM to resist or cap this load:

Consumer / Load	Tariff Category (RST FY 2025-26)	Approximate Rate (energy charge)	Who Funds the Cost	Revenue to DISCOM per Unit
Local Body — Street Lighting & Public Water Supply (LT)	LT-VI Street Lighting & PWS (Cl. 4.7, p. 258)	Concessional / flat (subsidized by GoTS)	Government budget	Lower — subsidized rate
Local Body — CPWS Scheme (Water pumping, STP) via HT	HT-IV(B) CPWS Schemes (Cl. 4.21, p. 280)	Concessional (subsidized, lower than commercial)	Government / ULB budget	Lower — concessional rate
Township — Common Area (Street lighting, water pumping, STP, fire pumps, corridor lighting) via HT-VI	HT-VI Townships — Common Area (Cl. 4.23, p. 282)	Blended LT-I domestic / LT-II commercial rates (NOT subsidized)	Residents — from maintenance contributions, no government support	HIGHER — market rate, not concessional

Conclusion on Revenue Impact:

The DISCOM earns higher revenue per unit from township common area services (street lighting, STP, water pumping) than from identical services run by panchayats and municipalities at concessional rates. Allowing higher common area load in townships is therefore revenue-positive for the DISCOM. It is not a burden — it is additional revenue at above-subsidy rates. Any argument by the DISCOM that common area load should be capped to protect revenue or system stability is factually incorrect.

4.4 Common Area Load Cannot Be Characterized as ‘Commercial’

The second sub-limit in Clause 4.23.1 (10% for ‘Non-domestic/Commercial & General Purpose’) implies that common area loads are being treated as commercial in nature. This characterization is legally and factually wrong:

Common Area Load Item	Is There Any Commercial Activity or Profit Motive?	Correct Characterization
STP (Sewage Treatment Plant)	None — mandatory civic sanitation	Civic infrastructure — same as municipal STP
Overhead water tank and pump	None — water supply for residents’ daily use	Civic infrastructure — same as PWS/CPWS
Fire hydrant and sprinkler pumps	None — mandatory life-safety infrastructure	Mandatory statutory requirement
Corridor and staircase lighting	None — safety and access lighting	Civic infrastructure — same as street lighting
Pressurisation fans (basement/escape)	None — mandatory NBC 2016 requirement	Mandatory statutory requirement
High-speed lifts (for high-rise buildings)	None — access for residents, NBC mandatory for >30m	Mandatory civic access infrastructure
Clubhouse electricity	Shared amenity for residents only — no external revenue	Resident amenity, not commercial establishment

Not a single item in the common area list generates any commercial revenue or profit. The word ‘commercial’ in the context of Clause 4.23.1 appears to have been borrowed without reference to the actual nature of the loads. A clubhouse serving only residents is not a commercial establishment. A corridor lit for safety is not a commercial space. An STP treating resident sewage is not a commercial operation.

4.5 Section 62(3): Discrimination Between Identically-Functioning Infrastructure

Section 62(3), Electricity Act, 2003 — Non-Discrimination:

The tariff structure shall not show undue preference to any consumer of electricity in similar circumstances.

A panchayat operating an STP serving 5,000 residents: billed under LT-VI/HT-IV(B) at concessional rates — no cap on load.

A township operating an STP serving 5,000 residents: billed under HT-VI at higher rates — capped at 10% of connected load.

Same function. Same beneficiaries. Same type of electrical load. The township STP is capped and billed at a higher rate. The panchayat STP faces no cap and is billed at a lower rate. This is undue discrimination against township residents under Section 62(3) and requires correction.

4.6 The NBC 2016 Reality - Why the 20% Cap Is Structurally Inadequate

Even leaving aside the policy and legal arguments above, the 20% cap is structurally inadequate under current mandatory requirements:

Mandatory Common Area Load Component	Statutory Requirement	Typical % of Total CL	Sub-Limit in Cl.4.23.1
Fire hydrant pumps, booster fire pumps	DGFS / GHMC mandatory	5–8%	Water/Sewerage: 10%
STP and WTP systems	NBC 2016 / HMDA mandatory	4–6%	Water/Sewerage: 10%
Overhead tanks and sump pumps	Mandatory for water supply	2–3%	Water/Sewerage: 10%
Pressurisation fans (basement / escape)	NBC 2016 mandatory	2–3%	Water/Sewerage: 10%
High-speed lifts (buildings > 30 m)	NBC 2016 mandatory	4–6%	Non-domestic: 10%
Clubhouse, community hall, gym	Standard residential amenity	4–6%	Non-domestic: 10%
Corridor, common area, security lighting	Standard safety requirement	3–5%	Non-domestic: 10%
EV charging bays in common parking	HMDA / green building mandatory	2–3%	Non-domestic: 10%
TOTAL TYPICAL COMMON AREA LOAD	All above combined	26–40% of total CL	Exceeds BOTH sub-limits

A developer who truthfully declares the actual NBC 2016-compliant common area load will exceed the 20% cap before a single ‘optional’ amenity is connected. The cap is therefore forcing developers to under-declare or under-provision mandatory statutory loads, creating compliance and safety risks.

4.7 Prayers on common area load under HT category VI

- A.** Direct TGSPDCL/TGNPDCL to permit HT Category VI consumers to apply for and obtain common area load as per actual loads computed under NBC 2016 (Part 8, Section 2) and NEC 2011, removing the dual 10%+10% sub-limit structure and the 20% aggregate cap.
- B.** In the alternative, create a separate tariff classification for township common area load — distinct from 'non-domestic/commercial' — reflecting its civic infrastructure nature at rates analogous to municipal/panchayat equivalents (LT-VI / HT-IV(B)), given that residents fund this load without any government subsidy.

NAREDCO Telangana respectfully submits that the issues raised are grounded in this Commission's own Orders, the GTCS, the Electricity Act, 2003, and the principle of non-discriminatory tariff design that protects the interests of residential consumers. NAREDCO is available to assist at any hearing convened in these proceedings.

Thanking you,

Yours Truly,

A handwritten signature in purple ink, appearing to read "Vijaya Sai Meka".

(Vijaya Sai Meka)
President
NAREDCO Telangana