

**Venkat N.K.K,**  
**Independent Member- CGRF (Rural)- (TGSPDCL)**  
**General Secretary -** Telangana State Solar Open Access DEVELOPERS' Association **(TSOADA)**  
**Member- Energy Committee-** Federation of Chamber of Commerce of Telangana **(FTCCI)**

To:

Dated:31-01-2026

- (1) The Chief Engineer (IPC&RAC), TGSPDCL,**  
 Corporate Office, 1st floor,  
 'A' block, Mint Compound, Hyderabad-500063
- (2) The Chief Engineer (IPC & RAC), TGNPCL,**  
 H.No.2-5-31/2, Vidyuth Bhavan,  
 Nakkalagutta, Hanumakonda-506001
- (3) The Commission Secretary/TGERC,**  
 Vidyut Niyrantran Bhavan, Sy.No.145-P, G.T.S. Colony,  
 Kalyan Nagar, Hyderabad 500 045.  
 Email id: secy@tserc.gov.in

Dear Sir,

**Sub:** - Comments and suggestions in the matter of Petition filed by the Distribution Licensee seeking approval of ARR and Retail Supply Tariff for FY 2026–27- Reg.

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Name & full address of the Objector along with e-mail id and contact number	Brief details of Objection(s)/ Suggestion (s) on proposals of TGSPDCL	Whether copy of Objection(s)/Suggestion(s) & proof of delivery at Licensee's office enclosed (Yes/No)	Whether Objector wants to be heard in person (Yes/No)
<b>Mr. Venkat N.K.K,</b> <b>Address:</b> G-202, Aditya Hilltop, Veterinary colony, Road No. 82, Jubilee Hills, Film Nagar, Hyderabad- 500096. <b>Email Id:</b> venkat.snpm@gmail.com <b>Mob:</b> +91-9666 22 99 75.	1. Objection to CSS Increase. 2. Exemption of Lead Unblock for OA generators 3. Exemption of Lead Unblock for consumers with less than 1 MW CMD.	YES	YES

## (1) Cross Subsidy Surcharge:- Objection to Proposed Increase in Cross Subsidy Surcharge (CSS):-

The proposal of TGSPDCL to increase the Cross Subsidy Surcharge (CSS) by more than 11% — for example, for 33 kV (HT-1A) consumers from ₹1.56 per unit to ₹1.73 per unit — is **contrary to the express mandate of the Electricity Act, 2003 and the statutory policies issued thereunder.**

In terms of **Section 42(2) of the Electricity Act, 2003**, read with **Clause 8.3 of the National Tariff Policy, 2016 (as amended in 2023)** and **Para 5.4.7 of the National Electricity Policy, 2005**, both **cross subsidy and cross subsidy surcharge are required to be progressively reduced** so as to move towards **cost-reflective tariffs**. Any continued levy or enhancement of CSS, without demonstrating a clear and credible reduction trajectory, is inconsistent with the statutory scheme.

It is well-settled that **CSS is compensatory in nature and not punitive**. It is intended only to offset the existing level of cross subsidy embedded in the retail tariff of subsidised consumer categories. Consequently, CSS **cannot be permanent in character**, nor can it be enhanced in a manner that defeats the legislative objective of gradual elimination of cross subsidies.

The relevant legal provisions are reproduced below :

### 1. Electricity Act, 2003 – Section 42(2):

“Such surcharge shall be utilised to meet the requirements of current level of cross subsidy within the area of supply of the distribution licensee:

*Provided that such surcharge and cross subsidies shall be progressively reduced in the manner as may be specified by the Appropriate Commission.”*

### 2. National Tariff Policy, 2016 (issued under Section 3 of the Act):

Clause 8.3(1):

“Cross subsidy surcharge shall be progressively reduced and shall not exceed 20% of the difference between the tariff applicable to the category of consumer and the cost of supply.”

Clause 8.3(2):

“The cross subsidy shall be reduced gradually and progressively in a manner such that tariffs are brought within  $\pm 20\%$  of the average cost of supply.”

### 3. National Tariff Policy (Amendment), 2023 – Clause 8.3(4):

“Cross subsidy surcharge shall be computed in accordance with the formula specified by the Central Government and shall be reduced progressively.”

### 4. National Electricity Policy, 2005 – Para 5.4.7:

“Cross-subsidies should be reduced progressively and gradually.”

“Tariffs should progressively reflect the cost of supply of electricity.”

In view of the above statutory framework, the proposed increase in CSS, instead of a reduction, is **ex facie inconsistent with the legislative intent and policy mandate** of progressive reduction of cross subsidy and surcharge. The proposal therefore deserves to be rejected and the CSS ought to be **determined strictly in accordance with the statutory mandatory of reduction trajectory** envisaged under the Act and the National Tariff Policy.

## (2) Exemption from lead un-block for open access solar power plants:

Solar Open Access Generators were given HT service with minimum 70 KVA load as against Solar Projects selling power to TGSPDCL, who are netted off with their gross generation. This is discriminatory treatment of Open Access Generators, as compared to similarly placed solar generators, it is **expressly prohibited under the Electricity Act, 2003**. Open Access is a statutory right and cannot be frustrated through arbitrary conditions, higher charges, or operational restrictions.

We also wish to bring on record that solar power plants operate as **generators** and not as consumers, particularly during night hours or during periods of zero generation.

### Technical Position

1) **Generator-mode reactive behaviour:**

During night hours or under low irradiance conditions, transformers and HT lines/cables inherently operate in a *capacitive* mode, causing export of capacitive kVArh (lead) to the grid even when active power export is zero. This is a natural characteristic of grid-connected generating stations and not a consumer load behaviour.

2) **Recorded MD during non-generation:**

We have only about 5–8 kW auxiliary consumption during non-generation hours; however, the maximum demand recorded is 18–30 kVA, solely due to the transformer no-load losses and the capacitive reactive characteristics of the 33 kV line.

3) **HT Agreement CMD requirement:**

Even though our actual auxiliary requirement is very low, we hold an HT agreement with TGSPDCL for 70 kVA CMD, only to comply with the minimum kVA requirements specified by TGERC for allotment of an HT Service Connection Number.

4) **Purpose of unblocking “kVArh Lead”:**

The intention behind unblocking the leading reactive register is to discourage capacitive injection/drawl by consumers. However, solar panels neither draw or injects capacitive reactive power.

5) **Compliance during actual generation:**

During daytime generation, solar plants maintain power factor well within the limits specified by DISCOM, CEA regulations and the State Grid Code.

### Our Request

In view of the above factual and technical circumstances, we humbly request that **Solar Power Plants may kindly be exempted from the “kVArh Lead Unblock” provision** as leading reactive energy export is **natural, unavoidable and inherent** to generator-type systems, and not attributable to consumer-side behaviour.

This selective application only to Open access generators is hostile, discriminatory, arbitrary and contrary to Sections 38(2)(d), 39(2)(d), 40(c) and 42 of the Electricity Act, 2003 which mandate non-discriminatory open access.

### (3) Lead Unblock- Exemption to consumers with less than 1 MW CMD & Deferment to all other consumers till detailed study:-

Clause 3.21.14 of the Retail Supply Tariff Order for FY 2025-26 dated 29.04.2025 states as under:

*“In the Tariff Order for FY 2024-25, the Commission directed the TGDISCOMs to carry out an impact assessment study on unblocking of kVArh, conduct comprehensive consumer awareness programmes across the State, and submit the study report to the Commission before the next tariff filing.”*

It is observed from Clause 3.21.15 that the TGDISCOMs have submitted the impact assessment study, wherein the issue of leading power factor has been addressed only in a summary manner, citing stress on the transmission and distribution network as the reason.

#### **Our Submissions:**

It is respectfully submitted that:

- **Lagging power factor**
  - consumes reactive power (+kVAr)-> Reactive power is drawn from the grid by loads.
- **Leading power factor**
  - supplies reactive power (-kVAr) -> Reactive power is injected into the grid by loads.

**Thus, reactive power injected by one consumer is, in practice, absorbed by another consumer within the same distribution system.** As a matter of fact, our Distribution networks (TGSPDCL & TGNDCL) are dominated by inductive loads due to widespread use of Induction motors, transformers, extension of 24 Hours supply to agricultural pump sets. In such scenarios supply of reactive power from certain consumers reduces the net reactive burden on the grid. The study conducted by TG DISCOMS did not to evaluate the current reactive power requirement of DISCOMs and that how DISCOMs will manage when such reactive power is not supplied by certain consumers

In this context, it is pertinent to note that several distribution systems across various countries recognise and compensate for reactive power services as a grid-support function.

No doubt the ideal scenario for the Utilities shall be that every consumer operating in the unity power factor. But this is practically not possible due to presence of millions of agricultural pump sets and lack of monitoring mechanisms of such pump sets.

Most distribution systems predominantly operate under lagging reactive power conditions. In such scenarios, consumers operating at a leading power factor effectively support the grid and, therefore, are not penalised in many jurisdictions, if not incentivized.

Accordingly, it is submitted that leading power factor conditions may be treated as unity power factor for kVAh billing, as is being practiced by many States in India. Only in cases involving bulk consumers where there is substantial injection of reactive power posing a potential threat to grid security, differential treatment for leading reactive power may be considered. Such scenarios are exceptional and can be addressed through targeted

controls, rather than blanket unblocking of lead kVArh for all small consumers. Even in cases of large bulk consumers the design and installation of technical solution in respect of APFC- Automatic Power factor Control Panels, LV SVG (Static VAR Generator) & HV Statcom / SVG (Static Compensator / Static VAR Generator) requires at least 6 months' time. The given 3 months' time is barely sufficient for design of technical solutions.

### **Concerns on Implementation**

It is further submitted that:

- The impact assessment study submitted by the DISCOMs does not adequately address several critical techno-commercial aspects.
- The DISCOMs have not conducted the comprehensive consumer awareness programmes as directed by the Hon'ble Commission prior to implementation.
- Several small and medium industrial consumers have experienced a sudden and significant increase in their electricity bills without prior knowledge or understanding of the change.
- It is also observed that even field-level DISCOM officials are unable to provide clarity on the subject when approached by consumers.

### **Request**

In view of the above, it is humbly prayed that the Hon'ble Commission may be pleased to:

1. **To Constitute an expert committee** comprising representatives from industry associations, reputed technical institutions (such as IITs/NITs/JNTU), generators, and other relevant stakeholders, as deemed appropriate by the Commission.
2. **To Undertake a detailed study of the techno-commercial implications** of unblocking leading kVArh and its impact on consumers and the distribution system; and
3. **To Direct the DISCOMs to undertake widespread consumer awareness programmes** prior to implementation of any decision based on the recommendations of the said committee.
4. **To direct DISCOMs to Rectify the excess billing** done in the lead kvah unblock conditions till the final decision is taken in this regard.

**PRAYER:-**

In view of the above submissions, the Hon'ble Commission may be pleased to:

1. Reject the proposed increase in CSS.
2. Exempt Solar Open Access generators from lead kVArh unblock.
3. Exempt HT consumers with less than 1 MW CMD from lead kVArh unblock.
4. Constitute an expert committee with industry, academic and technical institutions.
5. Direct DISCOMs to conduct consumer awareness before implementation.
6. Direct rectification of excess billing already done under lead kVArh unblock.

I firmly believe that the suggestions outlined above offer valuable insights that will support the Hon'ble Commission in arriving at sound and forward-looking conclusions.

**Thanks & Regards,**



**Venkat N.K.K,**  
**B.E (Anna University), M.B.A (SPJAIN), L.L.B (Osmania University))**

**Independent Member-** CGRF (Rural)- **(TGSPDCL)**

**General Secretary** - Telangana State Solar Open Access DEVELOPERS' Association **(TSOADA)**

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**Email Id:** venkat.snpm@gmail.com

**Mob:** +91-9666 22 99 75.