



The Federation of Telangana Chambers of Commerce and Industry

(Formerly known as FTAPCCI)

ISO 9001:2015

Empowering Industry, Commerce & Trade
Registered under the Companies Act, 1956

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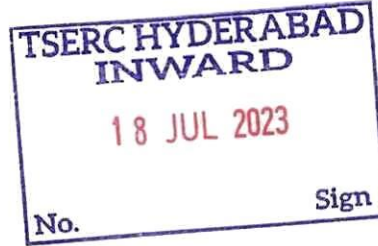
Meela Jayadev
President

Suresh Kumar Singhal
Senior Vice President

FTCCI/Energy/2023-24/ 002

July 18, 2023

The Secretary,
TSERC
5th Floor, Singareni Bhavan
Red Hills, Hyderabad



Dear Sir,

Sub: comments and suggestions on the filings made by TSSPDCL and TSNPDCL in the matter of approval of Resource plan (Sales Forecast, Load Forecast, Power Procurement plan and Capital Investment plan) for 5th Control Period (FY 2024-25 to FY 2028-29) and 6th Control Period (FY 2029-30 to FY 2033-34).


Referring to the subject cited, The Federation of Telangana Chambers of Commerce and Industry is hereby submitting its comments / suggestions on filings made by TSSPDCL and TSNPDCL in the matter of Resource Plan for 5th and 6th Control Periods.

Request the Hon'ble Commission to allow submission of additional comments, if any, at the time of Public Hearing.

Also request the Hon'ble Commission to allow us to present the comments in person during the Public Hearing

Yours sincerely,

(For FTCCI)


T. Sujatha
Deputy CEO



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FEDERATION OF TELANGANA CHAMBERS OF COMMERCE AND INDUSTRY

Our observations, comments and suggestions in the matter of

FILINGS OF RESOURCE PLAN FOR 5TH & 6TH CONTROL PERIODS

(FY2024-25 to FY2028-29 & FY2029-30 to FY2033-34)

BY

- 1. Transmission Corporation of Telangana Limited (TSTRANSCO)**
- 2. Southern Power Distribution Company of Telangana (TSSPDCL)**
- 3. Northern Power Distribution Company of Telangana (TSNPDCCL)**

18TH JULY 2023

Federation of Telangana Chambers of Commerce & Industry (FTCCI) is the representative body of all major Industries & Commercial establishments across the state for over 75 years. FTCCI s members include Cement Industries, Steel Industries, Textiles Industries, Pharmaceutical, Glass industries etc from small, micro, MSME & Large-scale industries, thus major economic drivers for the state & nation are represented by us. Electricity is the primary energy feed stock for driving the wheels of industry. Thus, FTCCI representing the interest of industry & commerce, which are significant stake-holders in the energy sector, are stakeholders in the RESOURCE PLANS PETITIONS of TSGENCO, TSTRANSCO & TSDISCOMs to TSERC.

1.0 INTRODUCTORY COMMENTS.

- A capital expenditure of Rs 42213 cr is being proposed jointly by TRANSCO, DISCOMs & TSGENCO during the 5TH CP, for a ***forecasted*** energy supply of 478717 MU during the CP. Similarly, an additional Rs 31,693 cr is being proposed for the 6TH CP for augmenting energy supply to a ***forecasted*** supply of 636449 MU during the entire CP.
- The investments translate as Rs.8,81,794 for augmenting the energy supply by one MU during the 5th CP and during the 6th CP, this proposed investment comes to Rs 4,97,966 per million units of energy supply.
- We note, as the table given in page 25 of TSTRANSCO submissions, there is **surplus energy** available during the 5TH CP, ranging from 30% to 16% (19,981 MU to 38032 MU).
- From the above table we note that during the 6th CP THERE ARE SHORTAGES FORECASTED from FY30-31 TO FY 33-34. The shortages range from 3% to 23%, 4089 MU in FY30-31 peaking to 26684 MU in FY33-34.
- How the surplus is going to dealt with has not been detailed by the DISCOMs while there is a reference (page x in NPDCL Submissions) to dealing with shortages in 6th CP. Bridging the deficit in 6TH CP is just 7 years ie shortages forecasted from FY 30-31. The statement by NPDCL in the above referred page for overcoming shortages is “if & but”, not a definitive action plan considering that shortage is equivalent to a supply from a 500 MW thermal plant operating at 80% Normative even in FY 30-31 and going to 3500 MW thermal plant by FY 33-34. Most states have not planned any NEW THERMAL. So, bridging the deficit needs an explanation.
- The surplus availabilities in 5th CP are also not easy to sell considering that most states are likely to have adequate availability. We note that the neighboring state, AP, forecasts as per their SEP, shortage of about 5000MU in FY 29-30.
- It is not clear if the Expenditure plans for the 5th & 6TH CP has the approval of MoP, a requirement as we understand?

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- We note that in Page 48 of TSTRANSCO “INVESTMENT PLANS FOR FY 22-23 & FY23-24” has shown for Sub-stations Rs 18 crores ,for Lines Rs 1963 crores , Rs 77 For augmentation of PTR , Rs 13 crores for Capacitors and Rs 33 crores for Bay extensions , a total of Rs2104 .It is not clear if this 4th C.P EXPENTIDURE IS AN OVER-RUN or there is provision in the Approved 4th CP budget.
- Similarly in the NPDCL submissions (page xii) under paragraph BASE CAPITAL EXPENDITURE an amount of Rs 836.96, not part of 5th CP, IS SHOWN FOR FY 23-24 .Is it an over-run in the approved 4TH CP?

2. OUR APPREHENSIONS IN THE STATE ELECTRICITY PLAN.

- The 5th &6th C.P **FORECAST OF ENERGY CONSUMPTION**, network flow analysis is the decisive factor in arriving at the CAPEX, the basis for fixed network cost (Rs/unit) in MYT of the C.P.
- The current regulations allow **a pass through of** expenses across the supply with the ULTIMATE CONSUMER shouldering the consequences of omissions or commissions of incorrect forecasting or planning, including revenue TRUE Ups.
- **Hence the importance and need for a rigorous methodology in SALES FORECASTING for we consumers.** The petitions have PDF or scan formats of historical annual data .Whereas NPDCL states in (page x) that **“The historical subdivision wise actual sales LT+11KV are considered for last 5 years (FY2017-18 TO FY2021-22) and CAGRs are computed”** .But data is not available . SPDCL petition DOES not GIVE any historical data for arriving at CAGR. We request that standardized formats as approved by TSERC should be used by both the DISCOMs
- The data for arriving at future demand is based on annual energy consumption and peak load trends, relevant perhaps when situation was, high base load capacity and acute power shortages, a situation two decades back. Today power shortages are history and proportion of renewable energy is on the increase .This calls for more than TREND ANALYSIS OR TIMES SERIES. The current data for future 10 years based on simple CAGR BASED ON TREND ANALYSIS with regulations heavily in favor of DISCOMs for TRUEUPS irrespective is **highly unsatisfactory for the consumers.**
- It can be seen from Tariff filing for FY 2023-24 that almost 80% of demand drivers are just four categories namely LT Domestic, LT Agriculture, and HT Industry & HT Lift irrigation. The YOY growth trend presumption for C.P at

5.4% for LT DOMESTIC *appears too optimistic considering that white goods are progressively getting more energy efficient and increasing use of Solar Roof top use.*

Although the annualized growth trends shown by DISCOMs is shown to be close to EPS, the category wise forecasts are at variance. For example, DISCOMs forecast 5.4% for HT Industry, EPS reports 9.2%. Similarly EPS combines HT& LT Lift irrigation and projects 4.5% YOY growth, whereas DISCOMs project 5% for YOY for LT irrigation and 10% for HT Lift irrigation.

Arguably LT V agriculture requirements depend on rain Gods and difficult to predict. Forecasting can be improved if DTR Metering as directed by the Commission is in place as given in DIRECTIVE 18 in Appendix B of Tariff order FY22-23.

- In the case of LT V Agriculture, the YOY growth has been negative as reported by the DISCOMs in Section 4.16 in FY 23-24 T.O *“Consumption under LT-V would not further increase given the fall in the use of bore wells and a rise in canal irrigation”* It is therefore not understandable how DISCOMs have assumed a YOY 5% uniform growth.
- HT INDUSTRY & LIFT IRRIGATION, as the number of consumers are fewer. Therefore a detailed analysis of HISTORICAL DATA and individual customer survey would have helped forecasting. NPDCL in their petition records in section 2.4.10 low growth rate but TABLE 20 assumes 6-8% GROWTH RATE FOR FY 25-29.
- A Status note on the Warangal Kakatiya Mega Textile Park and HMR included in special considerations as growth drivers will be useful to be realistic in assessing demand.
- 20th EPS projects open access YOY growth at 20% and 30% for SOLAR ROOF TOPs in Telangana. Considering national trends a mere 2% open access HT sale and Captive Capacity of 10% of peak demand looks too low . No basis for these assumptions have been given in Sections 5.2.2 /5.2.4 NPDCL OR IN Sections 6.1.2/6.1.4 SPDCL Petitions.
- Thus the Energy requirement and availability and energy surplus/deficit shown in the TSTRANSCO resource plan petition in page 25 requires a review and a more prudent forecasting method be made in light of our apprehensions given

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that an ambitious o CAPEX of Rs 73,906 crores is being proposed (**summary in page 6 &7**)

3.0 STATE ELECTRICITY PLAN WITHOUT A REVIEW OF THE EARLIER PLAN,THE 4TH CONTROL PERIOD ?

Every resource plan/business plan should be, ideally, preceded by a review of the previous period plan with details of PLAN VS ACTUALS, WITH REASONS FOR DEVIATIONS AND CORRECTIVE ACTION PROPOSED FOR FUTURE. According to the regulation the entities are to submit periodic progress reviews to the Honorable commission. We consumers should have benefit of this review to be able to make a meaningful assessment the SEP in this case. We pray this Honorable commission considers our submission.

4.0 GENERATION PLANS (Reference page 9 to 11 of TS TRANSCO PETITION)

SOURCE	ENERGY MU Availability End of 5 th CP	ENERGY MU Availability End 6 th CP
TS GENCO Thermal	58940	58537
TSGENCO Hydel	3443	3396
CGS	26830	22922
NCE	19300	19408
OTHERS	18327	11604
TOTAL	126840	115867

REF: Page 25 of TSTRANSCO Resource Plans submissions for 5th and 6th Control Period.

4.1 Observations and Comments on Generation plans

- At the end of 5th CP as per the referred table there is a surplus availability of 19981 MU, a surplus of 16%.
- At the end of 6th CP there is a substantial deficit of 26684 MU, about 23% deficit.
- We can note that there is deficit in energy supply from FY 2030-31 onwards. The resource plans of TS TRANSCO & TSDISCOMS show an investment plans of Rs921 cr & Rs 30751 cr, a total of Rs 31693 cr. CAN THIS BE JUSTIFIED? Presumably YES, but can we consumers learn why?
- At the end of 6th CP, WHAT WILL BE TRANSMISSION AND DISTRIBUTION NETWORK CAPACITIES IN TERMS OF ENERGY IN MU & PEAK LOAD CAPACITY IN MW?
- Further as we note TSGENCO has proposed a **CAPEX of Rs 14,130 during 5th CP but there is no capacity addition.**
- As we know TSGENCO is not a licensee of this Honorable commission. But its orders are mandatory when TSDISCOMs (TSERC licensees) enters into PPAs with TSGENCO or any private or public sector generators including CGS.
- TSGENCO in their application for Business plan dated 1st April 2023 have claimed that their application is complying to CLAUSE 7 of Regulation 1 of 2019. We have perused the 16 pages of the TSGENCO application and wish to state that application does comply to the requirements of the Regulation 1 of 2019 clauses in 7.2, 7.3 or 7.7. An application for getting an approval for a purported capital expenditure of Rs 14,150 crores is given under paragraph 11 (SUMMARY OF CAPITAL INVESTMENT PLAN) in page 3 of their submissions
- We note that the application merely states the name of 16 stations and year wise expenditure and a grand total of Rs14130 crores. There are no details as required under clauses 7.2, 7.3 or 7.6. There are NO additions to the current TSGENCO capacity 10484.26 MW during both the control periods and hence it is NOT CLEAR if this expenditure can justifiably be claimed under the head of Capital expenditure, EXCEPTION the required FGD. In fact, RTS B is expected to be decommissioned during in 5th CP. The future plan of repurposing or cost of decommissioning is not given in the submission.
- WE THEREFORE SUBMIT THAT THE HONORABLE COMMISSION REJECTS THIS APPLICATION OF TSGENCO FOR 5TH CONTROL PERIOD BUSINESS PLAN.

5. TRANSMISSION & DISTRIBUTION PLANNING.

The T& D flows the sales and availability forecast both in terms of elaborate network need, the cushioning for N-1 flow, the PTR, DTR, sub-stations and whole system. TSTRANSCO & TSDISCOMS have years of experience and expertise to put together the RESOURCE PLAN further MOP by procedure vets the application before stamping its approval. The financials will thus have the regulations for compliance. A procedurally satisfactory techno-commercial-regulatory compliance process.

We have the following queries:

- The solar and wind at 3400 Mw is just 16% in terms of total installed capacity and supplying about 15% energy at end of 5th CP & 19% at the end of 6TH CP. How much more of these variable sources of solar & wind can the transmission and distribution system take while ensuring 100% requirement is met.
- Are there micro grids planned to meet Agriculture needs through solar power?

6. OUR PRAYERS

- *We request the Honorable Commission to direct the DISCOMs to conduct a more structured forecasting, the foundational requirement in the light of our concerns pointed out by us in these submissions.*
- *We request the honorable commission to direct the TSTRANSCO & TSDISCOMs to present a review of 4TH CP presenting ACTUALS of 4th CP inclusive of 4 years actual and the fifth year expected YEAR FY 2023-24 VERSUS FORECASTED 4TH CP in all the terms of status of projects ,the CAPEX used & CAPEX available for balance work. Their comments of over-run in costs and time delays.*
- *We request this Honorable commission to reject the application of TSGENCO for the reasons we have submitted.*
- *Direct TSTRANSCO & TS DISCOMS to confirm if their their RESOURCE plans have been approved by MoP.*
- *Grant us the permission to make additional submissions and pray that we be permitted to present our case during the hearing in person or virtually*

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SUMMARY OF RESOURCE PLAN

S.NO	Item Description	5 th C.P FY2024- 29	6 TH C.P FY2029- 34	REFERENCE DOCUMENT
1	Capacity MW At start of CP	21323	21323	TRANSCO PETITION PAGE 6& 7
	At end of CP	21323	21323	Same as above
	Peak load MW	22092	29450	Same as above
	Energy required MU At end of CP	106858	142552	Same as above
2	Total energy cumulative MU Consumed in the entire CP As forecasted	478717	636449	TRANSCO Petition Page 25
3	Availability Surplus+/-deficit-			
	At start of CP in MU	+38031	+3353	TRANSCO Petition
	At end of CP in MU	+19981	-26684	Page 25
4	CAPEX proposed in Rs Crores			
	TRANSCO	3322	942	TRANSCO Petition page 76 & 79
	TS SPDCL	15223	18687	PAGE 7 OF SPDCL PETITION
	TS NPDCL	9538	12064	Page xvii of NPDCL PETITION
	TSGENCO	14130	-----	Page 3 of TSGENCO Petition
5	TOTAL CAPEX PROPOSED Rs cr	42213	31693	
6	CAPEX			
	Rs per MU (Row 5,column CP) (ROW 2 ,Column CP)	8,81,794	6,36,449	

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1. TOTAL CAPEX Proposed by Transco for 5th&6th CP-----Rs 4264 crores
2. Total CAPEX Proposed by TS SPDCL FOR 5TH & 6TH CP-----Rs 33910 crores
3. Total CAPEX Proposed by TSNPDCL FOR 5TH & 6th CP---Rs 21602 Crores
4. Total CAPEX proposed by TSGENCO FOR 5TH CP Only ---Rs 14130 Crores
5. **Total of 1+2+3+4** **Rs.73, 906 crores**