

To  
The Secretary  
Telangana State Electricity Regulatory Commission  
5<sup>th</sup> floor, Singareni Bhavan, Red Hills  
Hyderabad - 500 004

August 30, 2023

Respected Sir,

**Sub : Further Submissions on resource plans, load forecasts, distribution plans, procurement plans, business plans and resource plans of TSSPDCL and TSNPDCL for the 5<sup>th</sup> control period from 2024-25 to 2028-29 and 6<sup>th</sup> control period from 2029-30 to 2033-34**

Further to our written submissions dated 11.7.2023 and 18.8.2023 on the subject issues and in response to the replies given by TS DISCOMs, we are submitting the following points for the consideration of the Hon'ble Commission:

- 1. The DISCOMs have simply stated that the suggestion of the objector regarding analysis of load forecast, etc., for the 4<sup>th</sup> control period is noted. The Hon'ble Commission should have directed the DISCOMs to submit analysis of the subject plans approved by TSERC for the 4<sup>th</sup> control period for the reasons explained in our written submissions dated 11.7.2023. We once again request the Hon'ble Commission to direct the DISCOMs to submit a detailed analysis of the implementation and consequences of the subject plans for the 4<sup>th</sup> control period and provide us the same to study and make further submissions.**
- 2. The generalised contention of the DISCOMs that they "have to plan their power generation sources and in discharge of the same itself the TS Discoms have signed all the power purchase agreements and subsequently approached Hon'ble Commission for approval of the same" cannot justify their hasty decisions, obviously, at the behest of the state government, to enter into long-term power purchase agreements to purchase excess and unwarranted power and get consents of the Commission to the same. By no stretch of imagination that a surplus of 43.24% for 2024-25, of 41.97% for 2025-26, of 34.13% for 2026-27, of 26.29% for 2027-28 and of 15.22% for 2028-29 be considered justifiable and required to meet fluctuating and growing demand. Nor does such an availability of abnormal surplus reflect "ideal power mix." The argument of the DISCOMs that availability of surplus power as projected for future years is not constant has no relevance, for, it cannot avoid imposition of avoidable burdens on consumers of power in the form of paying fixed charges for surplus power backed down and higher tariffs being paid for purchasing power through exchanges and in the market. If analysis of actual position of availability of power, surplus power, fixed charges paid for backing down, quantum of costs of power purchased through exchanges and in the market, etc., for the 4<sup>th</sup> control period is provided with all relevant data, hollowness of the claims of the DISCOMs would be exposed thoroughly. The response of the DISCOMs that they "shall provide detailed justifications in the relevant Petition(s) to be filed before the Hon'ble TSERC" is evasive, as in the subject petitions, too,**

such information needs to be provided and examined. The argument of the DISCOMs that “if we consider the projected demand from LIS Department, there is no question of surplus energy, the energy requirement for respective years will increase drastically, hence that could meet the availability” falls in the hypothetical realm of uncertainty. That the DISCOMs have been constrained to drastically reduce the demand for lift irrigation schemes projected by the department concerned for the purpose of formulating the subject plans confirms that considering the demand projected by LIS department is unrealistic and does not correspond to ground reality. The DISCOMs also could not provide any substantiation and justification for requirement of the projected availability of surplus power during the 5<sup>th</sup> control period to meet demand of lift irrigation schemes with any degree of certainty. The DISCOMs have not explained as to how much power is supposed to be required for lift irrigation schemes even as per the projections of the department concerned and even after that how much would be the surplus power projected to be available during the fifth control period. Such a haphazard approach cannot be considered as planning. Moreover, that the DISCOMs have been maintaining silence as to who should bear the avoidable burdens arising as a result of the projected availability of abnormal quantum of surplus power that cannot be consumed as per the demand projected by the LIS department and others shows irresponsibility in decision making, without any accountability.

3. The DISCOMs claim on the one hand that “all efforts are being made to sell the surplus power through Exchanges in a most effective way”, and on the other, they claim that “it is difficult to project the quantum of sale of surplus power.” This dichotomy brings to the fore the fact that any efficient planning should not lead to availability of abnormal quantum of surplus power. It also implies that planning should not lead to availability of abnormal quantum of surplus power in the hope of selling it in the market, without any certainty.
4. While pointing out that their priority is procuring power from plant which is nearer to the load centres, the DISCOMs have maintained that “if the landing variable charge is lower in case a RE plant outside the state, it is prudent to purchase power from the said plant which will allow the consumers of Telangana with benefit of economical power.” Was that the basis for the DISCOMs when they entered into long-term PPAs with entities like SECI and CPSUs like NTPC, which act as middlemen, to purchase solar power of private power projects set up in other states?
5. The contention of the DISCOMs that “the additional RE sources PPA would serve part of peak demand in the day and add to energy security during the 6<sup>th</sup> CP when there is a deficit” needs to be substantiated. Moreover, to meet deficit during the 6<sup>th</sup> CP, entering into long-term PPAs with RE units during the 4<sup>th</sup> and 5<sup>th</sup> control periods is premature and unwarranted. In the name of meeting demand during the 6<sup>th</sup> control period, a situation of availability of abnormal quantum of surplus power should not be created during the preceding control periods.

6. The DISCOMs have contended that “it is to be noted that projection of demand and supply of electricity is done as per certain assumptions and any variation in the projected demand and supply of electricity with that of actual scenario leads to gap between the demand and supply.” While the contention of the DISCOMs that “certain assumptions” and “any variation in the projected demand and supply of electricity with that of actual scenario leads to gap between the demand and supply,” is unsubstantiated, projection of availability of abnormal quantum of surplus power during the 5<sup>th</sup> control period will certainly not be in tune with the likely gap between the demand and supply in view of the fact that the said availability of surplus power is projected based on availability of power from stations with whom the DISCOMs had PPAs with specified threshold levels of PLF/CUF. Even the variations in generation of power by those stations for any reasons cannot be in tune with the likely gap between the demand and supply in view of high degree of availability of abnormal quantum of surplus power. In other words, likely gap between demand and supply cannot absorb the projected surplus power. On the other hand, if the projected demand decreases, availability of surplus power would increase during the 5<sup>th</sup> control period, with resultant adverse consequences.
7. The DISCOMs have pointed out that “the Telangana government has initiated the ambitious Kaleshwaram lift irrigation project along with the existing ones, to meet the needs of the agriculture consumers in the State. The growth trend in this category has many variations due to variations in the operation of Lift Irrigation pumps based on rainfall, water levels in reservoirs, etc.” To meet the said needs the DISCOMs are expected to procure required power and create required distribution network. If many variations take place in the growth trend in this category, i.e., if projected demand comes down substantially, who should bear the resultant burdens is the point on which the DISCOMs have been and continue to be evasive. If projected demand for this category comes down substantially, revenue to the DISCOMs would come down proportionately, availability of surplus power would increase, proportionate capacity in transmission and distribution networks would remain idle - who should bear the burden of all these non-utilisations? Is it all the consumers or consumers under this category? The DISCOMs have been deciding contracted maximum load and load factor for HT industries and collecting charges applicable. The DISCOMs have been avoiding to respond to our requests for the kind of terms and conditions in the agreements, if any, they had with the department concerned for supply of power to LIS schemes.
8. The DISCOMs have reiterated that “the surplus power arises during few time blocks of the day and some unseasonal period during the year. It is also submitted that there are deficit of power in certain time blocks on the days of surplus power due to dynamic and fluctuating loads there is no unwarranted fixed charges paid by the TS Discoms.” Due to the said variations, provision for five percent of spinning reserve or reserve margin is generally considered sufficient. The abnormal quantum of surplus power projected to be available during the 5<sup>th</sup> control period by the

**DISCOMs is unwarranted. Due to entering into long-term PPAs for purchasing unwarranted power indiscriminately and getting regulatory consents for the same, unmindful of the need for maintaining ideal power mix to be in tune with fluctuating demand to the extent technically and practically possible, a situation of backing down abnormal quantum of surplus power and paying fixed charges therefor has been arising as per terms and conditions in the PPAs concerned. Therefore, the contention of the DISCOMs that “no unwarranted fixed charges paid” by them for backing down surplus power does not hold water. It is mainly due to indiscriminate entering into long-term PPAs and getting regulatory consents to the same, that a situation of availability of abnormal quantum of surplus power, far exceeding the technically unavoidable surplus, has been arising and such unwarranted decisions and orders are mainly responsible for the unwarranted situation of backing down abnormal quantum of surplus power and paying fixed charges therefor, and as such, backing down avoidable and unwarranted surplus power and payment of fixed charges therefor and imposing the burden thereof on consumers of power is unwarranted and avoidable. It is the imprudent decisions taken by the GoTS and imposed on the DISCOMs and regulatory consents given to the same which are responsible for this unwarranted situation. That is the reason why experience during the 4<sup>th</sup> control period needs to be analysed, proper lessons be drawn, possible corrections be carried out and costly blunders should not be repeated during the next control periods.**

- 9. Even while stating in its business plan that it had already purchased 18812 pre-paid meters and installed 15035 meters to offices of the government, NPDCL has avoided to reveal the price per unit paid and annual maintenance charges being paid. It is the consumers of power who have to bear the burden of these unwarranted pre-paid meters and as such they are entitled to know those burdens they have to bear. NPDCL has simply replied that the procurement of the pre-paid meters is being done by following the standard practice of competitive bidding with the process being done in the e-procurement platform. If the entire process of calling for tenders, their terms and conditions, finalising them and giving orders for purchase and maintenance of pre-paid meters is transparent and prudent, the DISCOMs should not avoid revealing of those details. How many prospective bidders participated in the pre-bid meeting, if any held by the DISCOMs, who are the bidders who actually participated in the bidding and what are the rates quoted by them for sale of pre-paid meters and charges for their annual maintenance? How much amount the DISCOMs are collecting from the consumers and how for installing pre-paid meters, and whether such installation is being carried out with consent of the consumers concerned need to be explained. All this information also needs to be examined by the Hon’ble Commission for prudence check and appropriate decisions. We request the Hon’ble Commission to call for records from the DISCOMs relating to these issues, examine them and subject them to prudence check. We also request the Hon’ble Commission to direct the DISCOMs to provide the said information to us to enable us to study them and make further submissions. In this connection, we would like to inform the Hon’ble Commission that, in response to our persistent requests during the public hearing held on the 19<sup>th</sup>**

instant, Hon'ble APERC has directed AP DISCOMs to provide cost analysis of pre-paid meters purchased by them, their annual maintenance charges and analysis of the subject plans for the 4<sup>th</sup> control period (on direction, the DISCOMs submitted it to APERC) to objectors within one week and permitted the objectors to make further submissions within two weeks thereafter.

10. We request the Hon'ble Commission to permit us to make further submissions during the public hearing scheduled on the 1<sup>st</sup> September.

Thanking you,

Yours sincerely,

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