

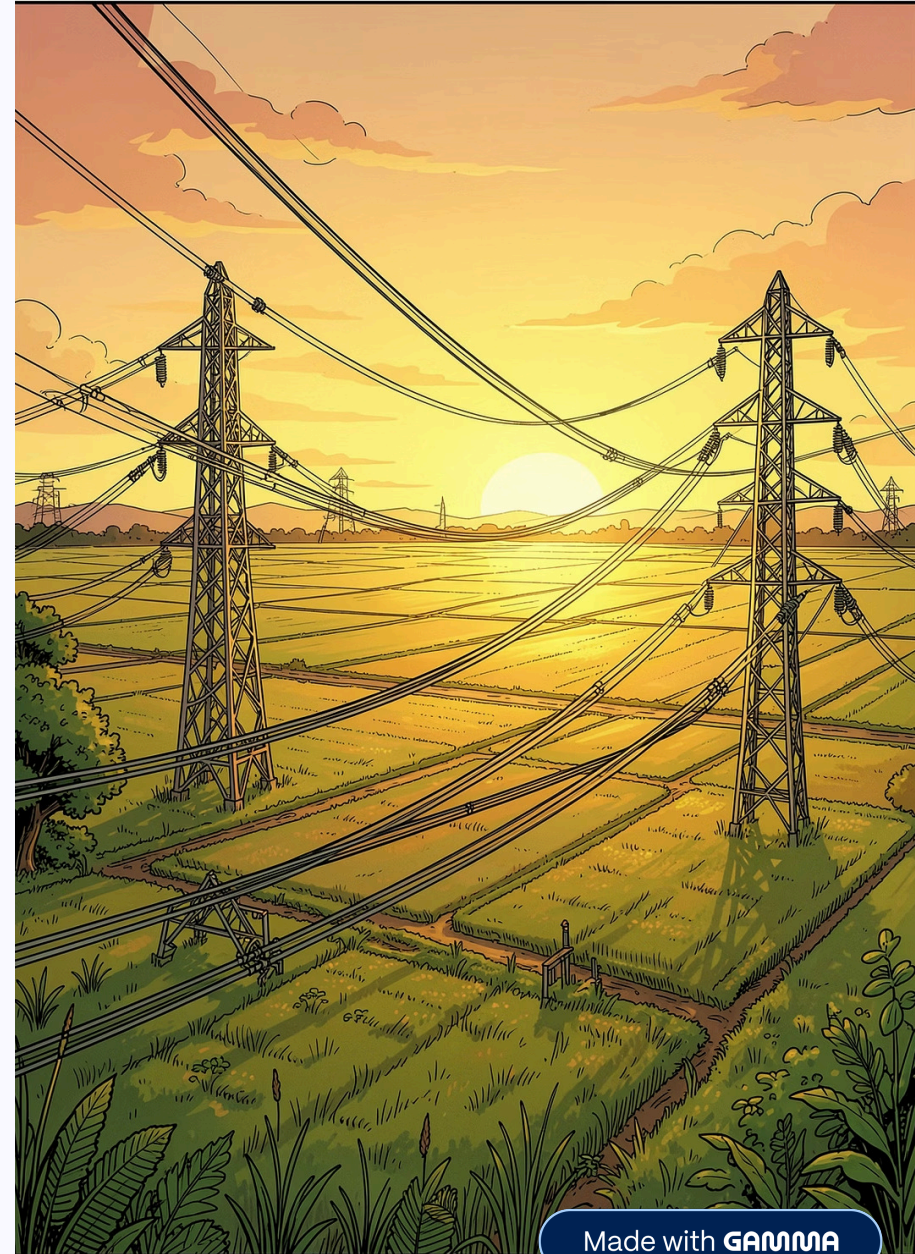
DISCOM Restructuring in Telangana

A field-level assessment of splitting DISCOMs – weighing policy theory against operational ground reality in rural networks like TGNPDCL.

POLICY ANALYSIS

UTILITY MANAGEMENT

TELANGANA POWER SECTOR



The Core Question

What Does DISCOM Splitting Actually Promise?

Focused Service

A dedicated agriculture or rural DISCOM can prioritise farmer complaints, load management, and maintenance planning.

Leaner Administration

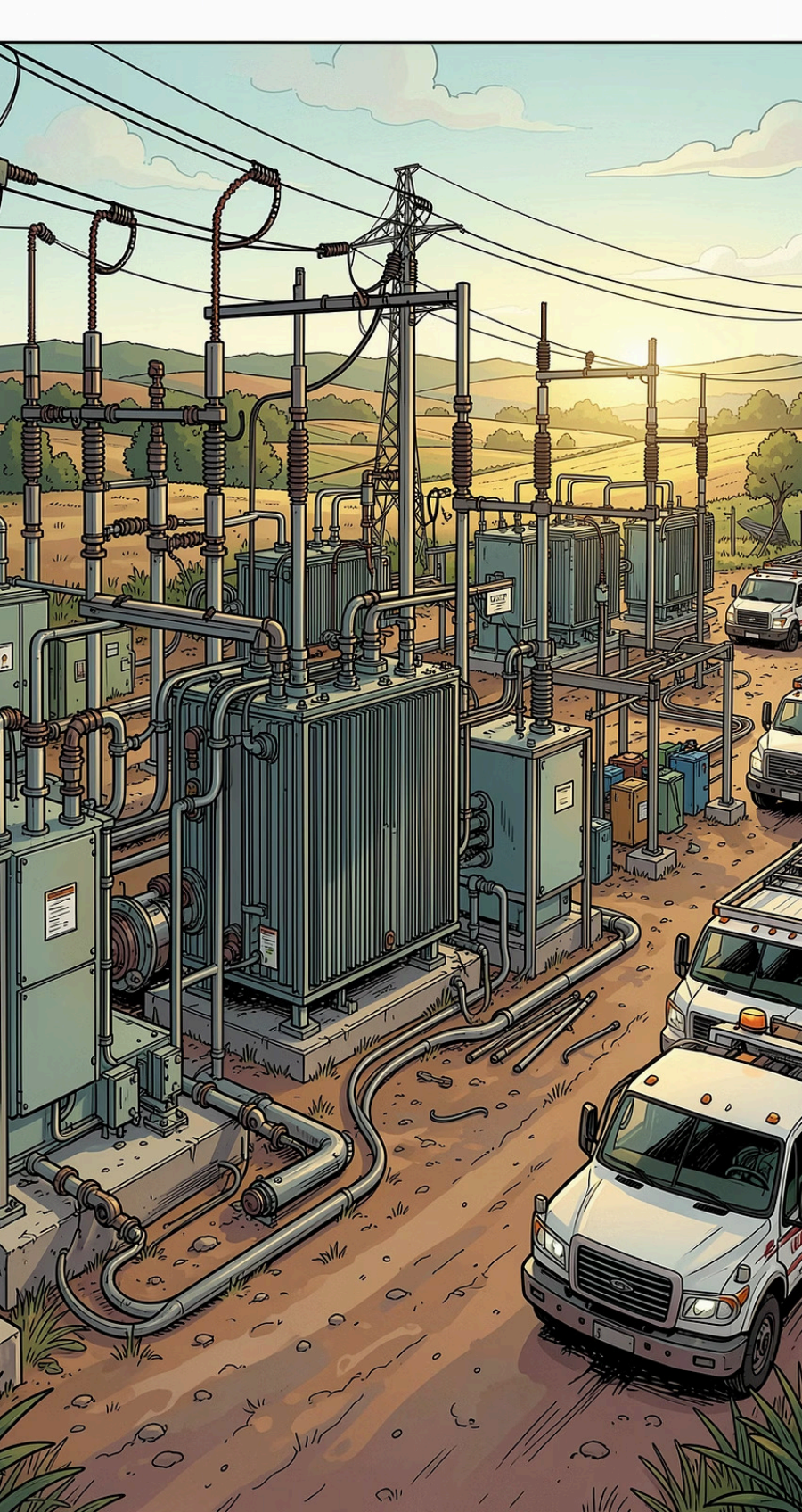
Smaller utilities can maintain their own budgets, monitor AT&C losses independently, and improve accountability.

Faster Procurement

Transformer, cable, and spare approvals handled within the DISCOM – not routed through a centralised office.

Comparable Performance

Government can benchmark AT&C losses, transformer failure rates, and supply quality across DISCOMs more clearly.



The Hidden Cost of Splitting

Every theoretical benefit carries a practical counterweight. Asset division alone creates compounding administrative challenges.

Infrastructure Disputes

Ownership of section offices, warehouses, substations, and training centres becomes contested without a clear pre-agreed allocation framework.

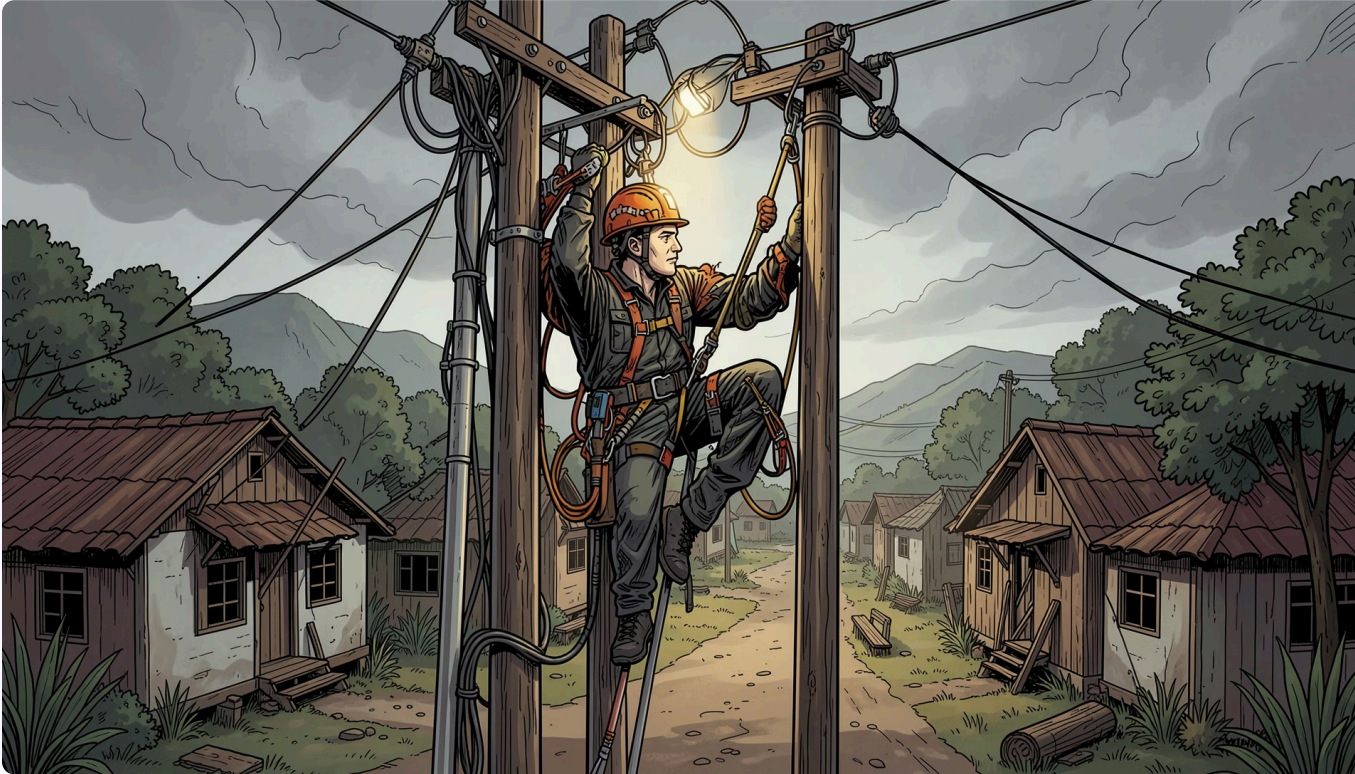
Resource Duplication

Each DISCOM needs separate offices, IT systems, billing platforms, vehicles, and engineering teams – driving up operating costs significantly.

Stores & Inventory Risk

Existing stock – transformers, conductors, insulators, AB switches, CT/PT units – must be divided precisely. Incomplete records or skewed allocation cause immediate operational stress.

The Manpower Crisis Nobody Models



When TGNPDCL employees opted for a Hyderabad-oriented TGRPDCL, rural areas were left with critical gaps in field staff.

→ Longer feeders, scattered loads

Rural networks inherently demand *more* staff, not fewer – fault tracing, rains, and accessibility compound workloads.

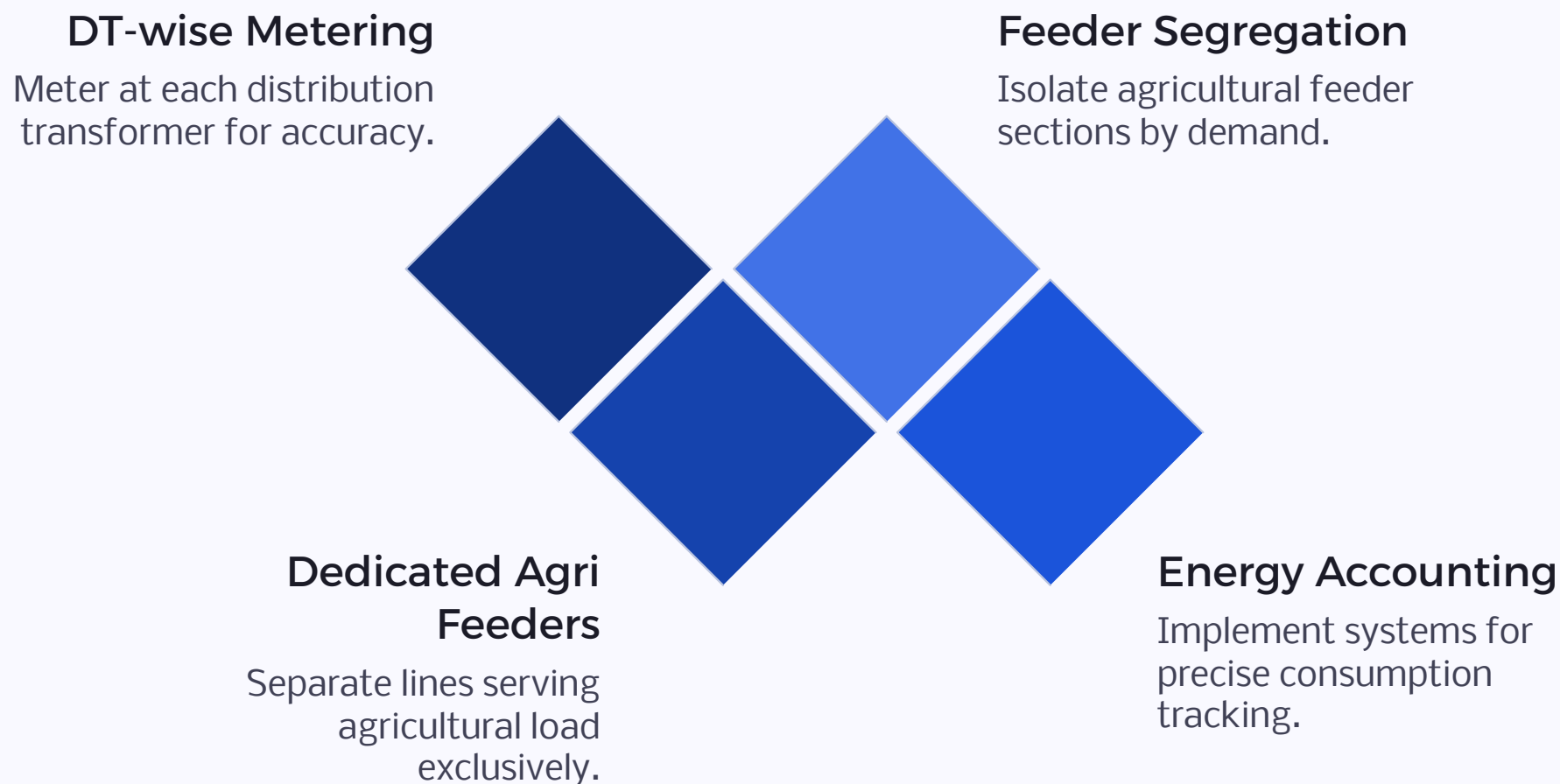
→ Cascading service failure

Fewer linemen means delayed breakdowns, reduced patrolling, deferred transformer maintenance, and weakened consumer service in remote villages.

→ Urban drift is structural

Without a formal rural manpower retention policy, experienced staff will continue migrating toward urban postings post-bifurcation.

Agriculture Feeder Bifurcation: The Prerequisite That Is Never Ready



Without all four elements in place, accurate agricultural consumption measurement is practically impossible – making subsidy calculation, power purchase planning, and regulatory reporting unreliable from day one.

Andhra Pradesh: A Cautionary Precedent

Srikakulam Lesson

Feeder segregation was expensive and inconsistently executed. Agricultural loads remained mixed with rural domestic supply across many feeders.

Metering Accuracy Failed

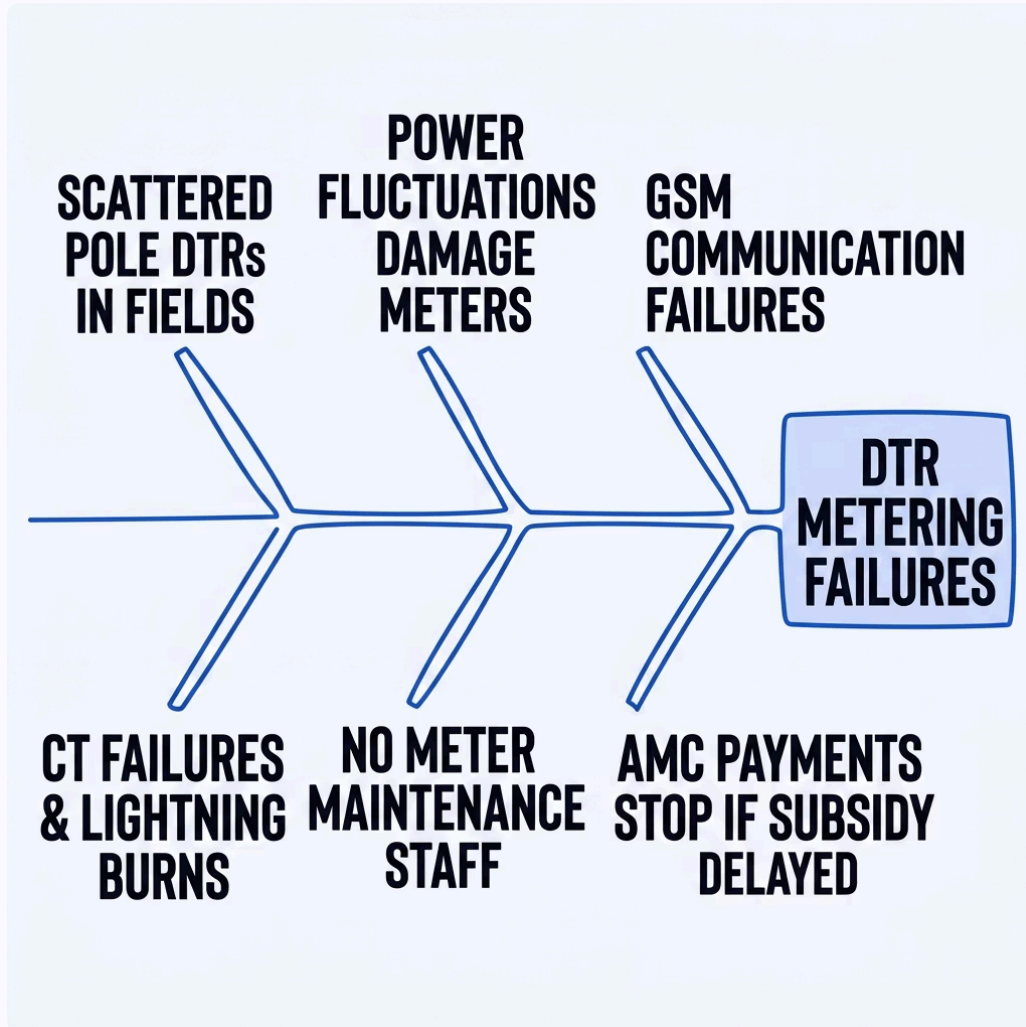
CT failures, communication module breakdowns, and delayed replacements meant utilities reverted to estimation methods – defeating the purpose of metering.

RDSS Gap

Even where DTR meters were installed under RDSS agreements, maintenance obligations were not fulfilled. Contractors completed installation targets formally – but sustained O&M never followed.



Why DTR Metering at Scale Doesn't Hold



Each failure point is individually manageable. Together, they create a **systemic collapse** of energy accounting in large rural networks.

⚠ In TGNPDCL's rural belt, with over 50,000+ agriculture DTRs and already-thin operation staff, even a 10 - 15% annual meter failure rate generates a maintenance backlog that current staffing cannot service.

Financial Dependency: The Structural Vulnerability

A rural or agriculture-focused DISCOM is structurally dependent on timely government subsidy releases. Delays trigger a chain reaction:

Urban vs. Rural Risk Profile

Urban-heavy DISCOMs sustain cash flow through stronger commercial collection. Rural/agri DISCOMs have no such buffer – making financial stress far more acute and rapid.

1

Power Purchase Dues Rise

Without subsidy inflow, DISCOM cannot settle GENCO/TRANSCO payments on schedule.

2

Contractor Payments Stall

Maintenance, AMC, and capital work contractors stop field activities.

3

Transformer Replacements Delayed

Rural consumers face prolonged outages as material procurement freezes.

Uniform Service Line Charges: An Underestimated Complication

Dividing infrastructure ownership fractures the cost-sharing model for new connections and rural electrification works. USLC disputes become continuous without a robust financial framework.

- Which DISCOM bears high rural extension costs for remote hamlet connections?
- How are common infrastructure costs – substations, feeders – apportioned between entities?
- How are subsidy-linked capital works reimbursed across DISCOM boundaries?



Restructuring Can Work – But Only on This Foundation

The risks identified are not theoretical. They reflect actual utility-management challenges in large rural networks. Bifurcation is a **potential advantage later** and a **certain disadvantage immediately** unless every condition below is met first.



Full Feeder Segregation

Agriculture feeders must be physically separated before any DISCOM split is notified.



Robust Energy Accounting

Smart metering and DT-wise data must be operationally stable, not just installed on paper.



Time-Bound Subsidy Release

Government must commit to a legally binding subsidy disbursement schedule.



Rural Manpower Policy

Mandatory rural posting commitments must be enforced to prevent staff migration to urban DISCOMs.



Integrated ERP & Stores

Shared inventory and asset management systems must remain integrated to prevent duplication and disputes.

 Study reference: Power sector restructuring in Andhra Pradesh and Karnataka offers instructive lessons – both on efficiency gains achieved and on the ground-level execution failures that eroded those gains over time.