

Date: 09.05.2026

From

R V Subba Rao

H.No. 12-13-657, Lane I, Street 14,
Nagrajuna Nagar, Tarnaka,
Seunderabad , Telangana State - 500007
Mobile: 9246392101

To,

The Secretary,

Telangana Electricity Regulatory Commission (TGERC),
Vidyut Niyanthran Bahvan, GTS Colony,
Kalyan Nagar, Hyderabad — 500 045, Telangana State.

**Subject: Submission of Comments / Suggestions / Objections on O.P. No. 11 of 2026 —
Application for Grant of Distribution Licence to Telangana Rythu Power Distribution
Company Limited (TGRPDCL)**

Reference: Public Notice dated 18.04.2026 issued by TGERC in O.P. No. 11 of 2026 inviting comments/suggestions/objections on the above application.

Respected Sir,

1. I refer to the Public Notice issued by the Hon'ble Telangana Electricity Regulatory Commission (TGERC) in O.P. No. 11 of 2026, inviting comments, suggestions and objections from stakeholders on the application filed by Telangana Rythu Power Distribution Company Limited (TGRPDCL) for grant of a Distribution Licence, in pursuance of GO Ms. No. 44, Energy Department, Government of Telangana, dated 17.12.2025.
2. In response to the said Public Notice, I, RV SUBBA RAO engaged in consumer advocacy and public interest work in the electricity sector, hereby submit my Comments / Suggestions / Objections on the above application, in public interest and as a stakeholder in the electricity supply sector of Telangana State.
3. **The enclosed document presents detailed objections and suggestions covering the following aspects:**
 - **Legal deficiency arising from absence of an independent distribution system as required under Section 14 of the Electricity Act, 2003;**

- **Non-satisfaction of capital adequacy and creditworthiness requirements under the Distribution of Electricity License Rules, 2005;**
- **Financial non-viability arising from negligible equity base of ₹5 Crores, absence of a business plan, and non-disclosure of debt arrangements;**
- **Structural defect in creating a disproportionately subsidy-dependent utility with no enforceable advance subsidy mechanism under Section 65 of the Electricity Act, 2003;**
- **Failure to address the root causes of DISCOM financial stress, including non-payment by Government departments, subsidy delays and tariff suppression;**
- **Technical non-compliance of the proposed DT-side boundary metering with CEA (Installation and Operation of Meters) Regulations, 2019, and the proven operational failure history of DT metering in Telangana;**
- **Ambiguity in PPA reallocation, fixed charge liability settlement and inter-DISCOM energy accounting;**
- **Non-disclosure of audited asset transfer, liability and receivables allocation;**
- **A recommended phased reform model — accounting segregation, feeder metering and conditional physical segregation — as a prudent and cost-effective alternative.**

4. It is respectfully requested that the Hon'ble Commission may kindly take the enclosed Comments / Suggestions / Objections on record and consider the same while deciding the above O.P. in the interest of consumers and the long-term sustainability of the electricity sector in Telangana State.

5. **I may be permitted to present oral submissions at the time of hearing, if the Hon'ble Commission so permits.**

Enclosure: Comments / Suggestions / Objections on O.P. No. 11 of 2026 (22 Sections, 10 Prayers) — **Pages: 13 pages**

Thanking you,

Yours faithfully,



RV SUUBA RAO
Mobile No. 9246392101
Emailed;rvsraohyd@gmail.com

**BEFORE THE HON'BLE TELANGANA ELECTRICITY REGULATORY
COMMISSION
HYDERABAD, TELANGANA STATE**

COMMENTS / SUGGESTIONS / OBJECTIONS

ON O.P. No. 11 of 2026

**(Grant of Distribution Licence to Telangana Rythu Power Distribution Company Limited —
TGRPDCL)**

In pursuance of GO Ms. No. 44, Energy Department, dated 17.12.2025

1. INTRODUCTION

The undersigned submits these Comments, Suggestions and Objections before the Hon'ble Commission in public interest, as a consumer activist, stakeholder in the electricity sector, and Director of People's Sentinel Forum (PSF), a registered NGO engaged in consumer advocacy in the energy sector. The undersigned has field and regulatory experience in electricity distribution governance and tariff matters in Telangana State.

The Government of Telangana has issued GO Ms. No. 44 dated 17.12.2025, proposing the formation of a Third Distribution Company — Telangana Rythu Power Distribution Company Limited (TGRPDCL) — to supply electricity exclusively to subsidized consumer categories comprising Agriculture, Lift Irrigation Schemes (LIS), CPWS/Mission Bhagiratha, HMWSSB and Municipal Water Connections (LT VI-B). A licence application has been filed before this Commission vide O.P. No. 11 of 2026, and a Public Notice has been issued calling for objections and suggestions.

While the stated objective of ring-fencing subsidized supply may appear reformative, it is respectfully submitted that the proposal as currently structured is technically weak, financially risky, operationally impracticable and legally ambiguous. It does not address the root causes of DISCOM financial distress and may ultimately impose a greater burden on consumers and the State exchequer. These objections are therefore filed in the interest of prudent regulation and long-term sector sustainability.

2. BACKGROUND: LESSONS FROM PAST POWER SECTOR REFORMS

The erstwhile Andhra Pradesh State Electricity Board (APSEB) functioned as a single integrated utility handling generation, transmission and distribution. The integrated structure ensured unified planning, coordinated operations and clear accountability at all levels.

APSEB was subsequently vertically unbundled into GENCO, TRANSCO and DISCOMs under the reform process. While the intention was to improve operational efficiency and reduce losses, the practical outcome included:

- Multiplication of corporate structures and duplication of administrative establishments;
- Increased overhead and management expenditure without proportionate efficiency gains;
- Weakened field-level accountability due to fragmented jurisdictions;
- Persistent financial stress, accumulating regulatory gaps, and growing subsidy dependence.

This experience conclusively demonstrates that structural bifurcation alone does not resolve operational or financial deficiencies unless supported by strong governance, enforceable financial discipline and credible operational reforms. The present proposal for a further round of bifurcation — creating a third DISCOM out of the existing two — must therefore be subjected to the most rigorous regulatory scrutiny.

3. FUNDAMENTAL LEGAL DEFICIENCY: ABSENCE OF AN INDEPENDENT DISTRIBUTION SYSTEM

This is the most fundamental legal objection to the present licence application. Section 14 of the Electricity Act, 2003 permits the Commission to grant a distribution licence to two or more persons in the same area of supply, but the statute expressly conditions such grant on each licensee distributing electricity through its own distribution system. The operative phrase is — "distribution of electricity through their own distribution system within the same area."

The Distribution Licence issued in Telangana defines a Distribution System as: "any system consisting mainly of cables, service lines and overhead lines, electrical plant and meters having a design voltage of 33 kV and under, and shall also include any other system of higher voltage as the Commission may specifically recognise. A Distribution System shall not include any part of the Transmission System." This definition confirms that a licensee must have an independent, self-owned distribution system as a prerequisite for licence grant.

In the present case, the applicant TGRPDCL has not demonstrated the existence of any independent distribution network of its own at the time of application. The licence application itself acknowledges that the proposed entity is a newly incorporated company with equity of only ₹5 Crores, no credit rating, no standard borrowal account, and that its debt arrangements are "yet to be tied up." The application also states that managerial and operational capability will be "deployed" from TGSPDCL and TGNPDCL, confirming that the proposed licensee lacks independent operational infrastructure.

What the GO proposes is a downstream asset transfer of Agricultural DTRs and LT lines to TGRPDCL after a future "effective day." However, as of the date of filing of the licence application, this transfer has not been completed; no audited asset transfer scheme has been filed before the Commission; no independent network has been established. The proposed arrangement, in substance, is not a parallel distribution network but a reallocation of an existing network that remains operationally intertwined with the incumbent DISCOMs.

It is therefore respectfully submitted that the licence application is legally premature. The Commission cannot grant a distribution licence merely on the basis of a future intention to create a network; the applicant must demonstrate actual ownership and operability of an independent

distribution system at the time of grant. Without this, the fundamental statutory condition of Section 14 remains unsatisfied.

4. UNIVERSAL SUPPLY OBLIGATION UNDER SECTION 43 CANNOT SUBSTITUTE FOR INDEPENDENT NETWORK

Section 43 of the Electricity Act, 2003 imposes a universal supply obligation on every distribution licensee to supply electricity on demand to any consumer within its area of supply, subject to technical and operational requirements. This is a duty imposed consequent to the grant of a licence, not a justification for the grant of a licence.

It is submitted that this duty presupposes the existence of a valid, operational licensee with its own infrastructure, financial capacity and technical means to discharge the obligation. Section 43 cannot be invoked by an applicant that does not yet have an independent distribution system, to argue that it must be licensed so that it can thereafter fulfil its supply obligation. The logical sequence is: independent network first, licence grant next, and supply obligation thereafter. Reversing this sequence — licensing first and network creation later — would reduce the statutory framework to a mere formality.

Accordingly, TGRPDCL cannot rely on the universal supply obligation to justify licencing when the basic prerequisite of an own distribution system is not satisfied. The Commission may clearly hold that Section 43 cannot be used as a cure for non-compliance with the independent-network requirement of Section 14.

5. CAPITAL ADEQUACY AND CREDITWORTHINESS NOT ESTABLISHED

The Distribution of Electricity Licence (Additional Requirements of Capital Adequacy, Creditworthiness and Code of Conduct) Rules, 2005 prescribed by the Central Government require every applicant seeking licence in an area already served by an existing licensee to demonstrate 30% equity on the total cost of investment, based on net worth and internal resource generation of the preceding three years.

The present application discloses a net worth of ₹5 Crores and states that debt is "yet to be tied up." No credit rating certificate has been furnished. No standard borrowal account status has been provided. No financial projections for even one year have been submitted. The Business Plan is stated to be deferred to within three months of licence coming into force.

The magnitude of the proposed entity — serving 29,08,138 consumers, absorbing assets worth ₹4,929 Crores, inheriting government receivables of ₹35,982 Crores, and taking over payables to TGGENCO of ₹26,950 Crores — makes the equity base of ₹5 Crores not merely inadequate but grossly incompatible with the capital adequacy standard. The Commission may direct production of a full capital adequacy computation, audited balance sheet, and proof of financial closure before proceeding further.

6. STRUCTURAL DEFECT: CREATION OF A DISPROPORTIONATELY SUBSIDY-DEPENDENT UTILITY

The proposed TGRPDCL will serve only subsidized and near-zero-tariff consumer categories. Its entire consumer base — Agriculture, LIS, CPWS/Mission Bhagiratha, HMWSSB and LT VI-B water works — consists of categories for which either zero tariff or very low tariff is presently applicable. As a result, TGRPDCL will have negligible internal revenue and will depend entirely on State Government subsidy for its financial survival.

Parameter	Value
Total consumers to be transferred	29,08,138
Agriculture consumers	29,05,779 (99.9%)
3rd DISCOM share of total State energy	42% (~31,355 MU per annum)
Agricultural DTRs to be transferred	5,22,479
Agricultural LT lines to be transferred	2,61,240 km
Asset book value to be transferred	₹4,929 Crores
DT metering CAPEX proposed	₹1,306 Crores
Government receivables to be transferred	₹35,982 Crores
TGGENCO payables to be transferred	₹26,950 Crores
Working capital loan to be transferred	₹9,032 Crores
Equity disclosed in licence application	₹5 Crores

Such a utility, consuming 42% of total State energy but generating negligible tariff revenue, is structurally unviable without guaranteed, advance and legally enforceable subsidy from the Government. Section 65 of the Electricity Act, 2003 requires subsidy to be paid in advance in the manner specified by the Commission. The GO does not disclose any escrow arrangement, letter of credit, legislative budgetary commitment or other enforceable mechanism for advance subsidy payment. This is a critical statutory gap.

Further, while TGSPDCL may become financially healthier after bifurcation due to its better consumer mix and urban industrial base, TGNPDCL — which is predominantly rural and agricultural — will also suffer further weakening. The restructuring will thus create one DISCOM with improved finances, while two DISCOMs become chronically subsidy-dependent. This is contrary to the stated objective of sector-wide financial sustainability.

7. ROOT CAUSES OF DISCOM FINANCIAL STRESS NOT ADDRESSED

The proposal does not address the underlying causes of DISCOM financial distress, which are well-established and include:

- Non-payment / delayed payment of electricity dues by Government departments, Local Bodies, Municipalities, Panchayat Raj institutions, Water Works and public undertakings;
- Delay or non-release of committed subsidy amounts, resulting in working capital burden and interest accumulation;
- Tariff suppression and non-approval of cost-reflective tariff revisions, resulting in a widening regulatory gap between Average Cost of Supply (ACoS) and Average Billing Rate (ABR);
- High AT&C losses and inadequate loss reduction due to weak energy auditing and poor feeder-level accountability;

- Shortage of field-level O&M manpower leading to delayed service restoration and poor consumer service;
- Imprudent power procurement and absence of payment security frameworks.

Unless these root causes are addressed through enforceable regulatory directions and policy reforms, creation of a new corporate entity will only redistribute the same inefficiencies, while increasing overheads and administrative expenditure. The Commission may direct that root-cause reforms — including strict Government bill payment discipline, advance subsidy release, and tariff rationalisation — be implemented as a precondition for any structural restructuring.

It is pertinent to note that states like Haryana have demonstrated measurable improvement in DISCOM financial performance through strict enforcement of Government payment discipline and collection efficiency, without creating new structural entities. Such targeted reforms are more effective and far less costly than corporate bifurcation.

8. DUPLICATION OF CORPORATE AND O&M STRUCTURES WILL INCREASE COST BURDEN

Formation of TGRPDCL will necessarily result in duplication of corporate functions and O&M infrastructure, including:

- Corporate functions such as HR, accounts, legal, IT systems, regulatory filing, procurement and audit;
- O&M infrastructure including DT repair workshops, spare parts depots, logistics chains, vehicles, cranes and hydra units;
- Call centres, consumer complaint management systems and field grievance redressal machinery;
- Safety and enforcement functions including anti-theft and vigilance teams.

This duplication will significantly increase overall sector overheads, which will ultimately be recovered through consumer tariffs or Government subsidy. Consumers should not be made to bear the cost of administrative duplication in the absence of guaranteed service improvement outcomes.

9. MANPOWER SHORTAGE AND SERVICE DELIVERY RISK IN RURAL AREAS

Existing DISCOMs already suffer from significant shortage of O&M field staff in rural areas. In practice, LT maintenance is inadequate, fuse-off restoration is delayed, DT failures during summer and kharif seasons are frequent, and consumers themselves often replace fuses and report only major breakdowns.

Further fragmentation of the distribution structure through creation of a third DISCOM will aggravate coordination issues and dilute accountability. In a bifurcated system, complaints may go unanswered due to jurisdictional disputes between DISCOMs. The proposed force of only 2,000 employees for a jurisdiction covering 5,22,479 DTRs spread across 18+ districts of Telangana is manifestly insufficient and will not support reliable service delivery.

10. SERVICE CONTRACT MODEL CREATES ACCOUNTABILITY AMBIGUITY

The GO proposes that absorbed/deputed staff will be used optimally and remaining services will be outsourced through service contracts with incumbent DISCOMs. This arrangement creates fundamental ambiguity on consumer-facing responsibilities:

- Which DISCOM will respond to fuse-off complaints at an agricultural DTR?
- Who will replace a failed transformer at an LIS or HMWSSB connection?
- Who will maintain LT lines and attend to voltage complaints?
- Which DISCOM will handle theft cases, energy auditing and vigilance on agricultural feeders?
- Which officials will represent the licensee at ZP/Mandal review meetings and with District Collectors?
- How will consumer grievance redressal channels be organised across three DISCOMs?

Such ambiguity is unacceptable in a distribution licence framework. Service contracts between DISCOMs do not constitute a substitute for clear statutory accountability. The Commission should require a detailed, enforceable inter-utility service agreement — covering fault restoration timelines, liability, penalty provisions, and consumer grievance routing — as a mandatory pre-condition for licence grant.

11. DT METERING: NON-COMPLIANCE WITH CEA REGULATIONS AND PROVEN OPERATIONAL FAILURE

The GO proposes to use smart meters installed at the LT side of Distribution Transformers (DTRs) as interface meters for energy settlement between DISCOMs. This proposal is technically non-compliant and operationally imprudent on two independent grounds.

First, under the CEA (Installation and Operation of Meters) (Amendment) Regulations, 2019, interface meters are required to be of 0.2S accuracy class. The GO itself acknowledges this requirement. However, 0.2S accuracy class smart meters on the LT side of distribution transformers are not standardly manufactured or commercially available at scale in India. The meters typically available and deployed at DTR level are of 0.5 class. This is a direct regulatory contradiction — the GO proposes an interface metering arrangement that cannot be fulfilled with commercially available equipment.

It is pertinent to mention that most of the existing distribution transformer (DT) structures and plinths in the field are not compatible for fixing DT meters, CT/PT arrangements, meter boxes, sealing provisions, and safe mounting arrangements. Therefore, DT metering implementation will inevitably require additional civil and structural modifications, resulting in further avoidable expenditure. Thus, the present approach reflects a clear tendency of repeating expensive experiments without learning from previous failures, while consumers and taxpayers are expected to bear the burden of such unplanned and poorly executed initiatives

Second, DT-level metering has been attempted multiple times in Telangana and across India under RAPDRP, IPDS, HVDS and ISI methodology programmes. None of these initiatives

delivered accurate, sustained and audit-worthy energy accounting due to the following persistent operational failures:

- High meter failure rates due to voltage fluctuations, lightning and physical stress;
- Theft, tampering and bypass of meters by anti-social elements;
- Communication failures due to absence of reliable cellular/GPRS connectivity in deep rural areas;
- CT ratio mismatches, wiring errors and software integration issues at time of installation;
- Absence of adequate spares and replacement inventory at section level;
- Shortage of trained manpower for periodic testing, calibration and replacement.

Deploying smart meters on 5,22,479 DTRs at a cost of approximately ₹1,306 Crores (at ₹25,000 per meter), plus MDMS integration and communication costs, represents a major imprudent CAPEX outlay without historical precedent of success. The Commission may reject this expenditure as imprudent and direct adoption of the feeder/village boundary metering alternative detailed in Section 18 below.

Further, it is relevant to highlight that TGSPDCL has already attempted implementation of a so-called **Smart Grid project in Jeedimetla Subdivision**, with an investment of around **₹30 Crore under IPDS**, involving installation of feeder meters, DT smart meters, and consumer smart meters with the objective of online energy accounting, monitoring, reliability improvement, and loss reduction. However, even after spending such substantial public funds, the project has practically failed, and the outcome was never effectively communicated to the public or stakeholders. At present, the project is reportedly not in operation, clearly demonstrating that the DISCOM does not possess the required technical capacity, manpower skill, communication infrastructure, and operational discipline even to successfully sustain a Smart Grid initiative in a limited town subdivision area. The smart meters and communication system failed to function reliably, thereby defeating the very purpose of real-time monitoring and energy auditing. More importantly, TGSPDCL has **never disclosed any measurable benefits or achievements from this project, such as reduction in AT&C losses, improvement in billing efficiency, enhancement in reliability indices, or reduction in transformer failures**. Neither any performance report nor any verified loss reduction data has been placed in the public domain or before the Commission, which raises serious concerns about transparency and accountability in such costly pilot schemes.

12. DT METER PROCUREMENT AND MDMS INTEGRATION: PRACTICAL INFEASIBILITY

Procurement, supply, installation, testing, commissioning and MDMS integration of over five lakh DT meters is a logistically complex task that will realistically require 18 to 24 months even under the best procurement conditions. Integration will require adoption of multiple communication modes — GPRS, RF mesh, PLC — given variable rural connectivity, involving coordination with multiple telecom operators across 18 districts.

Non-communication events, data gaps, meter replacements and software reconciliation will render energy audit trails unreliable and legally contestable, undermining the core objective of ring-

fencing agricultural consumption. By contrast, feeder-level boundary metering requires only approximately 12,000 to 15,000 meters, can be implemented within 3 to 4 months in secured substation environments, and is technically proven as an energy accounting methodology.

13. AGRICULTURAL CONSUMPTION CONTINUES TO BE ESTIMATION-BASED

Agricultural energy consumption in Telangana is currently assessed through estimation norms based on connected pump capacity, assumed hours of use, seasonal factors and sample surveys — not direct metering. Even after formation of TGRPDCL, this estimation-based methodology will continue unless credible feeder segregation and boundary metering is implemented, because DT meters alone — vulnerable to failures and communication gaps as detailed above — cannot deliver an audit-worthy real-time measurement chain.

Therefore, the primary policy objective of accurately ring-fencing agricultural subsidy consumption will remain defective under the proposed model. The Commission may direct that agricultural consumption measurement methodology must first be validated through a pilot-based feeder segregation programme before any physical corporate segregation is attempted.

14. SUBSIDY PAYMENT SECURITY AND PRAAPTI DEFAULT RISK

The GO does not specify any enforceable mechanism to ensure timely release of subsidy to TGRPDCL. Section 65 of the Electricity Act, 2003 mandates that subsidy must be paid in advance in the manner specified by the Commission. The application is entirely silent on this requirement.

If subsidy is delayed — which has historically been the pattern in Telangana — TGRPDCL will face an immediate cash flow crisis, resulting in default on power purchase payments. Such defaults will be reported on the PRAAPTI portal, triggering scheduling restrictions, denial of power exchange access, and potential curtailment of agricultural and LIS supply. This defeats the very welfare objective for which the entity is being created.

The Commission may therefore mandate, as a precondition for licence grant, an irrevocable mechanism for advance subsidy payment — such as a dedicated escrow account, a Government-backed letter of credit, or a statutory first-charge commitment on the Consolidated Fund of Telangana — in a form and manner specified by the Commission under Section 65.

15. PPA REALLOCATION AND FIXED CHARGE LIABILITY: SERIOUS UNRESOLVED AMBIGUITY

The GO proposes splitting existing PPAs among the three DISCOMs in proportion to energy requirement (TGSPDCL 45%, TGNPDCL 13%, TGRPDCL 42%). However, several critical issues remain unresolved:

- No source-wise PPA allocation statement has been filed indicating which specific contracts — TGGENCO, CGS, IPPs, inter-state solar, inter-state hydel, intra-state RE — will be allocated to TGRPDCL;
- Generator consent requirements under existing PPA terms, and whether novation or amendment is required, have not been addressed;

- Agricultural and LIS supply is subject to scheduling restrictions by SLDC during peak hours. If energy allocated to TGRPDCL is backed down or diverted, the liability for fixed capacity charges must be clearly assigned to avoid financial disputes between the three licensees;
- Payment security obligations under individual PPAs and their assignability to a new unlicensed entity have not been disclosed.

Without a legally binding, source-wise PPA allocation — approved by all stakeholders including generators and SLDC — TGRPDCL cannot be treated as a viable power-procuring entity. The Commission should require a complete PPA allocation framework before licensing proceeds.

16. ASSET TRANSFER, LIABILITIES AND RECEIVABLES: ABSENCE OF AUDITED DISCLOSURE

The GO proposes transfer of assets, liabilities, receivables and loans to TGRPDCL. However, no audited statements have been filed before the Commission. The Commission cannot make a prudence assessment on the basis of provisional figures. The following are critical gaps:

- The average asset value per DT is ₹78,749 in TGNPDCL but only ₹33,452 in TGSPDCL — a variance of over 135%. This wide discrepancy in valuation methodology for essentially similar rural distribution assets is unexplained and must be reconciled through an independent technical and financial audit before assets are transferred;
- Government receivables of ₹35,982 Crores are being transferred as assets, but their recoverability and collectability timeline are entirely uncertain. Treating disputed and long-overdue Government dues as bankable assets inflates the balance sheet without genuine financial backing;
- The loan transfer formula — (Network Value Transferred) + (Government Receivables Transferred) – (Payables Transferred) — may result in a technically zero-net-worth entity, incapable of accessing credit;
- Employee liabilities, vendor payables, pending consumer court cases, and pending regulatory claims have not been disclosed in the application.

The Commission may direct that independently audited asset transfer statements, liability schedules, and receivables aging analysis must be filed and approved by this Commission prior to any licensing decision.

17. NETWORK SHARING AND MULTI-LICENSEE LEGAL FRAMEWORK: UNRESOLVED

Even assuming, for the sake of argument, that the assets are eventually transferred and an independent network is established, the operational model proposed creates additional legal ambiguity under Section 42 of the Electricity Act, 2003. Section 42 governs the duties of the distribution licensee, including the obligation to provide non-discriminatory open access and to develop a co-ordinated distribution system. In a three-DISCOM environment sharing the same physical geography, the following must be clearly determined by the Commission before licence grant:

- Wheeling charges payable by TGRPDCL to incumbent DISCOMs for using their upstream network;
- Methodology for loss allocation at each voltage level and interface point;
- O&M responsibilities and restoration accountability at shared substation bays and 11 kV feeders;
- Meter dispute resolution and energy mismatch handling procedures between DISCOMs;
- Consumer grievance jurisdiction, especially for mixed-load feeders and DTRs pending segregation.

Until these regulatory frameworks are in place, granting a licence to TGRPDCL will create a legally ambiguous operational model that is prone to inter-utility disputes, consumer confusion and deterioration of service standards.

18. PRACTICAL AND COST-EFFECTIVE ALTERNATIVE: FEEDER AND VILLAGE-LEVEL BOUNDARY METERING

The objective of ring-fencing agricultural consumption can be achieved more reliably, at a fraction of the cost, through feeder and village-level boundary metering. The methodology is as follows:

$$\text{Agricultural Consumption} = \text{Total SS / Feeder Input Energy} - \text{Village Metered Non-Agricultural Consumption} - \text{Separately Metered Non-Agricultural Loads (if any)}$$

In most rural areas, villages are supplied through dedicated 11 kV feeders. A single meter at the village common supply point, or at the substation outgoing feeder, is sufficient to compute agricultural consumption by subtraction. Dedicated agricultural feeders can be directly accounted through feeder meters at the 11 kV substation level.

Advantages of this approach over DT metering include:

- Only ~12,000–15,000 meters required (vs 5,22,479 DT meters) — a 97% reduction in meter count;
- Meters installed in secured substation environments, with reliable power supply and access for maintenance;
- Implementation possible within 3–4 months;
- Proven methodology, field-tested and technically defensible for regulatory energy accounting;
- No dependency on rural cellular/GPRS connectivity;
- Avoids recurring OPEX for meter replacement on failed/damaged DTRs;
- Savings of approximately ₹15 Crores per month from improved no-load loss management on agricultural feeders.

19. RECOMMENDED PHASED REFORM MODEL: ACCOUNTING SEGREGATION FIRST, PHYSICAL SEGREGATION LATER

Instead of immediate physical corporate segregation, the objectives of GO Ms. No. 44 can be achieved through a phased approach:

- **Phase 1 — Accounting Segregation:** Ring-fence all subsidized consumer categories within the existing DISCOM structure by creating separate heads of account. Prepare an independent category-wise P&L statement for all GO-specified categories (Agriculture, LIS, CPWS, HMWSSB, LT VI-B), reflecting energy input, PPA cost, attributable losses, distribution cost, tariff revenue and subsidy receivable. This is executable immediately without any capital expenditure.
- **Phase 2 — Agricultural Feeder Segregation:** Invest in feeder segregation at 11 kV level and substation boundary metering. Validate energy accounting through a supervised pilot in 2–3 divisions for one full year. Submit audited energy accounting results to the Commission.
- **Phase 3 — Physical Segregation (conditional):** Physical corporate segregation should be considered only after Phase 2 results demonstrate measurable improvement in energy accountability, after adequate manpower build-up, after completion of network asset transfer and audited balance sheet, and after an irrevocable subsidy payment security mechanism is in place and approved by the Commission.

This phased approach avoids imprudent capital expenditure, prevents disruption of existing service standards, does not require new corporate establishment costs, and is unlikely to attract farmer or political opposition, while still delivering the policy objective of transparent agricultural subsidy accounting.

20. COMMISSION'S STATUTORY DUTY — REGULATORY SCRUTINY REQUIRED

The Commission has an overarching statutory duty under the Electricity Act, 2003 to protect consumer interest, ensure financial sustainability of licensees, and promote efficient and economical development of the electricity sector. In this context, the Commission must enforce:

- Credible energy auditing and accountability at each licensee level;
- Prudent capital expenditure approvals based on historical cost-benefit evidence;
- Enforceable payment discipline for Government dues and subsidy;
- AT&C loss reduction accountability and milestones for each licensee;
- Transparent, audited asset transfer and balance sheet before any licence change.

Granting a distribution licence to an entity that does not have an independent network, has only ₹5 Crores in equity, has no credit rating, has no business plan, and has no enforceable subsidy mechanism would set a precedent that undermines the statutory licensing framework and may expose consumers and the public exchequer to serious financial risk.

21. CONCLUSION

For the reasons set out above, the proposal for grant of a distribution licence to TGRPDCL as presently structured is legally premature, financially unviable, operationally impracticable and not supported by adequate feasibility disclosure. The proposal does not address the root causes of DISCOM distress, relies on a metering technology that has repeatedly failed in field conditions, and lacks the basic statutory prerequisite of an independent distribution system. The suggested

phased reform model offers a more prudent, cost-effective and legally sound pathway to achieving the same policy objective.

22. PRAYER

In view of the foregoing, it is most respectfully prayed that the Hon'ble Commission may be pleased to:

- a)** Hold that the licence application is legally premature in the absence of an independent distribution system as required by Section 14 of the Electricity Act, 2003, and direct TGRPDCL to demonstrate actual ownership and operability of an independent network before grant of licence;
- b)** Direct that capital adequacy and creditworthiness requirements under the Distribution of Electricity Licence Rules, 2005 must be fully satisfied and verified by the Commission prior to any licensing decision, given the gross inadequacy of the disclosed equity of ₹5 Crores;
- c)** Direct the applicant and incumbent DISCOMs to file independently audited asset transfer statements, liability schedules, receivables aging analysis and a source-wise PPA allocation framework before the Commission proceeds with the licensing process;
- d)** Reject the LT-side DT boundary metering model as non-compliant with CEA (Installation and Operation of Meters) Regulations (0.2S accuracy class requirement) and as operationally imprudent given its consistently poor performance record under all prior programmes;
- e)** Disallow the proposed ₹1,306 Crores DT metering CAPEX as imprudent and not supported by cost-benefit justification, and direct adoption of feeder-level and village boundary metering as a proven and cost-effective alternative;
- f)** Mandate an irrevocable advance subsidy payment mechanism — in the form of an escrow account, letter of credit or statutory first-charge commitment on the Consolidated Fund of Telangana — as an enforceable precondition for licence grant under Section 65 of the Electricity Act, 2003;
- g)** Direct the Government of Telangana to enforce strict and time-bound payment of electricity dues by all Government departments, local bodies and public institutions, and to clear accumulated arrears through specific budgetary allocations, as a prerequisite to any further structural restructuring;

- h)** Direct adoption of the phased reform model — accounting segregation first, feeder segregation second, and physical segregation only upon demonstrated and audited results — as a more prudent and effective alternative to immediate physical corporate bifurcation;
- i)** Defer or reject the grant of distribution licence to TGRPDCL until all legal, financial, technical and operational prerequisites are satisfactorily demonstrated before this Commission;
- j)** Pass such other and further orders as the Hon'ble Commission may deem just, proper and necessary in the interest of consumers and the long-term sustainability of the electricity supply sector in Telangana State.



RV SUBBA RAO

Mobile No. 9246492101