



TELANGANA STATE ELECTRICITY ASSISTANT ENGINEERS' ASSOCIATION

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Lr.No.TSEAEA/T.(25-27)/ENERGY/F.1/D.No.20/26-27, Dt:18.05.2026

**To,
The Secretary
Telangana State Electricity Regulatory Commission
S.No.145, Vidyut Niyantaran Bhavan
GTS Colony, Hyderabad 500 045.**

TGERC HYDERABAD INWARD

18 MAY 2026

No.

Sign

Sub:- TSEAEA - Submission of views of the association duly opposing the formation of Third Discom (TGRPDCL) and granting of Licences-Regd.

Ref:- G.O.Ms.No.44, Dt: 17-12-2025.

The Telangana State Electricity Assistant Engineer Association would like to submit the following few points to be taken into consideration by the Hon'ble Commission.

1. Cross-Subsidy, Tariff Principles, and Financial Viability

Under Sections 61 and 62 of the Electricity Act, 2003, tariff determination is required to progressively reflect the cost of supply, while also recognising cross-subsidy within permissible limits.

The proposed segregation of subsidized consumer categories into a separate DISCOM may remove cross-subsidy burden from high-paying consumers while, it does not reduce the actual cost of supply. In the absence of cross-subsidy, such costs can only be recovered either through substantial tariff revision for subsidized consumers or through explicit Government subsidy.

A DISCOM catering exclusively to subsidized consumers will have no internal revenue buffer and will be entirely dependent on timely and assured subsidy releases. Any delay or shortfall in subsidy payments will directly affect power purchase obligations, system maintenance, and payment of employee salaries and statutory dues. APTEL has consistently held that financial viability of a distribution licensee is a prerequisite for effective discharge of statutory obligations.

2. Mandatory Advance Subsidy under Section 65

Section 65 of the Electricity Act, 2003 mandates that any subsidy directed by the State Government shall be paid in advance to the distribution licensee to compensate for the tariff determined by the Commission.

Past experience demonstrates that advance and full subsidy payments have not been consistently ensured.

In the absence of time-bound, and advance subsidy mechanism, the proposed Third DISCOM with subsidised categories will remain financially vulnerable, contrary to the provisions of the Act and settled APTEL rulings emphasising certainty of revenue streams.

3. Universal Service Obligation under Section 43

While Section 14 of the Act permits multiple distribution licensees in the same area, Section 43 imposes a mandatory and non-negotiable Universal Supply Obligation on every distribution licensee.

The Electricity Act envisages area-based licensing. Consumer-category-based segregation raises serious legal concerns regarding discharge of the universal service obligation, particularly in respect of agriculture and water supply consumers.

APTEL has consistently held that restructuring cannot dilute, fragment, or shift statutory obligations. The proposed model lacks clarity on how the Third DISCOM will independently and effectively discharge its universal supply obligation.

4. Privatization of Incumbent Discoms

As reflected in Table-6 of G.O.Ms.No. 44, high-paying consumer categories such as commercial and industrial consumers are proposed to remain with the incumbent DISCOMs, while subsidised consumer categories are to be segregated into a separate entity. Further, the energy requirement of TGNPDCL constitutes only about 13% of the total State energy requirement.

This restructuring will substantially alter the consumer mix of the incumbent DISCOMs, rendering them predominantly high-revenue and commercially attractive utilities. Such a configuration is likely to enhance the attractiveness of the incumbent DISCOMs to private sector particularly in the absence of cross-subsidy and **social service obligations**.

In this context, employees have expressed serious apprehension that the proposed formation of a Third DISCOM catering exclusively to subsidised consumers may operate as **a precursor to future privatisation or dilution of public ownership** of the incumbent DISCOMs. In the absence of explicit, binding policy assurances and statutory safeguards such apprehensions cannot be treated as unfounded and are likely to adversely affect employee confidence, industrial harmony, and long-term sector stability.

5. Allocation of the Arrears from the Govt & Dues payable to Generators to Third DISCOM

It is observed from the table 9 of the G.O. Ms 44 dated 17.12.2025 that major liabilities, including Arrears from Government & Dues payable to GENCOs, are proposed to be transferred entirely to the proposed Third DISCOM. Such an arrangement would

impose a disproportionate financial burden on the Third DISCOM from its inception and render it a loss-bearing entity. In the absence of adequate independent revenue sources, the Third DISCOM will be dependent solely on Government payments to meet its obligations. Any delay in receipt of Government dues would severely affect its capacity to discharge payments to GENCOs, thereby adversely impacting their financial stability as well.

This mechanism may lead to a cascading financial stress on both the Third DISCOM and the GENCOs.

6. Supplier of Last Resort and Continuity of Supply

The proposal does not clarify the mechanism for ensuring continuity of supply to essential services in the event of operational failure, financial distress, or inability of the Third DISCOM to supply power.

Absence of a clearly defined Supplier of Last Resort mechanism poses a serious statutory and public interest risk. APTEL has repeatedly emphasised that continuity of supply, particularly for essential services, cannot be left uncertain in restructuring exercises.

7. Distribution Network Ownership and Operational Accountability

In a scenario where multiple DISCOMs operate in the same geographical area, statutory and regulatory clarity is required regarding:

- Ownership of distribution assets such as DTRs, LT lines, and interface meters,
- Operation and maintenance responsibility,
- fault rectification authority, and
- Dispute resolution mechanisms.

The proposal envisages deputation/transfer of only about 1,000 Operation & Maintenance (O&M) personnel, resulting in an unworkable workload of approximately 522 Distribution Transformers (DTRs) and about 261 circuit kilometres of Agricultural LT lines for each O&M employee. Given that Agriculture networks are predominantly rural and remote with higher fault incidence, such deployment is operationally not workable.

APTEL has held that restructuring must be operationally viable and not merely administratively expedient.

8. Energy Accounting, Metering, and Settlement

The proposal lacks clarity regarding feeder-wise, DTR-wise, and consumer-wise energy accounting, as well as inter-DISCOM settlement mechanisms subject to Commission approval.

Earlier attempts of metering Agriculture Transformers have failed due to technical, operational, and communication constraints. The presently adopted ISI methodology is itself subject to inaccuracies.

APTEL has consistently emphasised that regulatory approvals, tariff determination, and true-up exercises must be based on verifiable and reliable energy data. Absence of such data renders the proposed structure legally and regulatorily vulnerable.

9. Power Purchase Cost Allocation

During peak hours, when marginal power purchase costs are extremely high, accurate attribution of drawl to the Third DISCOM becomes critical. The proposed reliance on approximately 5.3 lakh AGL interface meters for D-D settlement raises serious concerns regarding accuracy and auditability.

Any ambiguity in power purchase cost allocation is likely to result in disputes during ARR and true-up proceedings.

10. Loss Norms and Risk Allocation

Energy input to the Third DISCOM is accounted at the **LT voltage level using normative loss parameters**, while the **11 kV distribution network is owned, operated, and maintained by the incumbent DISCOM**. In such a scenario, where actual losses at the 11 kV level exceed the loss levels approved by the Hon'ble TGERC, in such scenario:

- Which distribution licensee shall bear such excess losses, and
- Whether such losses shall be treated as a pass-through in tariff or be disallowed.

In the absence of such clarity, loss accountability becomes diffused between entities, rendering tariff determination and true-up proceedings legally unsustainable. The Hon'ble Appellate Tribunal for Electricity has consistently held that **loss accountability must be clearly and definitively assigned** and cannot be shared or ambiguously attributed among multiple licensees.

11. Operational Control and Emergency Response

Operational responsibility during outages, voltage issues, system contingencies, and emergency restoration must be clearly demarcated. Absence of such clarity due to third DISCOM will result in field-level confusion and compromise system reliability, particularly for essential services.

12. Employee Service Conditions

APTEL has consistently recognised that restructuring should not adversely affect service conditions, career progression, or legitimate expectations of employees.

The proposal simultaneously offers promotions as an incentive for transfer while abolishing posts vacated in the incumbent DISCOMs. These provisions are mutually contradictory and undermine employee confidence, making the proposal vulnerable to service-related disputes.

The proposal of transferring Engineers and Staff on a permanent basis from TRANSCO, GENCO & DISCOMs is likely to create serious administrative complications and operational difficulties. In particular, fixation of inter-se seniority among employees drawn from different organizations with different service conditions, seniority structures and promotional channels would become a highly complex issue, which may ultimately lead to prolonged litigation and legal disputes.

Further, there is already an acute shortage of Assistant Engineers in the existing DISCOMs. Due to the shortage, many AEs are presently handling additional charges,

resulting in increased workload, operational strain and reduced efficiency. Similarly, severe shortage of O&M staff in TGSPDCL and TGNPDCL has led to many newly constructed substations remaining vacant, while several substations are being operated with skeletal staff. In many cases, only two persons are manning substations instead of the required four, compelling O&M staff and Artisans to work continuously for 12 to 24 hours. This situation is causing excessive work burden and severe stress among employees.

At present, substantial vacancies already exist in the DISCOMs. If manpower is diverted to the new DISCOM without creation of corresponding new posts, and if posts in the parent organizations are suppressed, it will severely affect the promotional avenues of Engineers and Staff working in the existing DISCOMs. Moreover, such depletion of manpower would adversely impact consumer service, maintenance activities and the quality of uninterrupted power supply.

It is learnt that TGRPDCL alone would be handling more than five lakh distribution transformers. However, the proposed staffing pattern reportedly consists of only around 660 Engineers and 1000 O&M staff and Artisans, which is grossly inadequate for managing such a vast network. Practically, one Assistant Engineer may have to look after nearly four mandals, while one O&M employee may have to cater to two mandals. Such an arrangement would place unbearable pressure on Engineers and O&M staff, thereby affecting both employee welfare and efficient consumer service to the categories allotted to TGRPDCL.

13. Recovery of True-Up Costs

In a category-based DISCOM serving subsidised consumers, recovery of true-up costs through tariff is not feasible. In the absence of cross-subsidy, such costs will devolve upon the State Government or accumulate as regulatory assets.

APTEL has held that accumulation of regulatory assets without a credible recovery mechanism is impermissible and detrimental to sector sustainability.

Thanking you sir.

Yours faithfully,


18-05-2026

(T.MAHESH)

GENERAL SECRETARY
TSEAEA