



TELANGANA STATE POWER ENGINEERS' ASSOCIATION

(Regd. No. 555/2014, Estd.1956)

H.No. 6-3-663, Somajiguda, Hyderabad - 500 082. **Whatsapp No.** 7330631555

e-mail : tgpea1956@gmail.com. **website :** www.tspea.org

President
Er. P.Rathnakar Rao
Mob: 96185 90592

Associate President
Er. J.L. Janapriya
Mob: 70325 82927

Secretary General
Er. P.Sadanandam
Mob:94931 23108

Addl. Secretary General
Er. M.Venkateshwarlu
Mob: 86398 88850

Date:18-05-2026

To
The Secretary,
Telangana State Electricity Regulatory Commission,
Vidyut Niyamtran Bhavan, GTS Colony,
Kalyan Nagar, Hyderabad – 500045.

Respected Sir,

Sub: TGPEA – Objection/Suggestions on the application filed by TGRPDCL seeking
Distribution license - regarding.

Ref: Public notice dated 18-04-2026 in OP No.11 for 2026.

In response to the public notice under reference cited, we The Telangana State Power Engineers' Association (TGPEA) representing Engineers in Telangana Power Utilities from the cadre of Asst Engineer to Executive Director here by submits objections/suggestions as enclosed herewith on the application filed by TGRPDCL seeking grant of distribution license.

The proposed formation of TGRPDCL raises several important concerns relating to legal compliance, operational feasibility, financial sustainability, employee and public interest. The detailed objections submitted herewith emphasize these issues for the kind consideration of Hon'ble TGERC.

In view of the above, the Association request the Hon'ble Commission to consider the enclosed objections in detail in the interest of power sector and consumers.

We also request that an opportunity of personal hearing may kindly be granted to this Association to present its concerns further before Hon'ble Commission.

Thanking you Sir,

Yours Sincerely,

Encl: 6 sets of objections


President, TGPEA

Copy submitted to:

The Chairman & Managing Director/TGRPDCL, Mint Compound, Hyderabad.

Comments from Telangana State Power Engineers' Association (TGPEA) on the Application for Grant of Distribution License to TGRPDCL

1. Justification and Public Interest in Formation of Rythu DISCOM

The justification provided for creation of a Rythu DISCOM does not explain how establishing a separate entity will address the underlying financial issues of the gap between Average Billing Rate (ABR) and Average Cost of Service (ACS) existing in DISCOMs. The proposal doesn't clarify whether the subsidy burden will be reduced or merely shifted, thereby adding administrative complexity without resolving core issues. Further, agricultural consumers are already receiving reliable and free power supply under the existing framework and there is no additional benefit envisaged with this proposal.

The proposal does not provide any cost-benefit analysis or evidence of improved efficiency, service quality, or financial sustainability. Instead, it risks duplication of resources, fragmentation of operations, and regulatory complications.

2. Eligibility of TGRPDCL as Distribution Licensee under the Electricity Act, 2003

As per Section 2(17) and 2(19) of the Electricity Act 2003 which reads as follows,

2(17) - "**Distribution licensee**" means a licensee authorised to operate and maintain a distribution system for supplying electricity to the consumers in his area of supply.

2(19) - "**Distribution system**" means the system of wires and associated facilities between the delivery points on the transmission lines or the generating station connection and the point of connection to the installation of the consumers.

In the present case, TGRPDCL is stated to have only agriculture DTRs and connected LT lines up to agricultural consumers, without any linkage to transmission or generating station interfaces. This raises a concern as to how it can qualify as a distribution licensee when it does not appear to operate a distribution system as defined under the Act, but only downstream assets from existing DISCOM infrastructure.

3. Inconsistency with Section 43 and Practical Enforcement Issues

Under Section 43 of the Electricity Act, 2003:

- Every distribution licensee **must supply electricity to any applicant** within its **area of supply** without **discrimination**

Section 43 mandates that every distribution licensee shall, on application, supply electricity to any owner or occupier of premises within its area of supply. This Universal Supply Obligation (USO) is inherently **area-based** and ensures **universal, non-discriminatory** access to electricity.

The proposed model of segregating consumers based on category (such as Agriculture, HMWSSB, Lift Irrigation & Mission Bhagiratha) rather than geographical area departs from this statutory framework.

In particular, the proposal creates ambiguity regarding:

- The manner in which the Universal Supply Obligation will be discharged by multiple category-based licensees operating within the same geographical area.
- Accountability for providing supply to consumers within the same area.
- Responsibility for network development, maintenance, and system strengthening.

Further a serious practical concern arises in cases where an agricultural consumer utilizes electricity for non-agricultural purposes (such as commercial or domestic or industrial use).

In the existing framework:

- The same DISCOM has full authority to **detect misuse**,
- Reclassify the consumer, and
- Continue supply under the appropriate category with applicable tariff and penalties.

However, under the proposed arrangement of Rythu DISCOM,

- it is unclear:
 - Whether it can legally continue supply under a different category.
 - Whether supply must be disconnected and dismantled.

- How other DISCOM would take over such consumer and how consumer has to switch over.
- How continuity of supply, billing, and enforcement would be ensured as Change of Category to such consumer is not possible in Rythu DISCOM.

Hence, such category-based segregation may dilute the statutory responsibility imposed under Section 43 and create ambiguity in consumer service obligations.

In view of the above submissions, the TGRPDCL application for distribution license in its present form needs strict regulatory scrutiny.

Without prejudice to the aforesaid issues the following additional objections are respectfully submitted for kind consideration and further examination.

➤ **Metering of Agriculture DTRs-Huge Financial burden**

As per G.O.Ms No.44 dt.17.12.2025 it is proposed to meter 5,22,479 agricultural DTRs by installation of Smart Meters on the LT side of Distribution Transformers (DTRs) to accurately account for the electricity consumption. The cost of smart meter installation per DTR is considered at Rs. 25,000, and the total cost of this metering will be Rs. 1,306 crore. As each DTR is considered an interface point, meters of higher accuracy are proposed to be installed.

Agricultural DTRs are widely scattered across the nook and corners of the state. In many areas, there is no reliable network coverage, making smart meter communication unfeasible. In addition, field conditions pose significant operational constraints such as damage to meters and cables due to animals in agricultural fields, risk of cable burning or deterioration under harsh environmental conditions, and safety concerns for farmers due to exposed or open installations. Further, agricultural DTRs are provided with open wiring sets.

It may also be noted that existing DISCOMs have already installed meters on sample agricultural DTRs under the ISI methodology and encountered the operational issues mentioned above. In such a scenario implementing large-scale metering for 5.22 lakh DTRs appears highly challenging. This may also result in a significant financial burden on the DISCOM, which would ultimately be passed on to consumers.

➤ **Concerns Over Indications of Pre-decided Implementation**

It has been reported in newspapers that the functioning of the proposed Rythu DISCOM will commence from 2nd June 2026.

If proposed Rythu DISCOM becomes operational from 2nd June 2026, while interface metering is still not initiated, How will the input energy of the new DISCOM be accurately measured?. Further,

- Without establishment of necessary operational mechanism which utility will attend to consumer complaints?
- How the replacement of failed DTRs, restoration of supply, and emergency maintenance is done especially considering the critical nature of agricultural power supply?

In view of the serious operational constraints and financial implications, it is respectfully submitted that:

A pilot project for DTR metering may first be undertaken in one division or circle with exclusive supervisory mechanism and its performance, reliability, and field challenges may be comprehensively evaluated before any large-scale rollout.

Until the feasibility and effectiveness of such metering are clearly established, and all operational mechanisms are transparently defined, the immediate operationalisation of the Rythu DISCOM needs reconsideration.

➤ **Threat of Privatization of DISCOMs**

It is to submit that high-paying consumers like commercial & industrial along with Domestic categories are to remain with the existing DISCOMs, while Agricultural consumers are to be shifted to a new DISCOM. This will change the present consumer mix of the incumbent DISCOMs. After transferring of Agriculture consumers, the existing DISCOMs will mainly serve regular paying categories. This will make more attractive for privatization of existing DISCOMs.

Employees are seriously concerned that creating a separate DISCOM for Agriculture consumers may become a first step towards privatization or reduction of government control over the existing DISCOMs in future. This proposal creates fear among employees about job security and future service conditions.

➤ **Manpower deployment:**

It is proposed to deploy 2000 employees to TGRPDCL. Among them field staff is only 1000. As per the proposal of designation wise posts for the Rythu DISCOM, 194 teams of O&M staff (JLM/ALM/LM) have to manage around 5.22 lakhs of DTRs, LT line of 2,61,240 KM raises serious concerns from an operational feasibility standpoint. Based on the stated deployment, each O&M team would be responsible for approximately 2700 Distribution transformers (DTRs) and about 1350 circuit kilometres of LT/Agricultural (AGL) lines.

In practical, for agriculture-intensive networks, this is an exceptionally high workload. These lines are widely spread, in remote areas, and prone to frequent faults vegetation contact and weather impacts. Faults are often scattered across remote villages, which significantly increases travel time for repair crews. As a result, restoration work is not only dependent on manpower availability but also on geographical accessibility and response logistics. In such a scenario, assigning around 2700 DTRs per field team makes it practically difficult to maintain acceptable service, reliability standards or ensure timely grievance redressal.

As such, the current manpower-to-asset ratio for O&M functions causes a high risk of operational stress.

➤ **Protection of Employee Interests**

The proposal places thousands of employees in a state of serious uncertainty, with no legally binding assurances on critical service matters such as service conditions, seniority, promotions, pension, provident fund and gratuity, medical benefits, etc. Employees needs explicit statutory safeguards in the form of Tripartite Agreement in consultation with Associations/Unions.

➤ **Complete Dependence On Government Subsidy**

TGRPDCL is structured to cater predominantly to highly subsidized or zero-tariff consumer categories, resulting in negligible internal revenue generation and an inherent dependence on continuous Government subsidy support. Such a model exposes the utility to significant financial vulnerability, as any delay or shortfall in subsidy disbursement would directly impair its ability to meet power purchases, operational expenses, including employee benefits.

➤ **PPA allocation, Cross-Subsidy, Tariff Principles, and Financial Viability**

The existing PPAs are proposed to be shared among the existing DISCOMs and new DISCOM based on the share of energy handling. 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 subsidised 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 subsidised consumers or through explicit Government subsidy. Further, with exclusion of subsidised Agriculture consumers from the incumbent DISCOMs the tariff of the subsidizing consumers needs to be revised resulting in financial implications.

➤ **Concerns on Interface Meters for Energy Accounting and Settlement:**

The proposal does not clearly explain how energy will be measured and accounted or how settlements between the DISCOMs will be done. It suggests using about 5.2 lakh interface meters for settlement between DISCOMs, but it is not clear how such a large number of meters will actually be used to calculate accurate power drawl every month. These meter readings will have to be collected, processed, and analysed properly to arrive at the exact electricity usage and accountability of the Rythu DISCOM.

However, earlier experience shows that metering of transformers has faced technical and operational problems, including communication failures and measurement inaccuracies. Because of this, relying on such a large number of meters as interfacing point between the three Discoms may not give reliable results.

➤ **Financial Viability Concerns and Sectoral Risks in the Proposed Structuring of TGRPDCL**

Details	TGRPDCL	
Consumers	Agl (No)	2905779
	Others (No)	2359

DTRs	Agl (No)	522479
	LT Line (ckm)	261240
Energy Requirement	Percentage	42%
Arrears	Rs in Cr	35982
Liabilities	Rs in Cr	26950
Working capital loan	Rs in Cr	9042

The data clearly demonstrates that TGRPDCL is overwhelmingly structured to serve 29,05,779 agricultural consumers out of a total of 29,08,138 consumers, meaning that approximately 99.2% of its consumer base falls under the agricultural (AGL) category, leaving only a negligible 0.8% under other paying categories. This highly skewed consumer mix establishes that TGRPDCL will have virtually no revenue-generating base, as agricultural supply is free, thereby making the entity inherently financially dependent.

Compounding this TGRPDCL is proposed to take on substantial financial burden such as arrears receivable from Govt departments of ₹35,982 crore, liabilities/ payable to state GENCO of ₹26,950 crore including working capital loans of ₹9,042 crore. This effectively transfers financial stress not only onto the new entity but also risks cascading the burden onto the TG GENCO, thereby weakening the overall financial health of the power sector.