Statement of suggestions and objections

1. **Name & full address of the objector :**

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2. Brief details of objections and suggestions in OP Nos.58 (TSSPDCL) and 59 (TSNPDCL) of 2021 relating to their ARR and tariff proposals for the year 2022-23:

3. The proposed hike is abnormal and unjustified. Accumulation of burdens is on account of the failure of GoTS in getting ARR and tariff proposals filed by the Discoms in time and as per applicable regulatios. For the abnormal revenue gaps of the Discoms, policies of the Central and State Governments and deficiencies and inefficiency of the power utilities of the GoTS are responsible. To reduce the burdens proposed by the Discoms by disallowing what is impermissible. Not to allow the Discoms to submit ARR and tariff proposals and true up claims for the year 2019-20, 2020-21 and 2021-22. To take prudent decisions during the process of public hearings or hearings on various issues, with a holistic view and within the limitations of law and regulations, to avert imposition of avoidable burdens on the consumers.

4. Whether the objector wants to be heard in person: yes

M. Venugopala Rao

Hyderabad
4.1.2022

To
The Secretary
Telangana State Electricity Regulatory Commission
11-4-660, 5th floor
Singareni Bhavan, Red Hills
Hyderabad - 500 004 **January 4, 2022**

Respected Sir,

Sub : Submission of suggestions and objections on the ARR and tariff proposals of the TS Discoms for the year 2022-23 in OP Nos.58 (TSSPDCL) and 59 (TSNPDCL) of 2021

With reference to the public notices dated 29.12.2021, inviting objections and suggestions on the proposals of the two Discoms – TSSPDCL and TSNPDCL – for ARR and tariff revision for the year 2022-23, am submitting the following points for the consideration of the Hon'ble Commission in the subject petitions:

1. **The abnormal hike in tariffs proposed for the year 2022-23 by the two TS Discoms, obviously, at the behest or permission of the Government of the Telangana State, for imposing an additional burden of Rs.6831 crore on the consumers of power is unprecedented in terms of the percentage and magnitude of hike in the history of the Telangana State and even of Andhra Pradesh. The proposed hike works out to 18 percent over the estimated revenue under the current tariffs of Rs.36124.51 crore. It is a dubious distinction. In the present circumstances when persistent slump in the economy is compounded by the impact of Covid virus and its variants and measures taken by the Governments in that connection, severely affecting opportunities for work and employment, incomes and living standards of the common people, the proposed tariff hikes have come as the last straw on camel's back. The tariff hikes proposed for industrial and commercial consumers also will have cascading effect, leading to increase in prices of their commodities and services, thereby affecting the interests of the people at large.**

2. **The Discoms have shown ARR requirement of Rs.53053 crore - Rs.34870 crore for SPDCL and Rs.18183 crore for NPDCL – for the year 2022-23. The revenue at current tariffs is shown as Rs.25422 crore for SPDCL and Rs.10732 crore for NPDCL. They have shown non-tariff income of Rs.33.10 crore for SPDCL and Rs.29.41 for NPDCL. They have shown revenue deficits of Rs.9128.57 crore for SPDCL and Rs.7451.21 crore for NPDCL. Revenue through proposed tariff hike is shown as Rs.5044.27 crore for SPDCL and Rs.1786.63 crore for NPDCL. Subsidy from the Government is shown as Rs.1397.50 crore for SPDCL and Rs.4254.15 crore. Still the Discoms have shown net deficits of Rs.2686.79 crore for SPDCL and Rs.1410.44 crore for NPDCL.**

3. **The Discoms have proposed tariff hikes to LT consumers @ Re.0.50 per unit and to**

HT consumers @ Re.1/- per unit, and increased fixed charges, consumer charges and minimum charges. For some categories like LT agriculture no hike is proposed. On the face of it, it is irrational. Taking paying capacity of the consumers, different rates of tariffs to consumers under different slabs under the same category and to different categories of consumers have been proposed and determined, after providing cross subsidy and Government's subsidy also to subsidized categories of consumers over the years. In the proposed tariff hikes for LT and HT categories of consumers, the principles for such standard and justifiable differentiation in tariff fixation are given a go-by by making the lump sum hike applicable uniformly to all categories of consumers under LT and under HT. Obviously, this kind of disproportionate hike leads to higher burden in terms of percentage to majority of the consumers, especially of subsidized categories, that, too, at lower slabs. For example, the hike of tariff for 50 units under LT-1(A) from Rs.1.45 to Rs.1.95 per units works out to 34 per cent. Under LT-1 (B)(i) for a consumption of 100 units the hike in tariff from Rs.3.30 to Rs.3.80 per unit works out to 13 per cent.

4. **The Discoms have also failed to explain justification, if any, in imposing or increasing consumer charges and minimum charges, except the implied intention to get additional revenue. For imposing fixed charges for domestic categories and hiking fixed charges for other relevant categories, the Discoms have argued that, based on FY 2022-23 existing tariff, total fixed cost as a percentage of total ARR for 2022-23 is 56%, but the revenue recovered in terms of fixed charges from consumers as a percentage of total revenue is only 13 percent. With the proposed fixed charges for 2022-23, the revenue thereon is expected to increase to 15.7 per cent, in the case of SPDCL. In the case of NPDCL, it increases from 9 percent to 11.7 percent.**

5. **If imposing or enhancing fixed charges is intended to provide relief to the Discoms incurring financial losses, as argued by them, the Discoms have not explained as to why they have not applied the same logic for LT agriculture. As per the retail supply tariff order for the year 2018-19, the cost of service for LT agriculture was Rs.5.05 per unit for SPDCL and Rs.5.57 per unit for NPDCL. The tariff per unit was Rs. which was subsidized by the Government. Now, for the year 2022-23, the Discoms have shown cost of service for LT agriculture as Rs.9.20 per unit for SPDCL and Rs.8.96 per unit for NPDCL, but tariff is not proposed to be revised. Why? If tariff for LT agriculture is revised as per cost of service after adjusting cross subsidy, the Government has to provide substantial additional subsidy. In the subsidy of the Government shown in the subject filings, what is the estimated requirement of subsidy for LT agriculture? The Hon'ble Commission has to work out full cost tariff as per cost of service for LT agriculture, as is the case with other categories of consumers, minus cross subsidy decided by it. Since the Government is implementing the policy of free supply of power to agriculture for 24 hours a day, it has to provide the subsidy as per cost of service minus cross subsidy determined by**

the Commission. We request the Hon'ble Commission to determine full cost tariff for LT agriculture accordingly.

6. **The State Government provided yearly subsidy (In Rs. crores) as under:**

Discom	2018-19	2019-20	2020-21	2021-22	2022-23
SPDCL	1149.18	1172.56	1397.50	1397.50	1397.50
NPDCL	3500.57	3569.00	4254.15	4254.15	4254.15
Total	4650.55	4741.56	5651.65	5651.65	5651.65

For the year 2018-19, against the subsidy requirement of Rs.5940.47 crore, the Government informed the Commission that an amount of Rs.4984.30 crore was provisioned in the budget for agriculture and allied subsidy and that the balance amount "will be examined at appropriate time." Neither the "appropriate" time has come, nor has the KCR Government "examined" the issue of providing the balance amount towards subsidy, going by the information furnished by the Discoms. In the tariff order for 2018-19, the Hon'ble Commission maintained that "in case of non-commitment of GoTS for the release of the said differential amount by 30.09.2018, the DISCOMs shall file Petition(s) before the Commission seeking appropriate relief. The Commission shall take an appropriate view based on the scrutiny of the said Petition(s) of the DISCOMs" (page 110). Obviously, nothing has happened so far on the issue. While revenue requirement of the Discoms and increase in supply of power to various categories of consumers have been increasing over the years, for three consecutive years from 2020-21, the Government has not increased the subsidy amount, at least, proportionately. While the Government of Andhra Pradesh is providing a hefty subsidy, exceeding Rs.10,000 crore for the year 2021-22, the rulers in the "rich State" of Telangana continue to be parsimonious. It is obvious that the intention of the KCR Government is to impose more burdens on the consumers in the form of increasing tariffs by not increasing the subsidy amount.

7. **The Government of India, GoTS and the Discoms entered into a tripartite MoU on 4.1.2017 (UDAY scheme) under which the GoTS has to take over 75 percent of the outstanding debt of the Discoms as on 30.9.2015 by the end of 2016-17. The Commission did not find merit in the submissions of the Discoms that "savings" due to UDAY scheme might be considered at the end of the control period, but adjusted a sum of Rs.1116.42 crore under UDAY for reducing the ARR of the Discoms for the year 2018-19 (page 86 of the tariff order). What is the latest position relating to taking over of the outstanding debt of the Discoms by the GoTS under UDAY?**

8. **The following yearly revenue deficits (in Rs. crore) are shown by the Discoms in the subject filings:**

Discom	2018-19	2019-20	2020-21	2021-22
1.SPDCL	6354.87	5604.01	6296.97	7007.86
2.NPDCL	3877.87	1712.28	2369.79	3615.98
Total	10232.74	7317.29	8666.76	10624.84

For these four years the total accumulated revenue deficit of the two Discoms works out to Rs.36841.63 crore. Even after taking into account impact of proposed tariff hikes and subsidy from the Govt., for the year 2022-23, too, the Discoms have shown a substantial deficit – Rs.2686.79 crore by SPDCL and Rs.1410.44 crore by NPDCL. But in the main text of their filings, the Discoms have not shown such additional revenue gap for 2022-23. If the additional revenue gap shown is correct, what do the Discoms propose to fill it? Moreover, the Discoms have to claim true-up for their retail supply business for the years from 2015-16 to 2020-21 and true-up for their distribution business for the first three control periods also. The accumulated true-up claims of the Discoms are turning out to be astronomical and unbearable to the consumers at large. Needless to say, such accumulated burdens are getting intensified by increasing the need for more working capital for the Discoms and the avoidable interest thereon. If all these accumulated burdens are allowed by TSERC even to the extent permissible as per applicable regulations and imposed on the consumers, what would be the reaction of the people of the State is anybody's guess. For all these burdens, policies, decisions and actions of the Central and State Governments are responsible. The power utilities of the Government have their share for this precarious situation in terms of deficiencies and inefficiencies in their performance. But, it is the reckless failure of the KCR Government that is squarely responsible for accumulation of the burdens to the abnormal level. When such a financial crisis has been engulfing its power utilities over the years, what has the KCR Government been doing to avert the crisis and take remedial measures? What corrective steps and prudent alternative measures do the Discoms propose? Did they make any proposals to the GoTS and GoI in order to improve their position and strengthen them and protect larger consumer interest?

9. **After failing to file in time and in the form required under the applicable regulations their annual revenue requirement (ARR) and tariff revision proposals for the years 2019-20, 2020-21 and 2021-22 before the Hon'ble Commission, the two Distribution Companies have filed their ARR and tariff revision proposals for the year 2022-23. Only after the Hon'ble Commission rightly insisted on the Discoms to file their tariff revision proposals, they did so. Another reason is that, filing of ARR and tariff revision proposals by the Discoms has been considered one of the factors for ratings given in the reports of the GoI and such non-submission affects credit ratings of the power utilities of the State Government for getting loans.**

10. The TRS Government in Telangana violated the Electricity Act, 2003 by not initiating the process in due course for appointment of members and Chairman of the TSERC in time. As per Section 85(2) of the Electricity Act, 2003, "The State Government shall, within one month from the date of occurrence of any vacancy by reason of death, resignation or removal of the Chairperson or Member and six months before the superannuation or end of tenure of the Chairperson or Member, make a reference to the Selection Committee for filling up of the vacancy." Section 85(3) says: "The Selection Committee shall finalise the selection of the Chairperson and Members within three months from the date on which the reference is made to it." As a result, TSERC acted as a one-man Commission for nearly ten months up to 9th January, 2019 and became defunct for nearly ten months up to 29th October, 2019. Even after the present Chairman and members were appointed, GoTS continued to fail to get ARR and tariff proposals filed before the Commission in time and in the form required.

11. Due to intransigence of the Government of Telangana, the Discoms could not file their ARR and tariff revision proposals for the three consecutive financial years from 2019-20 to 2021-22. The Discoms have been forced to violate law by collecting tariffs as per the tariffs determined in the retail supply tariff order for the year 2018-19 for a part of the subsequent year till the present Commission gave its orders allowing them to collect tariffs for that period with retrospective effect and for subsequent years. While revenue requirements and revenue gaps of the Discoms kept on increasing, rates of tariffs collected remained the same and yearly subsidies have been provided by the Government, with marginal increase only. The end result is accumulation of the abnormal revenue gap and the resultant burdens. There has been no sense of accountability, responsibility and transparency on the part of the Government of Telangana and its power utilities in meeting the legal and regulatory requirements relating to the Hon'ble Commission.

12. This is not for the first time that the TS Discoms are flouting directions and regulations of of the Hon'ble Commission. In my submissions dated 21.6.2017 on ARR and true up claims of the TS Discoms, I pointed out, inter alia, that "The Discoms have not submitted details of their projected revenue gap for the year 2017-18 even in their replies to our submissions in which we have specifically asked for the same. They have not also provided information and data relating to true up claims for the first and second control periods and for the last two financial years. The Hon'ble Commission has also not exercised its legitimate authority to direct the Discoms to submit the information relating to revenue requirement, revenue at current tariffs, non-tariff income, likely subsidy to be provided by the Government and the remaining revenue gap and how they propose to bridge the remaining revenue gap for 2017-18. This information is very much necessary for the Hon'ble Commission to determine permissible revenue requirement and revenue gap and ask the State Government for providing subsidy, if tariffs should not be hiked as

proposed by the Discoms. Similarly, this information is very much necessary for the interested public also to make submissions. Since the inception of APERC in the undivided A.P. and formation of TSERC after bifurcation of the State, there has been no occasion when Discoms have submitted ARR and tariff proposals in this manner, without giving information relating to their projected revenue gap, and the Commission taking up the same for public hearing in this manner. To meet the political expediency of the party-in-power in the State, at the behest of the Government, the Discoms have concealed this vital information with a view to hoodwinking the people that there are no burdens of tariff hike, even while continuing to keep revenue gap and huge amounts to be claimed under true up accumulated and concealed till the next general elections are held. Barring that, there is no purpose in concealing this vital information and making a mockery of the regulatory process and public hearings. The Discoms could not give any explanation as to why they are concealing this information. Being entities subordinate to the powers-that-be in the Government, the Discoms are compelled to adopt this questionable approach much to the detriment of their interests and of their consumers of power at the behest of the Government. One can understand their predicament. This concealment is a part and parcel of the political necromancy of the Government to subserve pre-election political expediency of the party-in-power. For the year 2018-19 also, the Government in all likelihood would force the Discoms to adopt similar questionable approach of concealing such vital information to hoodwink the people during the pre-election period. The proposal of the Discoms at the behest of the Government not to hike tariffs to bridge their revenue gap is really not a no-hike, but postponement of tariff hikes for a future period. The Discoms are naturally expected to try to collect what is due to them in time; they do not prefer postponement of the same. Being an independent and quasi judicial body, why is the Hon'ble Commission reluctant to exercise its legitimate authority to direct the Discoms to submit and make public the said vital information which is very much necessary for its regulatory process and public hearings? What is the purpose in allowing the Discoms to conceal such information? It is the responsibility of the Hon'ble Commission to ensure that the principles of transparency and accountability are observed by the Discoms." There was no convincing response from the Commission then. In the retail supply tariff order for the year 2017-18, the Hon'ble Commission pointed out that "The Licensees are expected to file the ARR and Tariff proposals for retail supply business for the ensuing year by the end of November of current year as per the Act and regulations. The Licensees have requested multiple extensions of time for filing petitions. Owing to the reasons laid down for the delays in their ARR filings, the Commission while expressing displeasure in this regard, directs the DISCOMs to adhere to the timelines as laid down in the Act, regulations and UDAY" (page 11). The Commission further noted that "In accordance with APERC Regulation No.1 of 2014 adopted by the Commission, the DISCOMs are required to file true up of retail supply business giving details of the variation in power purchase cost of previous

year along with the ARR for the next year. The DISCOMs have not filed true up proposals in accordance with the APERC Regulation No.1 of 2014" (page 12).

13. **In our submissions dated 17.1.2018 on ARR and tariff proposals of the TS Discoms for the year 2018-19, we pointed out, among others, that "the proposal of the Discoms not to hike tariffs for the year 2018-19 and their failure to explain how they propose to bridge the projected revenue gaps for the same year and for various other factors not taken into consideration by them for the year 2018-19, it can be asserted that they will come up with true-up claims for 2016-17, 2017-18 and the year 2018-19 also later in the post-election period. Therefore, the proposal of the Discoms not to hike tariffs for the year 2018-19 is a futile attempt to hoodwink the people of the State that there are no additional burdens of tariff hikes in the pre-election period to meet political expediency of the party-in-power. In all probability, the Discoms may be forced by the powers-that-be to postpone submission of true up claims for the year 2016-17 and the current financial year to post-poll period. It is for the Hon'ble Commission to exercise its legitimate authority to direct the Discoms to submit the same in time and issue orders after holding public hearings promptly." Further we submitted that "Since the Discoms have not made it clear as to how they would propose to bridge the projected revenue gaps for the year 2018-19, we request the Hon'ble Commission to make it clear that no true up claim would be permitted later for the revenue gap, if any, that is going to be determined by it after taking into account the subsidy amount the GoTS is willing to provide. We also request the Hon'ble Commission to make it clear to the Discoms that the remaining revenue gap, if any, to be determined for the year 2018-19 will not be treated as regulatory asset. It is to be noted here that regulatory asset can be considered only when hefty tariff hike is required and only a part of it is permitted by the Commission to avoid tariff shock to the consumers and that such revenue gap treated as regulatory asset can be permitted to be collected from the consumers in later years. Here, in the subject proposals of the Discoms, as they have not even proposed any tariff hike for the year 2018-19, the question of considering regulatory asset does not arise." In the tariff order for 2018-19, the Hon'ble Commission pointed out that, "Upon scrutiny of the ARR filings and tariff proposals submitted by the licensees, the Commission identified certain data gaps and directed the licensees to furnish additional information. As directed by the Commission, the licensees furnished additional information and placed the same on their respective websites" (page 3).**

14. **Whether the Discoms sought extension of time for filing their ARR and tariff proposals for the years 2019-20, 2020-21, 2021-22 and the reasons given, if any, for the same, and notices or directions given by the Hon'ble Commission to the Discoms in this regard are not in public domain. The Discoms continued to flout law and regulations and directions of the Commission in this regard. Why have the Discoms**

failed to submit their ARR and tariff revision proposals in time and as per applicable regulations of the Hon'ble Commission for all the three years?

15. **Secretary of TSERC, through the circular Lr. No. TSERC/Secy/F-No.ARR2017-18/5/D.No.879/17,dated 17.02.2107, intimated the TS Discoms that, "For the above said reasons, I am directed by the Commission to require you to file tariff proposals on or before 23.02.2017 and in default, the Commission will act suo moto for determination of the tariff for FY 2017-18 in accordance with the directions of the Hon'ble Appellate Tribunal for Electricity in O.P. No.1 of 2011 based on information available with the Commission in the form of ARR/FPTs for FY 2015-16 and FY 2016-17 and ARR for FY 2017-18. The Commission will reckon the information filed by licensees after commencement of the suo moto proceedings for determination of the retail supply tariff for FY 2017-18." However, experience has confirmed that the Hon'ble Commission has not taken any initiative suo motu to initiate its regulatory process for determination of ARR and tariffs for the financial years from 2019-20 to 2021-22 as per law and its own decision, in view of non-submission of ARR and tariff proposals by the Discoms. There is no evidence in public domain that the Hon'ble Commission made it clear to the Discoms that, unless they file their ARR and tariff revision proposals in time, it would not permit them to collect tariffs from consumers based on old tariffs of 2018-19 and that their true-up claims will not be entertained for the years ARR and tariff proposals have not been filed as per applicable regulations.**

16. ***In its order dated 27.3.2021, the Hon'ble Commission held that* "the retail supply tariffs, cross subsidy surcharge and additional surcharge as applicable on 31.03.2019 as per order dated 27.03.2018 are continued and made applicable and can be levied from 01.04.2021 pending disposal of this application finally subject to the communication of the State Government conveying the commitment of subsidy as stated in paragraph 5 above. The tariff determined in respect of electric vehicle charging stations/battery swap as also in respect of concessional tariff to HMWSSB shall also stand continue from 01.04.2021 till the TSDISCOMs file their regular proposals. The TSDISCOMs are directed to file the regular petition for determination of fresh retail supply tariffs, cross subsidy surcharge and additional surcharge for FY 2021-22 immediately." The Hon'ble Commission has issued a notice to the TS Discoms and held a hearing on 20.12.2021 on maintainability of their ARR proposals in the deficient form submitted by them without giving their proposals for bridging the projected revenue gap for the years 2019-20, 2020-21 and 2021-22 and tariff revision proposals. The Hon'ble Commission has rightly decided in its order dated 22.12.2021 to "decline from entertaining the ARR Petitions mainly for the reason that the time period for which they were sought was already lapsed. Hence, they are refused." Under Section 64 (4) (b) of EA, 2003, the appropriate Commission shall, inter alia, "reject the (tariff) application for reasons to be recorded in writing if such application is not in accordance with the provisions of**

this Act or the rules and regulations made thereunder or the provisions of any other law for the time being in force:" In view of the decision of the Hon'ble Commission not to entertain the ARR petitions for the said three years "mainly for the reason that the time period for which they were sought was already lapsed," a pertinent question would arise - whether the Hon'ble Commission would give further time to the Discoms to file their ARR and tariff applications for the said three years, if the Discoms seek it again. Since the financial years 2019-20 and 2020-21 had already run out and the first nine months of 2021-22 also lapsed, filing of ARR and tariff proposals for the three years by the Discoms would become superfluous. Retail supply tariff orders the Hon'ble Commission issues should come into effect from the 1st April of the financial year for which such orders are issued, not with retrospective effect. As such, non-submission of ARR and tariff proposals by the Discoms for the said three financial years in time and as required under applicable regulations is, and should be treated as, a closed chapter.

17. **With tariffs determined by TSERC for the year 2018-19 continuing for the subsequent three years, with whatever yearly subsidy being provided by the Government, and with increasing expenditure and widening revenue gap, the accumulated revenue gap of the Discoms has been turned out to be abnormal . The TS Discoms have been in financial doldrums. Under normal circumstances, the Discoms would or should have claimed variations in their annual revenue requirement from what was determined by the Hon'ble Commission in the annual retail supply orders as per the applicable regulations and directions of the Commission. First, they should claim provisional true-up of such variations in ARR for a financial year in the ARR and tariff proposals of the next financial year and later final true-up after accounts for the financial year concerned were audited. Now the question that arises is this: Can or will the Hon'ble Commission entertain true-up claims of the Discoms for the said three years for which they did not file ARR and tariff proposals in time and the Commission did not entertain them and issue annual retail supply tariff orders? If the Discoms file their true-up claims for the said three years and if the Hon'ble Commission entertains them and issues its orders thereon, it would become incongruous for the following reasons, among others:**

a) **It will set a bad precedent. It would be tantamount to permitting the Discoms not to file their ARR and tariff proposals, but simply seek continuance of the existing tariffs for the next year and later submit true-up claims as and when they like for the year/s for which they have not submitted ARR and tariff proposals. It will make a mockery of the regulatory process.**

b) **True-up claims do not provide for cross-subsidy and Government's subsidy to subsidized categories of non-agricultural consumers under the present arrangement. When Government is expected to bear the additional expenditure**

incurred by the Discoms for supplying power to agriculture free of cost as per its policy, the same principle should apply to other subsidized consumers in non-agricultural categories also. Free supply of power to agriculture means hundred percent subsidy, whereas supply of power to other subsidized consumers is part-subsidized or partly free; it is a difference in degree between these two arrangements.

c) Subsidised consumers under non-agricultural categories are being deprived of the benefit of subsidy and cross-subsidy under true-up claims of the Discoms. On the other hand, amounts claimed under true-up by the Discoms are being imposed on per-kwh basis equally on all non-agricultural categories of consumers. In other words, subsidized consumers under non-agricultural categories are being treated on par with subsidizing consumers, thereby depriving the former partly or fully of the benefit of subsidy and cross-subsidy they are getting under retail supply tariffs determined by the Hon'ble Commission in its annual retail supply tariff orders. Irrespective of the period of true-up claims, these anomalies continue under the present arrangement.

d) Whenever delayed claims under true-up are made by the Discoms, several valid objections have been raised on various grounds from the side of non-agricultural consumers on allowing such claims that have been affecting their financial interests and leading to conflicts on who should bear the burden of true-up claims – whether the consumers who consumed power during the period of true-up claims or other consumers presently consuming power in the same dwelling/establishment under the same service connection. Similarly, objections are being raised as to why a consumer who has taken a service connection newly should be subjected to paying true-up charges proportionately on the basis of his monthly consumption during the period of permitted recovery of the same for power consumed by other consumers during the past period for which true-up claims are permitted.

e) Under the present system of true-up, allowing collection of the permitted amounts on per-kwh basis equally from all non-agricultural consumers is leading to giving up of the principles or parameters being applied by the Hon'ble Commission for working out cost of service to each category of consumers for the purpose of determining retail supply tariffs.

f) By allowing the Discoms to include their claims for recovering additional revenue deficit exceeding the level of expenditure/revenue permitted by the Hon'ble Commission for the present financial year in their claims of annual revenue requirement and tariff revisions they submit for the next financial year, various anomalies, as pointed out above, can be avoided and equity ensured.

g) By permitting the permissible additional revenue deficit for current financial year to be recovered in the retail supply tariffs to be determined for next financial year,

the principles or parameters being adopted by the Hon'ble Commission for determination of cost of service to each category of consumers can be applied to the additional claims made by the Discoms. Variations in such additional claims that may arise after completion of the current financial year and auditing of accounts may be permitted in the claims of ARR and tariff revision for the third financial year.

h) A consumer of power is not paying true-up charges for the power he/she consumed earlier at a different dwelling as a tenant when he shifted to a new dwelling as a tenant or owner. Just as a new consumer is paying true-up charges for power consumed at a dwelling by another consumer earlier when the former is staying now, the consumer who shifted to a new dwelling from the earlier dwelling is paying true-up charges for power consumed by another consumed who stayed in the dwelling earlier. This, in principle, ensures equity, though resultant variations and conflicting claims depending on the level of consumption of power by such consumers in the past elsewhere and at present at a new dwelling may persist. For limitations in practice, it may be difficult to resolve the same. Nevertheless, all those will be adjusted in, and subsumed under, annual retail supply tariffs to be determined by the Hon'ble Commission.

i) Since the Hon'ble Commission has been permitting interest on working capital, the same will provide cushion to the Discoms for their additional claims also. As such, the financial interests of the Discoms can be taken care of much faster than what is being allowed under the MYT system.

j) The suggested procedure would ensure timely submission of claims by the Discoms for additional revenue in a financial year, without giving any scope for Government of the day to force them not to submit true-up claims in time, especially during pre-election period to hoodwink the people, leading to submission of such accumulated claims in the post-poll period, with the kind of difficulties both to the Discoms and their consumers of power that are being experienced repeatedly.

k) Under the said suggested system, when the Hon'ble Commission works out cost of service to each category of consumers, showing the tariffs to be fixed to them accordingly, and asking the Government to convey its willingness to provide the subsidy it wants to provide to categories of consumers of its choice, the Government can take a decision as it deems fit. The Government may be constrained to provide adequate subsidy to avoid hefty hike in retail tariffs. Since it is for the Government to take a decision on providing subsidy, the people will judge the fairness or otherwise of its decision. In other words, the onus of decision rests with the Government, not with the Hon'ble Commission.

l) The suggested system also avoids the dichotomy of applying different principles or parameters for working out cost of service to each category of consumers for

determination of retail supply tariffs, on the one hand, and not applying the same under the present system of true-up claims, on the other. It further ensures provision for subsidy and cross subsidy also while determining tariffs for recovery of the entire permissible revenue claimed by the Discoms.

m) **It will also avoid need for repetitive public hearings that have been taking place under true-up claims, thereby saving the time and energy of the Hon'ble Commission and of those objectors who have been participating in the public hearings. It will also avoid scope for litigations and other difficulties that may arise on account of delayed submissions of true up claims and resultant orders of the Hon'ble Commission.**

18. **Since the inaction or non-permission of the GoTS has been the cause for the Discoms not filing the ARR and tariff proposals for the said three years, as well as true-up claims, the Government should provide the amounts permissible under true-up claims of the Discoms for the said period. It has been widely reported repeatedly that the Discoms have been waiting for green signal of the Chief Minister for finalizing their proposals of tariff revision and submitting ARR and tariff proposals to the Commission. If Doubting Thomases have any doubts about it, the way in which the ARR and tariff proposals submitted by the Discoms for the year 2022-23 dispels such doubts. In their proposals, that the Discoms have shown the subsidy amount the Government has agreed to provide for the year 2022-23 makes it abundantly clear that with the permission or direction of the Government the Discoms have submitted the subject proposals. Needless to say, non-submission of ARR and tariff proposals and true-up claims is not in the interests of the Discoms.**

19. **For the reasons explained above, among others, I request the Hon'ble Commission to consider the above points, among others, take appropriate decisions and issue orders or bring about necessary regulations with prospective effect to dispense with the system of true-up.**

20. **As a result of the pro-corporate and anti-people measures and policies being and sought to be imposed on the States under the guise of reforms by the BJP Government at the Centre, the burdens on consumers are getting multiplied. The following points, among others, confirm this position:**

    a) **Nearly 85 per cent of the total expenditure of the Discoms pertains to power purchase cost. The cost of generation of power by coal–based thermal stations has been increasing due to imposition of various taxes by the Government of India and increasing transportation costs. On coal currently 14% royalty on basic price, 5% GST, Rs 400 per tonne towards green energy cess, National Mining Exploration Tax at 2% of royalty and District Mineral Foundation charge at 30% of royalty are being imposed. Then there are the Paryavaran and Vikas Upkar levy of Rs 23 per tonne and Seema Kar/Terminal**

Tax of Rs 2 per tonne. In addition to these taxes, huge amounts are being transferred to the GoI by public sector coal companies towards dividend. States have their share in royalty. Then, costs of transportation of coal by the railways have been increasing repeatedly. According to the estimation made in a report of the Forum for Regulators (FoR) released in May this year, the largest contribution to the cost is of the freight cost levied by the Railways on transport of coal. In the power purchase cost, the contribution of coal price has been in the range of 25 per cent, rail freight at 41 per cent, road transportation charges at 11 per cent, clean energy cess at 11 per cent and others at 12 per cent. Railway freight has increased by more than 40 per cent in the last four years. Though the GoI has been garnering astronomical sums in the form of such taxes and dividends, it has not been providing any relief in the form of subsidy or otherwise to the Discoms which in turn means to their consumers of power to lessen the burden of power tariffs.

b) **Under the guise of financial restructuring scheme earlier and UDAY later, GoI has been compelling the States to bear the burdens of accumulated losses and dues of loans of the Discoms. But GoI has not been providing any financial relief to the Discoms.**

c) **In the name of encouraging renewable energy, GoI has been imposing the obligations on the Discoms for purchase of a minimum percentage of RE through RPPO orders of the SERCs. This has been leading to purchase of high-cost and unwarranted RE by the Discoms, imposing avoidable multiple burdens on the consumers. However, the GoI is not providing any financial assistance to the Discoms to lessen the burdens of RE.**

d) **From the year 2008-09 to 2020-21, provisions have been made to the tune of Rs.14.42 lakh crore for writing off bad loans, non-performing assets, etc., by Banks in the country. Against the total operating profits of the Banks for the last 13 years of Rs.15.974 lakh crore, the amounts written off work out to 90.30%, according to the information made public by All India Bank Employees Association. But the Modi Government has not been inclined to see that accumulated dues of loans of the public sector Discoms and TS Genco are written off.**

e) **For relaxing limits of loans that can be taken by the State Government and loans from REC and PFC sanctioned to the power utilities of the State Government, GoI has been imposing various conditionalities. Write off of bad loans sanctioned to the corporate sector and threats to Discoms and Gencos of the State Governments - this is one of the integral components of the class character of the Modi Government.**

f) In the four private gas-based power stations located in Andhra Pradesh, i.e., GVK extension, Gauthami, Konaseema and Vemagiri, with a total installed capacity of 1498 MW, the TS Discoms have a share of generation capacity of 53.89%. These power stations have been stranded since 2013 for want of supply of natural gas from KG D 6 fields of Reliance Industries Limited as allocated by the Government of India and power has not been available to the Discoms to that extent. As a result, the Discoms have to purchase power from the market sources and exchanges, subject to fluctuations in availability and prices.

g) The earlier irrational system of price fixation for natural gas and linked to the US $ and defective production sharing agreements imposed heavy burdens on consumers of power. To the stranded four gas-based stations in AP, natural gas was allocated from the D 6 blocks in the KG basin and Reliance Industries Ltd. failed to supply natural gas to them from March, 2013. In the same KG basin, ONGC was not allowed to increase production of natural gas from its wells. DGH confirmed that RIL had indulged in illegal drawing of natural gas from the wells of ONGC worth about Rs.30,000 crore. Even after RIL started production of natural gas this year from wells in KG basin, the GoI has not directed it to supply natural gas to the power stations in AP as per allocations made. On the other hand, a new contrived system of allowing producers of natural gas to sell it through open auctions has been allowed by the GoI. It is nothing but legalized black marketing. RIL itself is auctioning and purchasing the natural gas produced from wells in the KG basin. The price of natural gas through this legalized black marketing is prohibitive.

h) As in the case of coal, in the case of natural gas also taxes being collected by the GoI and dividend from the central public sector utilities like ONGC, constitute a substantial part. But no relief is being provided by the GoI to the State for reducing the burden of tariffs to be paid for purchasing power from the gas-based power stations. Nor is there any move on the part of the GoI to rationalize the pricing system for natural gas by regulating its price based on prudent capital costs and operation and maintenance costs for production of natural gas and reasonable profit.

i) GoI has been failing to ensure supply of coal to thermal power stations as per allocations made by it. The recent artificial shortage created for coal has led to shortage for power to the Discoms, forcing them to purchase in the open market and exchanges where the price for power went up to Rs.15-20 per unit.

j) As a part of its anti-people reforms, GoI has been auctioning of coal blocks even for commercial purposes and inviting foreign direct investment into mining of coal in the country. The fact of the matter is that there has been abundant deposits of coal available in the country and the same can be excavated by the public sector coal companies, with necessary support and directions from the

GoI, but that is anathema to the Modi Government embarking as it has been on a spree of privatization of public sector utilities both directly and indirectly.

k) **The Modi Government has been refusing to allocate new coal blocks to the public sector utility, Singareni Collieries Company Limited. At the same time, it is moving in the direction of auctioning four coal blocks of SCCL. Despite the CM of Telangana, Sri K Chandrasekhara Rao, writing to the Prime Minister to stop auctioning the blocks and allocate the same to SCCL and almost all the trade unions of workers of SCCL went on strike for three days against the move of the GoI, the Modi Government continues to be intransigent,**

l) **SCCL requested the Ministry of coal for allocation of coal from its own mines, instead of from Naini coal block in Odisha, to its stage I Singareni Thermal Power Project (1200 MW). SCCL made it clear, in its letter dated 6.7.2015, to the Ministry of Coal that it would be able to supply the coal to its own thermal plant without affecting the existing FSA/linkage quantity to other allottees. It is strange that the Ministry of Coal allocated coal from Odisha to the power project of SCCL, in which the Government of Telangana has ownership share of 51 per cent, while GoI has 49 per cent, instead of allocating coal from the mines of SCCL which is available. Despite repeated requests of the GoTS, seeking allocation of coal from SCCL to its project, there has been no positive response from the GoI even after six years. As a result, consumers of power in the State continue to pay higher variable costs for power being purchased from this project due to avoidable higher costs for transportation of coal from the Naini coal block in Odisha.**

m) **The amendments to EA being proposed by the GoI, if come into force, even in the face of stronger opposition from many States, engineers and workers in the power sector, public spirited experts and several political parties, will lead to disastrous consequences. "Animal spirits" have been arisen and predatory instincts of the private corporate houses have been in full play as a result of the neo-liberal policies and crony capitalism of the GoI. For the failures of commission and omission of the GoI, it is the States which are being penalized with the burdens being passed on to the consumers in the power sector, in particular, and to the public at large in general. Taking undue advantage of power being in the concurrent list of the Constitution, GoI has been exercising its authority arbitrarily, without any responsibility and accountability for the adverse consequences and avoidable burdens being imposed on the States and consumers that have been arising as a result of implementation of its policies, directions and actions.**

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21. **Forum for Regulators, in its report, made several meaningful and prudent suggestions. To reduce the financial burden on the Discoms, the Forum suggested**

that the Centre should share the cost of stranded power with the states. It said central funding should cover the fixed cost being paid by the states for the power generation assets that are no longer functional. States across the country have been bearing the cost of stranded power generation assets to the tune of Rs 17,442 crore. The report said 12 states have been paying the fixed cost for the units which are no longer functional but the states continue to have power purchase agreements (PPAs) with them. The surplus energy from these units stands at 129,251 MUs for which the consumer is paying but not getting the electricity. The fixed cost of stranded generation assets is being paid for by the consumers without getting any benefit. Surplus energy of this magnitude and resultant costs (in the range of Rs 1.34 per unit) are a matter of great concern," said the FoR report. Most of the stranded units are gas-based power generation units which are not functioning for lack of domestic gas supply. Under the PPAs, power Discoms continue to pay fixed cost even if there is no supply. The Forum recommended that the burden of the stranded generation assets should be shared by the Central Government and the State Government respectively in the ratio of 60:40, in line with central plan funding. The report has identified major cost factors that impact the price of electricity in the country. It suggested that "Railways should be brought under an independent regulatory body as they enjoy monopoly position and are still unregulated at present." Coal sector also be bought under independent regulator "at the earliest." It said, "Coal pricing needs to be regulated as in other sectors, since it is virtually a monopoly." It said the Centre should also consider subsidising railway freight for coal for a distance beyond 750 km. Among other suggestions to reduce power cost, the FoR recommended transmission planning based on accurate demand forecasts. It said mismatch in generation and transmission planning leads to stranded transmission assets and additional cost is being borne by the states. It has said the renewable energy projects with storage should be encouraged so that surplus transmission capacity can be utilised. Other recommendations made by the FoR include - Clean Energy Cess should be ploughed back to electricity sector. Clean Energy Cess (CES) of Rs 400 per tonne, levied on coal should be given to the electricity sector for meeting the cost of environment norms. (In 2018, it was subsumed under the Goods & Services Tax). "With due regard to the increasing investment in renewables, the rationale for continuation of this cess needs review. There is a strong case for reduction in clean energy cess. Proceeds from this cess be ploughed back to the electricity sector to mitigate incremental cost on account of new environmental norms as per contribution made by each State." In 2019-20, the CEC collection stood at Rs 24,883 crore.

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22. In his letter dated 5.12.2021, addressed to the Chief Ministers of Telangana and Andhra Pradesh, Dr E A S Sarma garu, former secretary, Ministry of Power, GoI, said, inter alia, that "governments in some States like AP have been trying to renegotiate PPAs entered into by their predecessors, in view of the exorbitant tariffs that such agreements will give rise to, adversely affecting the interests of the

consumers. The previous governments had indiscriminately signed one-sided agreements with the private promoters of solar electricity generating plants, knowing well that solar technology is an evolving one with a declining trend in the unit costs. Surprisingly, instead of lending support to the States and protecting the consumers' interests, the Union Power Ministry took sides with the private promoters and asked the States to put a stop to such renegotiation. While there is always the question of the sanctity of a contract and the legal implications of renegotiating contracts, it is for a State to decide on the course of action in the interest of the consumers. The States are well equipped in dealing with such contracts and finding legally acceptable ways to protect the interests of the consumers. In the spirit of upholding the federal balance between the Centre and the States, the Centre should allow the States to act on their own, without interfering with their authority.

"A similar issue arises in the case of PPAs signed in the past by some States with the private promoters of thermal power plants with a highly regressive provision in the name of "*deemed generation clause*": which mandated the State utilities compensating the private promoters for 100% of the fixed costs, irrespective of whether the plant has supplied electricity or not. It is the electricity consumer who pays for such malfeasance on the part of the State administration, which by any logic cannot be justified. In a way, the new Bill before the Parliament will also prevent the State from renegotiating such PPAs to safeguard the interests of the consumers.

"The Punjab Government has faced public criticism in the matter of high tariffs resulting from such PPAs signed in the past. In order to protect the consumers' interests, the Punjab government has since circulated a White Paper justifying the need for renegotiating the PPAs and introduced a Bill for that purpose (Punjab Renewable Energy Security, Reform Termination and Rederimination of Power Tariff Bill) in the Punjab Assembly. I have enclosed here copies of the White Paper and the Bill for your ready reference. It is an excellent initiative taken by the Punjab Government which inspires confidence among the people of the State.

"I wish the Centre had emulated the example of Punjab and displayed the same sense of public accountability in dealing with electricity.

"Perhaps, as Punjab has done, the States should similarly assert their authority under the Constitution and enact laws that preserve their autonomy in order to safeguard the electricity consumers' interests. Such laws need to be State-specific. In those States where the consumers are unduly burdened by the "*deemed generation clause*" of the PPAs signed in the past with thermal power plants, the new law could extend to such PPAs also."

23. In the face of the onslaught of the Modi Government on the interests of public at large, public sector utilities, the working class, rights and interests of the States in the power sector, as in other sectors, the TRS Government in the State has not been

fighting against such onslaughts firmly. It is failing to take cognizance of saner alternatives suggested by the FoR, public spirited experts, and associations of engineers and workers working in the power sector, etc. It is failing utterly to articulate alternatives and put forth meaningful and justifiable demands and in taking initiative to move in the right direction.

24. **With factual situation in the power sector in the State continuing to be shrouded in secrecy for the last three years, there has been no scope for studying the impact of policies and decisions of the Government and suggesting corrective measures. As per the presentation made by the Discoms on 30.6.2021 before TSERC, the installed capacity in the State would reach 25,760 MW by 2022-23. Since this generation capacity is very huge, need for justifying the same vis a vis growing demand and examining the same, before giving consent to new projects, is very much imperative. TS Discoms informed that there has been no load relief from 20.11.2014 and that, as on 1.6.2021, against a maximum demand of 13,688 MW, the contracted capacity is 16,603 MW. With this capacity, when the Discoms are in a position to meet maximum demand during 2021-22, the transmission contracted capacity approved by the Commission for the same year to the tune of 21,370.12 MW is, obviously, very high. Then, what is the basis for additional requirement of an additional installed capacity of 9,157 MW (25,760 – 16,603 = 9,157) by 2022-23, i.e., an increase of 55.15%, within a span of less than two years? Despite repeated demands from those who have been participating in the public hearings being conducted by TSERC, no long-term load forecast, resource plan, procurement plan, etc., have been submitted by the Discoms and other power utilities so far or made public, leave aside holding public hearings on the same. The submissions of the Discoms on need for additional generation capacities are general in nature and do not give specific requirement of additional power year-wise and major source-wise.**

25. **For the year 2022-23, the Discoms have shown availability of total generation capacity of 19987.95 MW plus 550 MW from PTC India Ltd. under medium-term for a few months in the year. They have shown availability of power to the tune of 87288 MU and requirement of 84222 MU - 55299 MU for SPDCL and 28923 MU for NPDCL - with a surplus of 3066 MU. When such is the position, where is the need for 25,760 MW as projected by the Discoms by 2022-23? The availability of power is estimated after taking 76% PLF for thermal stations of TS Genco and reduction of availability of hydro power from 4921 MU for 2021-22 to 4000 MU for 2022-23. The Discoms have informed that the expected CoD of the 4th unit of BTPS (270 MW) is 1st January, 2022, that YTPS first unit (800 MW) is expected to be commissioned on 1st March 2023 and that the expected CoDs of Telangana STPP (2x680 MW) are 1st October, 2022 (Unit I) and 1st January, 2023 (Unit II). In other words, availability of power would increase substantially for the year 2023-24.**

26. For the year 2022-23, SPDCL has projected total sales of 48823 MU and transmission and distribution losses of 6476 MU (11.71 per cent). NPDCL has projected total sales of 25905 MU and transmission and distribution losses of 3018 MU (10.43 per cent). For the year 2018-19, the Hon'ble Commission approved T&D losses of SPDCL as 13.77 percent and 13.62 percent for NPDCL. In their presentation made before the Hon'ble Commission on 30.6.2021, the Discoms claimed that, after formation of the Telangana State, a sum of Rs.31,968 crore has been invested for transmission and distribution networks. Despite such investments, SPDCL has projected a reduction of T&D losses by 2.06 percent for 2022-23 compared to those approved by the Commission for the year 2018.19 and NPDCL has projected the same by 3.19 percent. On average, for a period of four years, the reduction works out to about 0.5 per cent for SPDCL and 0.80 per cent for NPDCL. Compared to the higher T&D losses that have been continuing year after year, the proposed reduction is meager. Moreover, that the Discoms have been claiming implementation of free supply of power to agriculture for 24 hours a day as per the policy of the Government, it is obvious that a percentage of theft and pilferage of power can be shown as agricultural consumption. For agriculture, power is not required throughout the day and throughout the year. It is required during agricultural seasons only. The projections of agricultural consumption of power being made by the Discoms and the methodology they are adopting for the same under the arrangement of free supply are questionable. In other works, there is scope for reducing T&D losses substantially than what is being projected by the Discoms. Have Transco and the Discoms achieved the targets of reduction of T&D losses (AT&C losses) as agreed to under UDAY?

27. The Discoms have maintained that the "main reasons" for their "losses" are the policies of the Government of India - increase in clean energy cess on coal from Rs 50 per tonne to Rs.400 per tonne; increase in cost of coal by about 6 percent to 10 percent every year; increase in railway freight by 40 percent in the last four years; and increase in per unit cost of thermal power plants due to their backing down to enable must-run status of renewables. When increases in variable costs are being projected by the Discoms and factored into their annual power purchase cost by the Hon'ble Commission or allowed as pass through under their true-up claims, it naturally leads to increase in cost of service and revenue requirement of the Discoms, but they cannot be the reasons for "losses" of the Discoms. The Discoms have not explained the other reasons for the revenue deficits they have projected in the subject filings.

28. The Discoms have not explained the reasons and components that have contributed to their projected revenue deficits. What are the latest accumulated dues the Discoms have to collect from different categories of consumers, especially from the departments of the Governments, both the Central and State, and local bodies? What are the dues from the Government in terms of subsidy and schemes like

UDAY? What are the dues the Discoms have to pay to generators/suppliers of power, including TS Genco? What are the dues the Discoms have to clear to Banks and financial institutions from whom they borrowed loans and the interest thereon?

29. **For the year 2022-23, the Discoms have projected a total sales of 74727 MU. They have projected availability of NCE/RE to the extent of 8953 MU. The Discoms have projected availability of hydel power of 4000 MU for 2022-23 against 4921 MU for 2021-22. After reducing hydel availability of 4000 MU, the projected sales for 2022-23 work out to 70727 MU. The percentage of RE out of total sales minus hydel power works out to 12. As per the order given by the Hon'ble Commission on renewable power purchase obligation dated 30.4.2018, the Discoms have to purchase a minimum of 8 percent RE out of total consumption for the year 2021-22. Out of that minimum purchase, solar power should be 7.10 per cent and non-solar power 0.90 per cent. Out of the projected non-hydel power sales of 70727 MU, solar power purchase of 8394 MU works out to 11 percent. Knowing full well that for purchasing power from must-run RE/NCE stations, why did the Discoms enter into long-term PPAs to purchase RE exceeding the minimum of 8 per cent, i.e., more by 4 percent, by the year 2022-23? When the Hon'ble Commission held public hearing in 2018 on the proposals of RPPO, the Discoms then represented by the then CMD of the erstwhile TSCPDCL, Sri G Raghuma Reddy garu, strongly pleaded before the Commission not to enhance the minimum percentage under RPPO from the then prevailing 5 percent. Then, who forced the Discoms to enter into PPAs with RE units on long-term basis and at higher costs exceeding their minimum obligation under RPPO by fifty percent?**

30. **The Discoms have requested the Commission to consider any deviation in actual sales vs approved for the category of lift irrigation schemes due to high impact of such deviations in the upcoming lift irrigation projects will cause on the overall sales and projected revenue. They have requested the true up of actual sales and revenue for this category be allowed as an exception in the coming year, as this is the year where commissioning of majority of the new pumps have been projected and any delay in the same will impact the financial positions of the Discoms very severely. They requested the Commission to make necessary additional provisions to the existing clauses in Regulation No.4 of 2005 of APERC, considering the exceptional scenario involving a subsidizing category. In other words, the projected sales for LIS projects may vary, depending on the stage of their commissioning. For that the responsibility rests on the department of irrigation. True-up/true-down arises only after the variations take place actually. There should be necessary coordination between the department of irrigation and the Discoms to achieve synchronization of commissioning of the LIS projects and necessary arrangements for supply of required power to them, with obligations on both sides to stick to their respective schedules and to bear the burdens of deviations that may arise in practice as a result of their failures of commission and omission. Such burdens should not be**

imposed on the consumers of power. There is no scope for an exception. Therefore, we request the Hon'ble Commission not to make any additional provisions to the existing clauses in the Regulation which the Discoms have not explained specifically to permit true-up as an exception.

31. **Though the Discoms have projected an availability of surplus power to the tune of 3066 MU, they have not shown month-wise requirement and availability of surplus or deficit during the year 2022-23. They have not considered any sale of surplus power, as the cost of such additional purchase is expected to be higher than the revenue from sale of surplus energy. The estimated energy deficit, which is not quantified, is proposed to be bought from the short-term market at a projected cost of Rs.3.85 per unit. The Discoms have not explained the basis for this price, even while showing that price for 2021-22 as Rs.3.59 per unit. Though the Discoms have mentioned increase in per unit cost of thermal power plants due to their backing down to purchase must-run renewable energy, they have not projected the quantum of thermal power to be backed down and fixed charges to be paid therefor. They have not given data relating to backing down of thermal power during 2019-20, 2020-21 and 2021-22 and fixed charges paid therefor. For availability of power, the Discoms have taken overall PLF of thermal stations of TS Genco as 76 percent for the year 2022-23 against 70 percent for 2021-22. The threshold level of PLF has to be taken into account as considered in the respective PPAs.**

32. **The Discoms have rightly pointed out that meeting the irrigation needs is of primary importance and generation of power is subject to meeting the irrigation needs. They have explained that a high quantum of 3094 MU of hydel generation during the first half of 2021-22 can be attributed to a good monsoon and that a similar trend may continue in 2022-23. In that case, the Discoms have not explained the basis for reducing availability of hydel power to 4000 MU for the year 2022-23 from 4921 MU for 2021-22. The Discoms have also not explained as to why no availabilities of hydel power from Machkund and Tungabhadra projects have not been considered.**

33. **The capital costs of thermal power projects taken up by TS Genco tended to be very high. Execution of the projects also delayed for long periods, leading to escalation in capital cost and interest during construction. As per the latest estimates shown during public hearings conducted by the Hon'ble Commission in the month of June, 2021, the capital costs of some of the projects per MW in Crore Rupees are given below:**

    a) **Bhadradri TPS Rs.7.90 cr**
    b) **Yadadri TPS Rs.7.49 cr**
    c) **Kakatiya TPP stage I Rs.5.92 cr**
    d) **KTPP stage II Rs.7.233 cr**

e) KTPS stage VII Rs.6.935 cr

These capital costs are likely to be revised upwards again. This is another dubious distinction under the KCR regime. Such inflated capital costs, if permitted by the Commission, would lead to higher fixed charges for purchasing power from them and impose avoidable additional burdens on the consumers. The earlier Hon'ble Commission had disallowed huge amounts from capital costs shown for some of the thermal power projects by TS Genco and SCCL.

34. There have been manipulations in power purchase agreements as a result of which avoidable hefty additional burdens are being imposed on the consumers of power. The following are some of the points, among others, which confirm this:

a) The then TSERC had given its consent to the PPA the TS Discoms had with Thermal Powertech Corporation India Limited for purchasing 570 MW thermal power for a period of 8 years. The terms and conditions of the bidding were manipulated to facilitate TPCIL becoming the sole bidder. The fixed cost allowed is higher by Rs.0.82 per kwh, compared to the fixed cost of Rs.1.82 per kwh at which the same TPCIL is supplying power from a plant its same project under the existing PPA with the four Discoms of TS and AP. As a result, an additional and avoidable burden of Rs.2784 crore is being imposed on the consumers during the period of the PPA. With detailed analysis of the order, I wrote a letter dated 25.2.2016 to the TSERC, the contents of which were published in the media, but there was no response to it from the Commission and the parties to the PPA.

b) The MoU and PPA signed with Chattisgarh Power Distribution Company Limited on long-term basis has been questionable and detrimental to the interest of consumers of the TS Discoms. Objectors filed elaborate submissions questioning that deal before TSERC during public hearing. The tariff is projected to be Rs.3.90 per kwh for 2022-23, as it was for the last two years.

c) When TSERC ac ted as a one-man Commission, several petitions filed by private developers, who had PPAs with TS Discoms for supply of solar power on long-term basis, seeking extension of time for completing their units, extensions were granted by the Commission, with Discoms failing to object to such extension sought by the private developers. Due to delay in execution of their units and extension of time given, the developers got the benefit of reduction in prices of solar panels, etc., without reducing the old higher tariffs. Moreover, no public hearings were held on those petitions. Had the Discoms cancelled those PPAs and gone in for fresh biddings or insisted on reduction of the old higher tariffs in tune with the then market trends, it would have benefited the consumers

substantially. Extension of time was given to the private developers even considering delay in acquisition of land by them as a condition of force majeure! As a result, thousands of Crores of avoidable and additional burdens are being imposed on the consumers during the period of the PPAs of those units.

d) **The power supply agreements the TS Discoms had with NTPC for supply of 400 MW solar power, partly combined with bundled thermal power, had come up for public hearing before the Commissin in the middle of 2021. The solar power is being purchased by NTPC Vidyut Vyapar Nigam Ltd., the trading wing of NTPC, from private developers and supplied to the Discoms @ Rs.4.66 per unit. Here, too, the Discoms did not try to negotiate reduction of price with NTPC in tune with the market trends, though there has been abnormal delay in commencing supply of power under the said PPAs or cancelling the PSAs. The terms and conditions in the PSAs with NTPC and SECI (for supply of solar power) are detrimental to the interests of the Discoms. As a result, hefty avoidable and additional burdens are being imposed on the consumers. We submitted elaborate objections and suggestions to the Commission but to no avail.**

e) **Despite our detailed objections and suggestions on terms and conditions in the PPA the Discoms had with NTPC for purchase of power from Telangana STPP phase I, and the directions given by the earlier TSERC to the Discoms to negotiate with NTPC and modify several terms and conditions in the PPA, the Discoms failed to bring round NTPC and protect interests of the consumers.**

f) **The TS Discoms have entered into a medium-term agreement with PTC India Ltd. for procurement of 550 MW for 6 months in a year, under the MoP notified pilot scheme for aggregation of 2500 MW for three years through competitive bidding. The tariff has been Rs.4.29 per unit for the years 2020-21, 2021-22 and 2022-23. Under the same scheme, PTC is supply power to Kerala from this month @ Rs.3.26 per unit. I request the Hon'ble Commission to direct the Discoms to cancel their agreement with PTC for the year 2022-23. Surplus power is projected to be available for 2022-23 by the Discoms and additional power, if required, can be purchased from the market and through exchanges at a lesser price.**

35. **If PPAs are entered into indiscriminately to purchase unwarranted and high-cost power on long-term basis, unrelated to growing demand, giving a go-by to ideal power mix to the extent possible to suit fluctuating demand curve and consents given to the same by the SERC, it would lead to availability of substantial surplus power on a large scale, with resultant disastrous consequences, and imposing avoidable burdens on consumers of power on a large scale over the years, as**

experience in Andhra Pradesh has confirmed conclusively. Thousands of crores of Rupees are being claimed by AP Discoms under true-up every year as a result of entering into long-term PPAs for purchasing unwarranted and high-cost power, especially from solar and wind units and some private projects and consents given to the same by the then APERC, among other factors, during the regime of the Chandrababu Naidu Government. Despite having an abnormal surplus ranging from 8000 MU to 10,000 MU per annum and backing down the same, AP Discoms have been resorting to purchase of thousands of MU in the open market and through power exchanges every year, because the must-run renewable energy they have been forced to purchase cannot meet peak demand, thereby increasing avoidable burdens on the consumers! This is in addition to tariff hikes and hefty subsidy being provided by the Government. Similar situation, with a difference in degree, is getting unfolded in Telangana also.

36. In the annual retail supply tariff orders, TSERC used to include cost of power purchase based on the quantum required to be purchased for meeting demand in the financial year concerned. As such, costs of backing down surplus power and variations in additional purchases are not being covered in the annual revenue requirement of the Discoms as determined by the Commission. As a result, claims under true-up are being made by the Discoms for huge amounts. With the kind of deficiencies in the system of true-up, consumers are being burdened additionally, and Discoms are suffering financial losses to the extent their claims for true-up are not allowed by the Commission.

37. When questionable decisions taken by the Discoms and proposals or petitions submitted to the Commission for its approval, may be at the behest of the GoTS, it is for the Commission to regulate them in a rational way and within the limitations of law and its regulations to prevent imposition of avoidable burdens on the consumers to the extent practicable. Unless the Commission regulates in a rational way, taking a holistic view, the tendency of the powers-that-be and the Discoms entering into long-term PPAs for purchase of unwarranted and high-cost power, etc., with questionable terms and conditions detrimental to larger consumer interest, regulations alone cannot undo the damage being done in the form of various problems that are arising. When regulatory diagnosis of the issues and problems is sound, first and foremost, preventive steps need to be taken during the regulatory process itself to avoid undesirable consequences that can and should be avoided. It is in the interest of the Discoms and their consumers of power. Otherwise, it will not be possible to take curative steps in legal terms and the damage to larger consumer interest being done cannot be undone for several years.

38. Aware as we are of the constraints and limitations of the Hon'ble Commission under the law, we request it to examine the above submissions, among others, and

undo the damage being and will be caused to larger consumer interest to the extent possible within the limitations of its powers by disallowing what is impermissible and reduce the burdens proposed to be imposed on the consumers. In view of the limitations of the Commission, it is for the people at large to protect their interests by opposing the proposed hefty burdens and bringing pressure on the Governments at the Centre and in the State through concerted action.

39. **I request the Hon'ble Commission to permit me to make further submissions on some more issues figured in the subject filings before the last date, the 28th of this month, and during public hearings scheduled to be held on 21.2.2022 at Hanumakonda, on 23.2.2022 at Wanaparthy and on 25.2.2022 in Hyderabad, after receiving and studying the responses of the Discoms.**

Thanking you,

Yours sincerely,

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Copy to :

1. **Chief General Manager (RAC), TSSPDCL, Hyderabad**
2. **Chief General Manager ((IPC&RAC), TSNPDCL, Warangal**

To
The Secretary
Telangana State Electricity Regulatory Commission
11-4-660, 5th floor
Singareni Bhavan, Red Hills
Hyderabad - 500 004 **January 17, 2022**

Respected Sir,

Sub : Additional submission of suggestions and objections on the ARR and tariff proposals of the TS Discoms for the year 2022-23 in OP Nos.58 (TSSPDCL) and 59 (TSNPDCL) of 2021

Further to my submissions dated January 4, 2022, am submitting the following additional points in the subject petitions for the consideration of the Hon'ble Commission:

1. **The Discoms have requested the Hon'ble Commission to bring about an amendment to Regulation 4 of 2005 to put a mechanism for automatic pass through of power purchase cost adjustment in view of the enforcement of Electricity (Timely Recovery of Costs due to change in Law) Rules, 2021 by the Central Government dated 22.10.2021. They have submitted that the implementation of the rules by generating company or transmission licensee on monthly basis without provision for the distribution licensee to recover the same on monthly basis from the consumers shall have adverse impact on the financials of the Discoms leading to huge working capital costs and also affect the entire value chain of the power sector. Such an automatic pass through of impact in cost due to change in law by a formula is unwarranted. Terms and conditions in the PPA govern various aspects, as far as costs of purchase of power from the generators by the Discoms are concerned. Terms and conditions in the PPAs also contain a clause providing for applicability of change in law. Working out a formula for automatic pass through of the impact of change in law in terms of cost of power purchase may lead to divergent interpretations and disputes and bypasses regulatory examination of the veracity and permissibility of such impact. True-up claims under various uncontrollable factors can be made by the Discoms (and State transmission utility also) and the Hon'ble Commission considers the same after holding public hearings as per regulations applicable, that, too, with permissible carrying cost. Variations in costs of power purchase are also included under true-up claims. Moreover, the Discoms have every right to examine the impact of change in law as and when generators or transmission utility show the same in their monthly bills and contest its veracity and permissibility, if they consider it questionable. Therefore, we request the Hon'ble Commission to reject the proposals of the Discoms for amending the said Regulation.**

2. **The Discoms have proposed that persons operating captive power plants (CPPs) in parallel with T.S. grid have to pay grid support charges for FY 2022-23 on the difference between the capacity of CPP in kVA and the contracted maximum**

demand in kVA with licensee and all other sources of supply, at a rate equal to 50% of the prevailing demand charge for HT consumers. The proposal is justified, following the judgment of the Hon'ble Supreme Court in C.A.No.4569 of 2003 and batch passed on 29.11.2019, after a prolonged pendency for over 16 years, setting aside the orders of the High Court of Andhra Pradesh and upholding the order of APERC for levy of grid supporting charges from 2002-23 to 2008-09. I request the Hon'ble Commission that co-generation plants also be brought within the ambit of definition of plants operating parallel with TS grid by modifying the definition accordingly to avoid misinterpretation of certain co-generation plants that they are not a CPP. The cogeneration plant, though different from CPP so far as the operation is concerned, is not different on the aspect of operation in parallel with the grid. The levy of grid support charges needs to be reckoned from the financial year 2014-15 onwards, pursuant to the judgements of APTEL and the Supreme Court. When disputes pertaining to past period are settled, making applicability of the order with retrospective effect is common practice.

3. **How much amount is reimbursed to the Discoms by TS Transco and TSLDC from the transmission and SLDC charges that are received/being received from the power exchanges in view of the short-term power purchases made by the Discoms either to meet the shortage/save overall power purchase costs, as long as the actual demand and capacity did not exceed the demand and capacity approved in the MYT order for transmission and SLDC cost, respectively, during the year 2021-22 so far? In light of the Discoms showing need for purchases from the market and short-term sources for the year 2022-23 also, the said amount to be reimbursed by Transco and SLDC to the Discoms would be substantial. We request the Hon'ble Commission to consider such amount to be reimbursed to the Discoms and adjust the same in their revenue requirement and revenue gap.**

4. **Imposition of demand/fixed charges on consumers as a part of the power bills they have to pay is irrational. Fixed charges are being covered in power purchase cost as far as generation is concerned. Fixed costs of transmission and distribution networks are being covered under the multi-year tariff orders being issued by the Commission and under true-up claims of the utilities. In view of the same, there is no justification in imposing demand/fixed charges separately on the consumers of power under the LT categories proposed by the Discoms. We request the Hon'ble Commission to reject the proposal of the Discoms for imposition of such fixed charges.**

5. **The Discoms have proposed to introduce the "facilitation charges of Rs.20,000/- per month or part thereof (at a rate of 5% increment every year) for providing open access facility under the head "other charges in HT" in order to meet the cost being incurred in providing the facility to open access users. The Discoms are already charging cross subsidy surcharge and additional surcharge from open access users, and additional surcharge is for meeting the costs of capacities of network stranded on account of open access. Therefore, there is no justification in introducing the proposed facilitation charges for open access users. However, the Discoms have a**

real problem when the open access consumers opt for supply of power under real time market (RTM), i.e., shifting from the Discoms to other suppliers of power to meet their requirement as and when they want, without giving any notice to the Discoms well in advance. Even while continuing to be the consumers of the Discoms, they can access RTM to optimize their power purchase cost. But the Discoms have an obligation to supply power to such consumers and make arrangements for the same. If there is no similar obligation on the part of such consumers to get supply of power from the Discoms as contracted, with freedom to opt for RTM as and when they want, without any intimation to the Discoms well in advance, it results in an iniquitous arrangement much to the disadvantage of the Discoms, with resultant avoidable additional burdens which will be imposed on their consumers of power under true-up later. If bulk consumers opt for RTM, by the time the time market obligations sheets on RTM are notified, the Discoms lose the opportunity to change their drawl schedules and they could be forced to under draw from ISTS during the periods of procurement of power by bulk consumers in RTM, with resultant burdens. It is a lopsided arrangement of freedom and benefits to bulk consumers and obligations and burdens to the Discoms. It needs to be remedied and a balance has to be maintained. The RTM is being availed by the Discoms for meeting any intraday shortfall that may arise on account of deviations from scheduled sources, renewable energy intermittencies, weather changes affecting wind generation, real time load variations, etc. For the bulk consumers ensured as they are of supply of required power by the Discoms, there are no such problems or obligations. If there is shortage for power and Discoms impose power cuts, drawing of power by bulk consumers under RTM or other sources can be understood. Cross subsidy surcharge and additional surcharge cannot compensate the Discoms for the losses they incur due to sudden shifting of bulk consumers to RTM, when the Discoms are making necessary arrangements to ensure supply of power to them. Therefore, an alternative mechanism needs to be worked out and implemented enabling the Discoms to recover the avoidable additional burdens they have to bear on account of bulk consumers accessing power in the RTM, without any notice to the Discoms sufficiently in advance about their drawing power in the RTM.

6. **For purchasing power from the thermal power project (2x600 MW) of Singareni Collieries Company Ltd. as per the PPA dated 18.1.2016, the Discoms have shown substantial increase in variable costs from Rs.2.55 per unit in 2020-21 to Rs.2.99 per unit for 2022-23 as per the estimates of the project. What are the reasons for such increased estimates? At the same time, variable costs of CGSs are projected for 2022-23 as they were estimated for 2021-22 and the same are projected for thermal stations of TS Genco at reduced rates.**

7. **The fixed costs paid to the CGS thermal stations increased from Rs.1646 crore for 2021-22 to Rs.1862 crore for 2021-22 and are further revised to Rs.2652 crore for 2022-23 (with the addition of Telangana STPP phase I). The Discoms have submitted that, in the absence of CERC tariff order for the CGS stations, they have projected the fixed costs for 2022-23 in line with the arrived projections for 2021-22.**

What is the basis for increase in fixed costs by Rs.215 crore from 2020-21 to 2021-22 and justification for projecting the same rates for 2022-23?

8. **While entering into PPA with Chattisgarh State Power Distribution Company Ltd. for supply of 1000 MW, the Discoms booked an additional transmission capacity for another 1000 MW. What has happened to the additional transmission capacity booked and what are the consequences thereof, in the absence of not getting additional 1000 MW capacity?**

9. **For Thermal Power Tech Corporation of India Ltd. I and II, energy availability is shown with a PLF of 95 percent. The tariffs to be paid for purchasing power from the two units are shown as Rs.4.30 and Rs.4.73 per unit, respectively. As per the PPA the Discoms had with both the units, what are their threshold level PLFs? Is it obligatory on the part of the Discoms to take power exceeding the threshold levels of PLF and at such higher tariffs from these two units?**

10. **The Discoms have proposed fixing of prepaid meters for all Government services existing under various categories. Instead of Government services, it should be service connections given to departments, undertakings and bodies of the Government. In principle, fixing of prepaid meters is objectionable. Since huge amounts are due from the departments of the Government and the Discoms are unable to collect such dues or disconnect such services, it seems that the Discoms have made this proposal. If Discoms are unable to disconnect services to the departments of the Government for delay in payment of monthly bills within permissible period, obviously, under pressure from the authorities concerned, can the Discoms withstand such pressure even under the proposed system of prepaid meters? Or, it may be an attempt to introduce the system of prepaid meters with the Government as a prelude and later extend the same to other categories of consumers. It should be treated as an exception and not extended to other categories of consumers. As a better alternative, the Hon'ble Commission may direct the Discoms to disconnect service connections given to various wings of the Government, if they fail to pay dues of their monthly power consumption bills in time as is permissible under applicable terms of supply and as has been the standard practice in the case of other categories of consumers. There is no justification in seeking payment in advance for power to be supplied to, and consumed by, the consumers. For payment of power purchase under PPAs in force, the Discoms are getting sufficient grace period and discount, if such payments are made before the due date. If there is delay in paying monthly power bills by the consumers, the Discoms are collecting applicable penalties.**

11. **In response to the directive of the Hon'ble Commission that the Discoms shall replace 10% of existing agricultural pump sets with energy efficient pump sets as stipulated in UDAY MoU and submit a quarterly progress report on the same, SPDCL has maintained that there is no scheme for replacement of existing agricultural pump sets with star rated energy efficiency pump sets. NPDCL has maintained that, as this scheme involves requirement of capital expenditure, it is yet**

to initiate the scheme. However, NPDCL is insisting on installing of BEE, 5-star rated pumps for all new connections. The implication in the stance of the Discoms is that who should bear the expenditure for such measures and other energy efficiency and saving measures. Whenever any initiative is taken by the Discoms, at the behest of the GoI and GoTS, for implementation of energy efficiency and saving measures, it should be with the concurrence and willingness of the beneficiary consumers that they would bear the balance cost, after adjusting the financial assistance provided by the Governments. We request the Hon'ble Commission to issue such specific directions to the Discoms, making it abundantly clear that such expenditure, fully or partly, should not be imposed on other consumers for whom no such schemes are implemented.

12. **The Discoms have shown arrears of consumers over Rs.50,000/- pending for over six months as on 30.9.2021 30.9.202 – Rs. 4893.16 crore by NPDCL and Rs.1645133785 lakhs (?) by SPDCL. SPDCL has to clarify whether the figure shown by it is a typographical error or correct. The lion's share of the accumulated dues is from HT consumers only. The number of HT consumers who have dues to the Discoms is 407 and amount due is Rs.4817.7 crore in the case of TSNPDCL. In the case of TSSPDCL, the number of HT consumers is 1319 and the amount due from them is Rs.6921.69 crore. What actions the Discoms have been taking to avert accumulation of arrears to such levels and collecting the arrears? SPDCL has shown that a sum of Rs.82.4066 crore is written off during 2020-21 and Rs.92.0854 crore during the first half of 2021-22 under bad debts. How much amount was written off by NPDCL under bad debts? Who is bearing the loss caused due to writing off of bad debts? Provision for bad debts should not be imposed on the consumers. It is nothing but penalising the consumers for the failures of commission and omission of the personnel of the Discoms, may be, due to unwarranted interference of the powers-that-be forcing the Discoms not to take necessary action to recover dues from the consumers, especially from influential HT consumers. The Discoms might be filing cases against defaulting consumers. But, lack of timely action leads to accumulation of dues. The reasons for such accumulation of dues need to be analysed and necessary plan of action be worked out and implemented by the Discoms to avert such accumulation. The Hon'ble Commission also may give directions, if required, to the Discoms on the course of action they should pursue to remove legal hurdles, if any. Accountability of the personnel also should be fixed for failure in taking timely action for recovery of dues from the consumers concerned and to avert accumulation of dues.**

13. **TSNPDCL has shown that ex-gratia to the tune of Rs.17.63 crore is paid in 351 fatal accidents of human beings against 460 such accidents during the year 2020-21. In case of such accidents involving animals a sum of Rs.3.5559 crore was paid in 726 accidents against 974 accidents during the same period. Under 59 non-fatal accidents, no ex-gratia is paid. During the first half of 2021-22 also against 222 fatal accidents involving human beings, ex-gratia is paid in 123 cases only (Rs.6.26 crore) and in the case of animals, ex-gratia is paid in 314 cases (Rs.1.4444 crore) against 705 accidents. SPDCL has shown payment in 230, 225 and 178 human cases and in**

546, 395 and 347 animal cases during 2018-19, 2019-20 and 2020-21, respectively, without showing the total number of accidents, both human and animal, that had taken place during the three years. Paying ex-gratia to victims of electrical accidents and collecting the same from consumers of power as a part and parcel of annual revenue requirement of the Discoms leaves no scope for fixing responsibility for the deficiencies and negligence which give rise such accidents. Causes of the electrical accidents need to be analysed, deficiencies in the network be identified and accountability of the personnel at various level be fixed for dereliction and human failure, if any, in taking safety measures, and preventive steps be taken promptly to prevent recurrence of such accidents. Reports submitted, if any, by the Discoms to the Hon'ble Commission should be made public.

14. **The Discoms have saddled themselves, as well as their consumers, with high cost bundled power under JNNSM phase I - Rs.10.69 per unit of solar power and Rs.4.62 per unit of thermal power, as projected for the year 2022-23. Under NTPC bundled power also, the Discoms have saddled themselves with high cost power - Rs.4.73 per unit for solar power and Rs.3.95 per unit for thermal power, as projected for the year 2022-23. They have shown the weighted average rate for solar power as Rs.5.69 per unit. Compared to Rs.2.83 per unit under NTPC CPSU 1692 MW and Rs.2.78 per unit under SECI 400 MW, which are also higher compared to the tariffs discovered through competitive biddings elsewhere in the country. For what purpose the Discoms have entered into purchase of so-called bundled power under which high cost solar, as well as thermal, power will have to be purchased by them on long-term basis? The cost of thermal power under bundled power arrangement is more than the variable cost of the thermal power units of TS Genco. Though supplied by NTPC or its trading wing and SECI, the solar power is being purchased by them from private developers. The imprudent decisions of the powers-that-be in forcing the Discoms to enter into PPAs to purchase such high-cost solar and thermal power continue to impose avoidable hefty burdens on consumers of the Discoms for a long period. In the name of bundled power, the Discoms have been tricked by NTPC to bear the overburden of both solar and thermal power on long-term basis and consents given to such tricky PPAs by the ERC concerned facilitated the same. Can the powers-that-be, the Discoms and ERC undo the injustice being done to the consumers on account of such questionable transactions by cancelling the high-cost PPAs?**

15. **While SPDCL has projected overall growth of sales from 42,915.95 MU in 2021-22 to 48,822.08 MU for 2022-23, NPDCL has projected the growth from 19949.46 MU in 2021-22 to 25904.66 MU for 2022-23. While for LT agriculture sales are projected to come down marginally, for HT agriculture and irrigation, mainly lift irrigation schemes, NPDCL has projected sales of 9014.17 MU which is more by 6073.31 MU than the sales during 2021-22 and SPDCL has projected 5248.49 MU which is more by 3485.81 MU. In other words, for HT agriculture and irrigation alone, an additional sales of 9559.12 MU, i.e., a growth rate of about 204 per cent over the sales during 2021-22. Going by the record and general trend of the department of irrigation in implementation of projects, with longer delays and abnormal increases**

in capital costs and interest during construction, the projected increases in sales to HT agriculture and irrigation by the Discoms for the year 2022-23 may turn out to be unrealistic and inflated. Needless to say, in such a situation, capacities of transmission and distribution networks created for meeting the projected requirements of the HT agriculture and irrigation would remain stranded and availability of surplus power would increase, with attendant avoidable burdens. The Discoms have not given details of which LIS would be commissioned and how much power is required for its pumps to be operated during 2022-23. Needless less to say, operation of LIS pumps depends on availability of water. Therefore, I request the Hon'ble Commission to provide the details of LIS that would be commissioned and operated during 2022-23 and power required LIS-wise and make a realistic assessment of requirement and sales of power.

16. **The Hon'ble Commission rightly directed the Discoms to furnish the subsidy amount borne by the State Government, in the consumer bills of the applicable LT 1 domestic category consumers. It made it clear that the per unit subsidy amount to be furnished in the consumer bills should be the difference of the Cos (in Rs./kwh) determined by the Commission for LT 1 category and the average tariff (in Rs./kwh) paid by the respective consumer. We request the Hon'ble Commission to show in the retail supply tariff order for 2022-23 how much cross subsidy from which categories of consumers and Government's subsidy is being provided to which categories of consumers. For the year 2022-23, while TSSPDCL has projected a requirement of 1181.74 MU with a cost of service of Rs.9.20 per unit for LT agriculture, TSNPDCL has projected a requirement of 7525.14 MU with a cost of service of Rs.8.96 per unit. With the policy of the GoAP of free supply of power to LT agriculture throughout the day, after adjusting cross subsidy as decided by the Commission, the Government has to provide required subsidy to LT agriculture and other categories of consumers of its choice. I request the Hon'ble Commission to get a commitment of GoTS to provide subsidy it agrees to provide to categories of consumers of its choice in a legally binding manner. I request the Hon'ble Commission not to consider any assurance of the Government that it would consider at appropriate time to provide any balance of the subsidy required, but to determine tariffs after adjusting the actual amount the Government agrees to provide to categories of consumers of its choice. The stand that the Discoms can approach the Commission, if the GoTS does not provide the subsidy amount it agreed to, for appropriate consideration or that, in such an eventuality, the Discoms should collect the tariffs at full cost worked out by the Commission from the subsidized consumers concerned is unwarranted. It would be tantamount to indicating to or encouraging the GoTS to flout with impunity its commitment on providing subsidy as it conveys in its written communication to the Commission.**

17. **The Discoms and other power utilities of the GoTS have been developing and maintaining vast systems of network, etc., to improve their performance and service to the consumers in the State, with the efforts of the engineers and workers. As a matter of principle and commitment, we want the public sector utilities to be strengthened and necessary support be extended to them by the Governments to**

enable them to provide better services to the consumers. Our constructive criticism and positive suggestions are made with this approach only.

18. **With adequate time given by the Hon'ble Commission to the Discoms to send their responses to objections and suggestions, we hope that they would send their responses to our submissions, with relevant information and data, well in time to enable us to study the same and make further submissions during the public hearings scheduled to be commenced from 21.2.2022.**

19. **I request the Hon'ble Commission to consider the above-mentioned submissions and my earlier submissions, among others, and take appropriate decisions before issuing the retail supply tariff order for the year 2022-23.**

Thanking you,

Yours sincerely,

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