Dear Sir

I, S. Surya Prakasa Rao, aged 78 years, resident of Hyderabad, having seen the public notice published by TS Discoms, wish to make following submissions in respect of the Tariff filings of SPDCL for consideration by the Hon'ble Commission.

1. The Discom proposed some important changes in the General and Specific conditions of Tariff with eloberate supporting reasons. Apparently lot of efforts have been put into preparation of the filings and the same is commendable.

Proposal of uniform tariff hike of 50 and 100 paise /unit for most of the categories requires review by the Hon'ble Commission considering relevant aspects like limitations on cross susidization, etc as per the Tariff Policy, 2016.

2. Revenue gap

SPDCL expects to fetch additional revenue of Rs.5,044 Crs through proposed tariffs, but still short of Rs. 2,687 Crs against the Annual Revenue Requirement (ARR) of Rs. 34,870 Crs after accounting for government subsidy of 1398 Crs. The Discom didn't mention how it wants to make good this revenue deficit.

3. Government Subsidy

It's noted from 2018-19 Tariff Order that the subsidy of 1398 Crs is towards Domestic and Agricultural consumers. This amount is insufficient to meet the costs of free supply of about 11,000 MU to LT Agricultural consumers, which works out to about Rs.10, 000 Crs @ Rs.9.20 /unit as per category wise cost of supply details given in AAR filings. This implies substantial X-subsidy contribution from subsidizing categories.

4. Increase in Fixed/Demand Charges

It's stated that the Discoms are able to recover only13 % of ARR through existing Fixed/Demand Charges while the Fixed Cost component in AAR is 56% and they propose to increase it 15.7%. The report of MOP is cited to justify the hike as as well as to levy it on all categories.

It's a misconception that Fixed Costs arising out of PPAs with Genco/IPPs have to be recovered by way of Fixed/Demand Charges in the Retail Tariffs from crores of consumers, because;

firstly, the energy charges in tariffs
are not being limited to the average Variable Cost in PPAs

secondly, the PPAs stand on an entirely different footing compared to consumer agreements for supply, which are one-sided agreements without any safeguards for consumers against F/M etc.

High Demand Charge is onerous to Small / Medium scale industries which normally operate at low/ medium load factors.

Demand Charge of Rs.475/Kva/ month translates to about Rs.1.30/unit in energy terms for an industry operating at 50% Load Factor(L/F). Thus, with the proposed energy charge of Rs.7.65/unit for 11kv supply, the overall unit rate works out to about Rs.9.25 /unit includingTOD component. In fact the Cross Subsidy Surchage(CSS) proposals reveal that the average realization from this category is Rs.9.54 even at the existing tariffs, which means that the actual average L/ F for this category is much less.

This is not conducive for increase in enegy sales to the subsidizing sectors for improving the revenues of Discoms.

I suggest the following Demand Charge structure for HT Industries:

11kv supply : Rs. 250/Kva/month
33 kv supply : Rs. 400/Kva/month
132 & above : Rs. 425/Kva/month

4. Domestic Tariffs

In the present structure there are many Groups and many slabs in each group. It may be desirable to simplify the Tariff structure by dispensing with groups and limiting the number of slabs to 4 on Socio-economic basis as follows:

Poor class : 0-30 units/month
Lower middle : 31-100
Upper middle : 101-200
Upper class : Above 200

Tariff may be be fixed in terms of para 8.3.2 of the Tariff Policy, 2016 and billed on 'Telescopic' method as follows:

Poor class ....at 50% of average COS,
lower middle class ....at 80 %
upper middle class ....at 100 %
Upper class ....at 120 %

Lesser slabs and Telescopic billing will avoid the tendency of consumets to seek multiple services for savings in the electricity bill. This structure / rates reduce the requirement of X-subsidy from other categories and will be a step forward in rationalization of tariffs.

State Government may grant subsidy to any sub class u/s 65 of the Act if it so decides.

5. Minimum Energy condition for LT Industrial consumers

Proposal to bill Minimum of 25 units per HP of contracted load is unreasonable as the total connected /contracted load doesn't impose demand on the power system.

I suggest that the minimum energy may be billed on Recorded Demand instead of on contracted load.

6. Changes in General & Specific conditions of tariff - para 2.1.3 of tariff filings

(a). Clause (i) (1) : Multi-storied building /apartment used by single owner/tenant.

The contention of the Discoms that there's no clarity in clause 7.4 of Tariff Order, is not correct. The said clause is to be read with clause 5.3.1of GTCS which clearly defines 'separate establishment'. Clause 5.3.2 specifies that each 'separate establishment' will be given separate connection. Cl.5.3.2. 2 enables the officers authorised by Discom to treat multiple services as a single service and merge them into single service in case of misuse by splitting the installations.

In the face of such clear provisions of GTCS which are statutoty, the CGRF/Ombudsman/HC wouldn't set aside the actions of Discoms if proper procedure is followed.

Misuse / Malpractices if any by a few consumers, have to be dealt with as per GTCS and Sec.126 of the Act. Rules should not be changed to cause hardship to vast majority genuine consumers due to misuse by a few consumers.

Hence the proposal of Discoms may not be accepted by the Hon'ble Commission.

(b). Cl.(ii) on Deration of CMDs

Deration of CMD by consumers is essentially a matter of conditions of supply covered by the Regulations made u/s 43 , 50 of the Act read with GTCS approved by the Commission as amended from time to time. Hence it doesn't not fall in the scope of Tariff proceedings.

I remember that 50% Demand Charges were collected for 'temporary deration' facility which was allowed in the past. The same may restored if that facility is not in vouge now.

The terms in respect of high revenue yielding consumers should be liberal as a matter of commercial principle.

(c). Cl.(iii). Proposal to bill fixed charges on Recorded Demand in the cases of exceeding contracted load.

Such cases will be very few, but not 'most of the consumers' as stated in the filings, as the LT installations normally have high diversity factor and low load factor. The cases of exceeding contracted load may be dealt as per clause 12.3.3.1 of GTCS.

Connected load is really not relevant for tariff purposes in LT services as in the case of HT services, except for the broad classification for supply under LT or HT Tariffs

With the digital metering already in place, Fixed Charges can be billed on 'Demand' basis at appropriate demand charge for all LT metered services irrespective of contracted load, as in the case of HT services.

Hon'ble Commission may take a view whether to amend the relevant provisions of GTCS/Supply Code after due consultation process with all stakeholders.

(d). Para 2.1.5 : Mandatory pre-paid metering for Government services

This proposal is welcome, but Discoms have to obtain prior consent of owner of the service for pre-paid metering as it's an option given to consumers u/s 47 (5) of the Electricity Act 2003 as it stands today.

(e). Para 2.1.6 : OA facilitation charge

The proposed amount of Rs.20,000 may be collected as one time charge for processing the application for OA for the first time.

Monthly charges may be levied in the nature of 'customer charge' applicable to that category or at a higher rate as may be specified by the Commission in addition to the customer charge payable for Discom supply.

7. Cross Subsidy Surchage

Discom rightly stated that while the tariffs are not within 20 % of average Cost of Supply, the CSS is limited to 20 % . Apparently Discom consumers are being discriminated against OA consumers.

Hon'ble Commission may rectify this anomaly by specifying the trajectory for reduction in Cross Subsidy as required u/s 181(2)(p) read with 3rd proviso of Sec.42 (2) in the interest of tariff rationalization.

8. Automatic passthrouh of power purchase costs.

Referring to the problems arising out of the Electricity (Timely Recovery of Costs due to Change in Law) Rules, 2021 notified by GOI, the Discom requested the Commission to amend Reg.no.4 of 2005 for automatic recovery of power purchase cost variations from consumers on monthly basis.

Hon'ble Commission may please initiate proceedings for amending Reg.no.4 of 2005 and Reg.1of 2014 without waiting for completion of these tariff proceedings.

9. My views as submitted above will generally apply to NPDCL also except for Numbers.

I request the Hon'ble Commission to consider the above submissions before deciding the tariff petitions of Discoms.

With High Regards,

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