

**TSERC, HYDERABAD
INWARD**

7 MAR 2015

No. 487 Signature South Central Railway
दक्षिण मध्य रेलवे



प्रधान कार्यालय / Headquarters Office,
विद्युत शाखा / Electrical Branch,
रेल निलयम् / Rail Nilayam
चौथी मंजिल / IV floor,,
सिकंदराबाद / Secunderabad-500 071

No.E. 19/5/1/3/APERC/ Vol. XVI

Dt: 05..03.2015.

The Secretary,
Telangana State Electricity Regulatory Commission,
D.No.11-4-660, 5th Floor,
Singareni Bhavan, Lakdi-ka-pool,
HYDERABAD-500 004.

Sub: Representation against to the proposed tariff for HT-V (Railway Traction) category of S.C Railways.

Ref: Public notice issued in the news paper Dated 11.02.2015.

DISCOMs of Telangana have issued public notice in news paper on 11-02-2015 for the proposed retail supply tariff for the year 2015-16.

The representation against the proposed retail tariff of HT-V (Railway Traction) category of South Central Railway is enclosed for kind consideration.

A copy of the representation has also been submitted to Chief General Manager (commercial & RAC), TSSPDCL and CGM (IPC & RAC) TSNPDCL. A Photo copy of the acknowledgement of TSSPDCL is also enclosed.

Apart from this representation, South Central Railway also request to be heard in person during public hearing on 14.03.15.

Kindly acknowledge receipt.

Encl- Copy of Representations for HT-V
Copy of acknowledgement

M.K. Gupta
(M.K.GUPTA) 05/3

**CHIEF ELECTRICAL DISTRIBUTION ENGINEER
SOUTH CENTRAL RAILWAY
SECUNDERABAD**

C/- 1. Chief General Manager (Commercial & RAC), TSSPDCL, Grond floor,
Mint Compound, Hyderabad.

2. Chief General Manager (IPC & RAC), TSNPDCL,
H.No. 2-5-31/2, Vidyut Bhavan, Nakkalagutta, Hanmakonda-506001.

**THE OBJECTIONS ON THE PROPOSED TARIFF BY AP DISCOMS FOR H.T. CATEGORY-V
(RAILWAY TRACTION) FOR THE YEAR 2015-16 ON BEHALF OF SOUTH CENTRALRAILWAY**

Name & Full address of the Objector	Brief details of Objection (s) / suggestion	Objections against Tariff proposal	Whether copy of Objection & Proof of delivery at Licensee's office enclosed	Whether objector wants to be heard in person
<p>M.K.Gupta, Chief Electrical Distribution Engineer, South Central Railway, IV floor, Rail Nilayam, Secunderabad-500071</p>	<p>1.Proposed higher tariff for Railway traction 2.Proposed two part tariff for Railway traction</p>	<p>TSSPDCL TSNPDCL</p>	<p>Yes</p>	<p>Yes</p>

**THE OBJECTIONS ON THE PROPOSED TARIFF BY TELANGANA DISCOMS
FOR H.T. CATEGORY-V (RAILWAY TRACTION) FOR THE YEAR 2015-16
ON BEHALF OF SOUTH CENTRAL RAILWAYS**

1.0 Indian Railways are a vital transport organization of Government of India, have vast network for surface transport accessible to all sections of society and play important roles in economical and financial growth of the country. South Central Railway is availing power supply in Telangana and is one amongst the most important consumers of power, and remit dues without delay/default. The Railway traction is energy efficient, environment friendly, a key input and backbone of affordable and economic transport. There is an imperative need therefore to levy, Electric Traction tariff at a reasonable rate, by which Nation's dependence on imported oil can be reduced and also to gradually reduce such cross subsidies that have been levied on this category so far. When a section is electrified, pollution of air is eliminated as diesel locos are replaced with "electric locos". This is an intangible result of electrification but has solid tangible benefits to the health of people and to the environment.

2.0 South Central Railway avails traction power at 132 KV at 15 Traction sub-stations in Telangana state. The total consumption of Railway traction is 622 Million units projected for the year 2014-15 and paying a substantial amount of Rs. 422 Crores to various DISCOMs in Telangana State.

The Railways are a bulk consumer and pay major revenues to DISCOMs. Hence, the grievances of Railways are to be considered while fixing the tariff for HT-V category.

3.0 Off peak time loads for Railway Traction:

It is to mention that Railway traction loads are for passenger & goods train services. There is no distinction of peak to non-peak hours. Most of the goods trains are run during night time which is off peak period.

This is improving base loads of DISCOMs and supporting the grid stability. Apart from this, Railways is maintaining higher power factor.

4.0 Proposed Railway Traction tariff :

Traction tariff has been proposed in two parts i.e. Rs. 370.17 per KVA as demand charges & Rs. 7.65 per KVAh of energy (equivalent to average of Rs. 8.94 per unit approx.) instead of existing single part tariff of Rs. 6.36 per KVAh of energy.

4.1 It is submitted that the Railway traction tariff before converted to single part in January 1992 Railway traction tariff and HT-I tariff were same. While converting the Railway traction tariff from two part to the single part the element of demand charges were included in the energy charges and, thereafter, the traction tariff was fixed up. The DISCOM's decision about implementation of two part tariff for Railway traction of Rs. 370.17 per KVA & Rs. 7.65 per KVAh is not based on realistic study which may be seen and appreciated from the facts and figures given below.

Year	Demand charges Rs per KVA	Energy Charges Rs per unit
2014-15	Nil	6.36
Proposed in the year 2015-16	370.17	7.65

The energy charges is already increased by 20% and in addition to that traction tariff has been proposed in two parts and demand charges of Rs.370.17/KVA/Month which is equivalent to Rs.1.29/ unit is enormously increased.

As already brought out earlier, additional burden for the Railways is to the tune of Rs. 2.58 per unit and increase of 40.57% with respect to the previous year. As such, Hon'ble TSERC may kindly review imposition of two part tariff for the Railway traction and the corresponding increase.

5.0 Tariff Structure of Railway traction :

In fact the Railway traction tariff was a two part tariff till 31.12.1991 and was converted to the single part tariff from 1.1.1992 onwards considering the requirements and prolonged correspondence with the then APSEB. Single part tariff avoided complications of the actual demand recorded versus demand that gets imposed due to unavoidable feed extension from adjacent traction sub-station arising from:

- i) Failure of 132 KV incoming supply.
- ii) Maintenance/Outage in transmission lines and other equipments.

The system of single part tariff has worked satisfactorily and no issue has been raised by the then APSEB and DISCOMs from 1992 to till date.

5.1 For any given level of train services the overall demand on the system will not change. If it increases at one traction sub station it will reduce at the adjacent traction sub station as the trains move on. Reverting to two part tariff for the Railway traction as now proposed during the year 2015-16 will cause earlier complications to resurface, where load of one substation gets transferred to other substation due to one or the other reason and in turn recorded maximum demands shoots up temporarily; since there is no change in the working system. Single part tariff is indeed the most appropriate tariff for the Railway traction.

6.0 Cost of Service for Railway Traction:

The proposed Cost of service for Railway Traction for 2015-16 is as follows:

Discom	Cost of Service Rs/KWH
TSSPDCL	5.07
TSNPDCL	5.33
Average	5.20

The COS is being calculated in terms of KWh and energy is being charged for Railway traction in terms of KVAh.

The comparison of cost of service for Railway traction and tariff for Railway traction (HT-V category) is given below.

Cost of Service for Railway traction				Traction tariff Rs/KVAh	
Year	TSSPDCL Rs/KWh	TSNPDCL Rs./KWh	Average Rs./KWh	Demand charges Rs./ KVA month	Energy charges Rs.KVAh
2013-14	4.82	4.92	4.87	Nil	6.36
2015-16	5.07	5.33	5.20	370.17	7.65
Variation from 2013-14 to 2015-16	5.19%	8.33%	6.78%	40.57% Equivalent to Rs. 8.94/KVAh	

From above, it may be seen that the traction tariff is enormously increased by 40.57% over existing tariff and where as the cost of service increased only 6.78% tariff which is highly unjustified.

It is also brought to your kind notice, it may be seen that the traction tariff (Equivalent to Rs. 8.94/Kvah) is higher by 72% over average cost of service (rs. 5.20/Kwh) which is against to National Tariff policy.

7.0 National Tariff Policy :

National tariff policy para 8.3 (2) states that "for achieving the objectives that the tariff progressively reflects the cost of supply of electricity, the SERC would notify roadmap within six months with a target tht latest by the end of year 2010-11 tariffs are within \pm 20% of the average cost of supply. The road map would also have intermediate milestones based on the approach of a gradual reduction in cross subsidy."

7.1 The tariffs were to be fixed within $\pm 20\%$ of the average cost of service by the end of year 2010-11 which has not been done. From the table in Para 6.0, it is noted that % difference between the average cost of service of the two DISCOMs and the traction tariff proposed by the Discoms has been 72% which is in contravention to the National Tariff Policy.

8.0 Comparison of Traction Tariff with HT-I category:

The proposed tariff for HT-1 category - 132 KV (Industries) for the year 2015-16 is Rs. 370.17 /KVA/Month as demand charges and Rs. 5.12 per KVAh and equivalent to Rs.5.98 per unit approximately (Details of calculations enclosed in Annexure-I).

The proposed Railway traction tariff of Rs. 8.94 per unit is substantially higher than the HT-1 category by Rs.2.96 paise (49.5%) despite the fact that both are availing supply at same voltage level. As brought out in Para 3.0, the Railway draws substantial supply during off peak period also, thus helping in improving base load and supporting the grid stability. Charging of such higher tariff from Railway is irrational and unjustified. The Railways being a public utility organization, charging at unreasonably higher rates is unjustified.

It is also submitted that before the tariff was converted to single part in January 1992, the Railway traction tariff and HT-I tariff were same. The revision which took place has exempted Railway traction from the demand charges but resulted into a higher tariff than tariff for HT-I category due to load pattern of Railways. The same trend is continued till now and Railway traction tariff is being fixed always higher than HT-I category.

The DISCOM's decision about implementation of two part tariff for Railway traction of Rs. 370.17 per KVA & Rs. 7.65 per KVAh is not based on realistic study which may be seen and appreciated from the facts and figures given below.

Details of Railway traction tariff HT -I Industry :

Traction tariff			HT-I category (Industry)	
	Demand charges Rs per KVA	Energy Charges Rs per unit	Demand charges Rs per KVA	Energy Charges Rs per unit
As on 31.12.91	55	1.15	55	115
As on date	Nil	6.36	350	4.90
Proposed in the year 2015-16	370.17	7.65	370.17	5.12
Increase	40.57%		4.36%	

During the year 2015-16 not only traction tariff has been proposed in two parts but energy charges have also been increased enormously which is not justified.

Hon'ble commission is requested to examine the preferential treatment to HT-I category which is highly unjustifiable.

Fixation of higher tariff for Railway traction is also in violation to the provisions of Article 287 (b) of Constitution of India which categorically stipulates that "the price of electricity sold to the Government of India for consumption by that Government or to any such Railway company as aforesaid for consumption in the construction, maintenance or operation of any Railway, shall be less by the amount of the tax than the price charged to other consumers as a substantial quantity of electricity".

9.0 Comparison of Railway traction with HT-I (B) :

Under HT-I (B) Category Ferro alloys proposed with Rs.4.84 /Unit as single part as per ARRs of 2015-16. The Railway traction tariff is proposed at Rs. 8.94 is higher than 85% over tariff proposed for HT-I (B) Ferro Alloys category. More over the tariff for HT-I (B) ferro alloys kept single part tariff only.

Category	Supply availing	Type of Industry	Organization	Effect on environment	Pro. tariff for 2015-16
Ferro Alloys	132 KV	Power Intensive	Production oriented	--	Rs.4.84
Railway Traction	132 KV	Power Intensive	Public service	Energy efficient and eco friendly	Rs.8.94 (Equivalent to Rs.370.17/KVA &Rs.7.65/KVAh)

Except load factor, Ferro Alloys has no other advantages over Railways. Contribution of Railways to economic and social developments of country far outweighs the higher load factor of Ferro Alloys. It is brought to the kind notice of commission that load factor of Railways is showing an upward trend due to introduction of intermediate block section with the help of IB signals. This enables running of more trains and hence higher load factor.

Hon'ble commission is requested to critically examine the preferential treatment / subsidy given to Ferro Alloys which is unjustifiable and against basic principles of Electricity Act 2003 (section 61).

10.0 Extension of Subsidy to certain categories – Request for Deletion:

Section 61(g) of Electricity Act 2003 stipulate that "the tariff progressively reflects the cost of supply of electricity, and also reduces and eliminates cross- subsidies within the period to be specified by the appropriate commission."

From the cost of service and tariff models of the various DISCOMs, it is noted that certain categories have been heavily subsidized and the cross subsidy is charged to other consumers like Railways. This needs to be eliminated as per the stipulation under Section 61 (g) of the Electricity Act, 2003.

Hon'ble Commission is requested to fix tariff reasonably for HT-V category. Cross-subsidy element being charged heavily to Railways is unjustified and as it is required to be reduced to zero gradually.

11.0 Discrimination against Railway traction :

According to ARR of Discoms while proposing the tariffs for all consumers/categories the increase is 5.75% where as for Railway traction, the proposed increase is 40.57% without any specific reason. This clearly indicates the discrimination shown against HT- V category – Railway traction tariff and at the same time preferential treatment is giving for other consumers like Ht-I (A) and (B) is not unjustified and which violates the section 45 (4) of Electricity Act 2003.

Electricity Act 2003 Section 45 (4), stipulates that "Subject to the provisions of section 62, in fixing charges under this section a distribution licensee shall not show undue preference to any person or class of persons or discrimination against any person or class of persons".

Hon'ble commission is requested to consider this aspect while fixing the tariff for railway traction and other consumers.

12.0 Electrification of more sections in Telangana :

By way of electrification of Railway network in Telangana additional infrastructure will be added, resulting into faster movement of goods and passenger traffic. Ultimately there is every possibility of upcoming industries in the area of backward region like Nalgonda, Karimnagar and Nizamad districts in newly formed Telangana.

Electrification of MMTS pahase – II, Bibinagar – Nadikudi, 3rd line of Ballarsha – Madhira (Ballarsha-Kazipet-Vijayawada section), Bhongir – Secunderabad (Additional two lines) are under progress and Peddapalli-Karimnagar-Jagityala, Mudkhed-Medchal, Falaknuma–Mahaboobnagar-

Gadwal (Manmad-Mudkhed-Dhone section) sections have been sanctioned for electrification in recent Railway Budget 15-16 for Telangana state. Total 98 Route Kms of Railway Electrification is under progress in newly formed Telangana and another 563 Route Kms of section is sanctioned for electrification in recent budget

Higher traction tariff slashes Rate of Return (ROR) for the electrification projects and making them non-viable.

Hon'ble commission is requested to consider the above and fix traction tariff reasonably. A view can be taken by commission for adopting a rebate of 10% of energy charges for 5 years from date of commissioning of new electrification projects as done in MP state.

13.0 Effect of increase in traction tariff:

One paise increase of traction tariff results in additional burden to the tune of Rs. 0.62 Crore per annum (622 M.Units X Rs 0.01).The proposed increase will cause additional burden for the Railways to the tune of Rs. 160 crores per annum with the increase of Rs. 2.58/unit (40.57%).

Hon'ble TSERC may kindly review imposition of two part tariff for the Railway traction and the corresponding steep increase.

14.0 Incentive on Prompt/early payment:

Railways are prompt in payment of energy bills to the DISCOMs and for these, Railways certainly deserve some rebate/incentive. Reasonable rebate/incentive for prompt payment be granted as done by other SERC viz. MERC, OERC, MPERC etc.

15. CONCLUSION:

From the foregoing paragraphs, it is evident that the proposed tariff of Railway traction at Rs. 8.94 for 2015-16 is unreasonably high and highly unjustified, causing additional burden on a public utility like Railway of Rs. 160 crores approx.

Hon'ble Commission is requested to keep in view the following **statutory provisions** while fixing the tariff for 2015-16:

- (i) The Electricity Act 2003 vide Section 61(g) stipulates that "the tariff progressively reflects the cost of supply of electricity and also, reduces and eliminates cross-subsidies within the period to be specified by the Appropriate Commission".
- (ii) The Electricity Act 2003 vide Section 45 (4), stipulates that "Subject to the provisions of section 62, in fixing charges under this section a distribution licensee shall not show undue preference to any person or class of persons or discrimination against any person or class of persons.
- (iii) National tariff policy para 8.3 (2) states that "for achieving the objectives that the tariff progressively reflects the cost of supply of electricity, the SERC would notify roadmap within six months with a target tht latest by the end of year 2010-11 tariffs are within \pm 20% of the average cost of supply. The road map would also have intermediate milestones based on the approach of a gradual reduction in cross subsidy."
- (iii) Article 287 (b) of Constitution of India categorically stipulates that "the price of electricity sold to the Government of India for consumption by that Government or to any such Railway company as aforesaid for consumption in the construction, maintenance or operation of any Railway, shall be less by the amount of the tax than the price charged to other consumers as a substantial quantity of electricity".

- (iv) The tariff needs to be fixed near to cost of service as per National Tariff Policy. The present railway traction tariff for 2014-15 is Rs. 6.36 per unit, which is already higher by about 22.31% than the average cost of service of the two DISCOMs. Thus it is highly justified that the tariff is not increased further and rather reduced from the same level.
- (v) The tariff proposed for HT-I (B) Ferro Alloys units at Rs 4.84 per unit (Single part tariff) being a power intensive unit where as railway traction tariff is Rs. 370.17 /KVA/Month (Demand charges) and Rs. 7.65/KVAh per unit equivalent to Rs. 8.94 /unit is higher by 85 % despite of power intensive and public serving unit.
- (vi) Apart from these the Railway traction provides base load, maintained high power factor, and save imported precious oil, apart from speedy, energy efficient and environmental friendly public transport.
- (vii) Encouragement for new electrified sections for development of infrastructure in newly formed Telangana particularly and also act as growth engine for the economy of country largely.
- (viii) Reasonable rebate/incentive for prompt payment be granted as done by other SERC viz. MERC, OERC, MPERC etc.

Submission :

In view of the above submissions, the Hon'ble commission is requested to consider the Railways plea and it is prayed that,

- 1. the tariff under category HT- V- Railway traction be reduced from the present level of Rs. 6.36 per KVAh for the above reasons and also from the point of view of stipulated provisions of Electricity Act 2003, National Tariff Policy and Article 287 (b) of Constitution of India.**

- 2. Single part tariff for Railway traction be continued to avoid complications with respect to the recorded maximum demand that gets inflated during unavoidable interruptions of the power supply.**
- 3. to consider the reasonable rebate/ incentives for prompt payment.**
- 4. to give impetus to electification of Railway network, a rebate of at least 10% of energy charges be allowed for a period of 5 years similar to Railway traction tariff Madhya Pradesh.**

M.K. Gupta
05/3/2015

(M.K.GUPTA)
CHIEF ELECTRICAL DISTRIBUTION ENGINEER
SOUTH CENTRAL RAILWAY
SECUNDERABAD

Annexure -I

Average unit rate for HT-V Railway traction

Tariff for HT -V category is Rs. 370.17 per KVA as Demand charges and Rs. 7.65 per KVAh as energy charges

Equivalent units for 1 KVA in one month = $1 \times 24 \times 30 \times 0.40$ (Load Factor)
= 288 KVAh

Amount per unit = $\text{Rs } 370.17 / 288 = \text{Rs } 1.29$ per KVAh

Average unit rate = $\text{Rs } 7.65 + 1.29 = \text{Rs } 8.94$ per KVAh

Average unit rate for HT - I Industry (132 KV) with proposed tariff

Tariff for HT -I category is Rs. 370.17 per KVA as Demand charges and Rs. 5.12 per KVAh and Rs. 6.12 per KVAh (from 6PM to 10 PM) as energy charges

Avg. unit rate with Time Off Day (TOD) for HT -I

For 20 Hrs @ Rs. 5.12 = $20 \text{ Hrs} \times \text{Rs } 5.12 = \text{Rs } 102.40$

For 4 Hrs @ Rs. 6.12 = $4 \text{ Hrs} \times \text{Rs } 6.12 = \text{Rs } 24.48$

Average unit rate including TOD = $(\text{Rs } 102.40 + 24.48) / 24 \text{ Hrs} = \text{Rs } 5.29$ per KVAh

Equivalent units for 1 KVA in one month = $1 \times 24 \times 30 \times 0.74$ (Load Factor) = 532.8 KVAh

Amount per unit = $\text{Rs } 370.17 / 532.8 = \text{Rs } 0.69$ per KVAh

Average unit rate = $\text{Rs } 5.29 + 0.69 = \text{Rs } 5.98$ per KVAh

Proposed unit rate for 2015-16 for HT-I and HT-V category

Category	Demand charges Rs/KVA	Energy charges Rs. /KVAh	Average unit rate Rs/KVAh
HT -I Industires	370.17	5.12	5.98
HT -V Railway traction	370.17	7.65	8.94

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Sent by email also on 01.03.15 to deyae@tsspdcl.in

