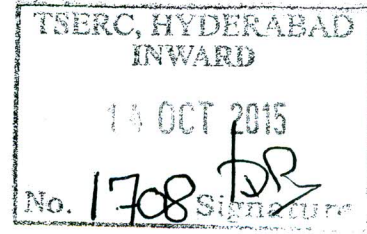


For perusal
Secretary
Member/T
Member/F
Chairman



To
The Secretary
Telangana State Electricity Regulatory Commission
5th floor, Singareni Bhavan, Red Hills
Hyderabad 500 004

October 14, 2015

Respected Sir,

Sub : Submission of comments, objections and suggestions on the power purchase agreement between Southern Power Distribution Company of Telangana Limited (TSSPDCL) & Northern Power Distribution Company of Telangana Limited (TSNPDCL) and Chattisgarh State Power Distribution Company Limited (CSPDCL) for purchase of 1000 MW for a period of 12 years.

With reference to your public notice on the subject issue in O.P.No.93 of 2015, I am submitting the following points for the consideration of the Hon'ble Commission:

1. Under functions of the State Commission, section 86 (1) (b) of the Electricity Act, 2003, says: "regulate electricity purchase and procurement process of distribution licensees including the price at which electricity shall be procured from the generating companies or licensees or from other sources through agreements for purchase of power for distribution and supply within the State."
2. Para 6.1 of the National Electricity Policy dated 12th February, 2005, says: "The Act seeks to encourage competition with appropriate regulatory intervention. Competition is expected to yield efficiency gains and in turn result in availability of quality supply of electricity to consumers at competitive rates."
3. Para 6.1 of National Tariff policy dated 6th January, 2006, says emphatically: "...power procurement for future requirements should be through a transparent competitive bidding mechanism using the guidelines issued by the Central Government vice gazette notification dated 19th January, 2005."
4. Contrary to the above-explained legal requirements for purchase and procurement of power by distribution licensees, TSSPDCL and TSNPDCL have entered into a PPA with CSPDCL of Chattisgarh Government, not through the process of competitive bidding, but based on a memorandum of understanding the Government of Telangana had with the Government of Chhattisgarh. In the undivided Andhra Pradesh, we have seen and are still facing the disastrous consequences of paying avoidable and additional burdens to private power projects with whom the Discoms had long-term PPAs, as in the cases of the projects of GVK, Spectrum and now HNPCL of the Hindujas, that were selected through the MoU route in the early 1990's. Entering into PPAs with a Discom of another State Government through MoU route cannot be justified mechanically, simply on the

