



Southern Power Distribution Company of Telangana Limited

#6-1-50, Corporate Office, Mint Compound, Hyderabad 500 063

Phone No.(040) 2343 1008 Fax Nos.(040) 2343 1395/1452 website www.tssouthernpower.com

From
Chief General Manager (RAC),
TSSPDCL, Corporate Office,
6-1-50, Mint Compound,
Hyderabad - 500 063.

To
✓ The Secretary,
TSERC, 11-4-660,
5th Floor, Singareni Bhavan
Red Hills, Hyderabad.

Lr. No.CGM(RAC)/SE(RAC)/DE(RAC)/F. A.103 /D.No.362/23, Dt: 25-08-2023.

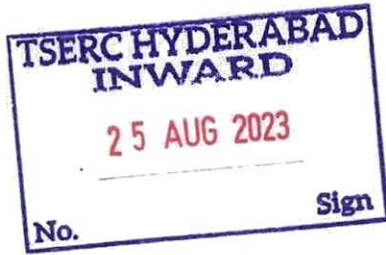
Sir,

Sub: TSSPDCL - Submission of Reply to the objection received on filing of Business Plan for 5th and 6th Control Periods (FY 2024-25 to FY 2028-29 & FY 2029-30 to FY 2033-34) - Reg.

Ref: Lr.No.TSERC/Secy/JD(TE)/F.No.E-591193&94/D.No.482/23,Dt26.07.2023

The Licensee is submitting the reply to the objection received from the stake holder on filing of Business Plan for 5th and 6th Control Periods (FY 2024-25 to FY 2028-29 & FY 2029-30 to FY 2033-34) with a request to place the same before the Hon'ble Commission for approval.

Encl: Reply to the objection



Yours faithfully

Chief General Manager (RAC)
Name: Chilukamari Chakrapani
Designation: CGM (RAC)
Email Id: ractsspdcl@gmail.com

**SOUTHERN POWER DISTRIBUTION COMPANY OF TELANGANA LIMITED & NORTHERN
POWER DISTRIBUTION COMPANY OF TELANGANA LIMITED**

RESPONSES TO OBJECTIONS / SUGGESTIONS

On

**Filing of Business Plan for 5th and 6th Control Periods
(FY 2024-25 to FY 2028-29 & FY 2029-30 to FY 2033-34)**

INDEX

| S.No. | Name and Address of the Objector | Pg.No. |
|--------------|---|---------------|
| 1. | M. Venugopala Rao , Senior Journalist & Convener, Centre for Power Studies, H.No.1-100/MP/101, Monarch Prestige, Journalists' Colony, Serilingampally Mandal, Hyderabad- 500 032 | |

1. Response to M. Venugopala Rao

| 1 | M. Venugopala Rao, Senior Journalist & Convener, Centre for Power Studies, H.No.1-100/MP/101, Monarch Prestige, Journalists' Colony, Serilingampally Mandal , Hyderabad - 500 032 | |
|-------|---|---|
| S.No. | Summary of Objections / Suggestions | Response of the Licensee |
| 1. | Further to our submissions on load forecasts, distribution plans and procurement plans of TSSPDCL and TSNPDCL dated July 11, 2023, we are submitting the following points for the consideration of the Hon'ble Commission on the subject issues. | No comments |
| 2. | <p>For the 5th control period, TSSPDCL has proposed a capital expenditure of Rs.15223.26 crore, while TSNPDCL has proposed a capital expenditure of Rs.9538 crore for the same period. The following points, among others, need to be examined before finalising the proposed subject plans:</p> <p>a) In view of abnormal quantum of surplus power projected to be available every year during the 5th control period, ranging from the highest 43.24% during 2024-25 to the lowest of 15.23 per cent during 2028-29, need for the projected works and expenditure related thereto should be examined.</p> <p>b) If distribution network is to be strengthened and expanded, as proposed by the DISCOMs, during the 5th control period, it needs to be clarified whether it is to cover the entire power, including abnormal quantum of surplus power, projected to be available or is it to cover requirements of power as per projected peak demand only.</p> <p>c) Since the DISCOMs themselves have not projected sale of surplus power, any addition of distribution network capacity to cover the surplus power would become idle, thereby imposing unwarranted and avoidable burden on consumers of power in the form of MYT charges for distribution business, if the same is approved by the Commission.</p> <p>d) If the projections of demand growth, especially for agriculture and lift irrigation schemes, made by the DISCOMs for the 5th control period, do not materialise, it will lead to increase in availability of surplus power</p> | <p>The Capital Expenditure proposed by TSSPDCL and TSNPDCL in the 5th Control Period is based on various factors including existing loading conditions of network infrastructure, present loads/peak loads and future addition of expected loads in the 5th Control Period.</p> <p>The proposed investment is also connected with the commitment of the licensees to provide quality and reliable power supply in its area of jurisdiction with minimum possible interruptions/faults.</p> <p>The aim is also to improve safety, minimize losses and further enhance customer services with implementation of required IT/OT platforms. Further, the existing system needs to be renovated and modernized simulataneously to cater to the needs of the consumer and further improve the sustainability of the organization.</p> <p>Also, it is to be understood that the Hon'ble Commission approves the capital expenditure for a particular control period and the DISCOMs will plan the investment and actual implementation as per the requirement in a phased manner. Accordingly, the requirement of capex investment is regularly reviewed and optimized as per the necessity.</p> <p>It is to be noted that the projection of distribution network capacity, is not being impacted by the surplus power and as submitted above, the requirement, of capex investment, is regularly reviewed and optimized as per the necessity.</p> <p>As regards to the demand growth of agricultural and lift irrigation schemes, it is</p> |

| | | |
|-------|---|--|
| 1 | M. Venugopala Rao, Senior Journalist & Convener, Centre for Power Studies, H.No.1-100/MP/101, Monarch Prestige, Journalists' Colony, Serilingampally Mandal , Hyderabad - 500 032 | |
| S.No. | Summary of Objections / Suggestions | Response of the Licensee |
| | and need for backing down the same and paying fixed charges therefor. In addition, idle capacity of distribution network would entail avoidable expenditure and burdens on consumers. | submitted that the projection of agricultural sales has been done by considering the nominal growth rates and accordingly it is expected that the planned network infrastructure shall take care of the demand variation, if any without burdening the consumers. Further, the projection of lift irrigation sales have been done considering the historical actuals along with growth rates (unlike the earlier approach of relying on the submissions made by I& CAD Department) and considering the same, it is expected that it shall not result in idling of any capacity and further it is to be noted that the major planning for infrastructure of lift irrigation schemes is done at 132 kV level only. |
| 3. | <p>In its business plan, SPDCL has proposed, inter alia, that “2.3.2 Consumer Metering As per Gazette notification Dt:17.08.2021, it is mandated that all the meters (other than Agriculture Consumers) are to be replaced with Prepaid Smart Meters by the Year’ 2025 in a phased manner for which GoI grant is 15% of the cost of the Meter (Limited to Rs.900/- per meter). Accordingly, a draft DPR for Smart Prepaid Metering for Consumers (excluding Agriculture Consumers) and System Metering under RDSS has been prepared and is to be approved by Distribution Reforms Committee (DRC) and also by the Telangana State Cabinet for final approval by MoP, GoI. The Distribution Reforms Committee (DRC) & District Electricity Committee (DEC) submitted proposals to Energy Department, GoTS for which approval is under process. The licensee shall take up the implementation of Smart Metering as soon as it receives the funding.</p> <p>“2.3.3 Agricultural DTR Metering. As per the Hon’ble Commission’s directive in RST Order for FY 2023-24, the licensee is directed to achieve 100% Agricultural DTR metering within a period of twelve (12) months. In this regard, the licensee submits that the metering arrangements for Distribution Transformers was already proposed under RDSS in which metering to Agriculture Distribution Transformers was also covered. The proposal of TSSPDCL under RDSS was submitted to the Nodal Agency for which the concurrence of GoTS is required. In this regard, a letter was addressed to the office of Chief Minister from the Energy Department for</p> | No Comments as the stakeholder only has referred to the specific sections of the Business Plan Petitions. |

| 1 | M. Venugopala Rao, Senior Journalist & Convener, Centre for Power Studies, H.No.1-100/MP/101, Monarch Prestige, Journalists' Colony, Serilingampally Mandal , Hyderabad - 500 032 | |
|-------|--|---|
| S.No. | Summary of Objections / Suggestions | Response of the Licensee |
| | approval. Upon approval from GoTS, the work of providing meters to agriculture Distribution Transformers will be taken up under RDSS scheme.” | |
| 4. | <p>In its business plan, NPDCL has proposed, inter alia, that 2.3.2 Consumer Metering In GO MS No.1, Dt:03.01.2016, Energy (Budget) Department, Govt. of Telangana, it was decided that all Govt. Departments should have prepaid meters at their own cost w.e.f 1st April,2016. As per the above GO, TSNPDCL purchased 18812 prepaid meters for installation of meters to Govt. services and 15035 meters are fixed as on Dt:10.05.2023. As per Gazette notification Dt:17.08.2021, it is mandated that all the meters (other than Agriculture Consumers) are to be replaced with Prepaid Smart Meters by the Year’ 2025 in a phased manner for which GoI Grant is 15% of the Cost of the meter (Limited to Rs.900/- per meter). Accordingly a draft DPR for Smart Prepaid Metering for Consumers (excluding Agriculture Consumers) and System Metering under RDSS has been prepared and is to be approved by Distribution Reforms Committee (DRC) and also by the Telangana State Cabinet for final approval by MoP, GoI. The Distribution Reforms Committee (DRC) & District Electricity Committee (DEC) submitted proposals to Energy Department, GoTS for which approval is under process. The licensee shall take up the implementation of Smart Metering as soon as it receives the funding.</p> <p>“14 2.3.3 Agricultural DTR Metering As per the Hon’ble Commission’s directive in RST Order for FY 2023-24, the licensee is directed to achieve 100% Agricultural DTR metering within a period of twelve (12) months. In this regard, the licensee submits that it is a policy matter and requires huge investment for installation of 2,32,526 meters for AGL DTRs an amount of Rs.378.55 Crs. is required and for maintenance of these meters an amount of Rs.136.16 Crs. on yearly basis is required.”</p> | No Comments as the stakeholder only has referred to the specific sections of the Business Plan Petitions. |
| 5. | While SPDCL has proposed a capital cost of Rs.348 crore for LT meters and Rs.305.01 crore for HT meters, NPDCL has proposed Rs.116.01 core for LT | The metering cost, referred by the stakeholder, are pertaining to the submissions made by the licensees in the Resource Plan Petitions submitted under the section ‘Other Capex’. It is submitted that cost estimates submitted in the referred section are not |

| | | |
|-------|--|--|
| 1 | M. Venugopala Rao, Senior Journalist & Convener, Centre for Power Studies, H.No.1-100/MP/101, Monarch Prestige, Journalists' Colony, Serilingampally Mandal , Hyderabad - 500 032 | |
| S.No. | Summary of Objections / Suggestions | Response of the Licensee |
| | meters and Rs.10.94 crore for HT meters during the 5th control period. What is the basis for these estimates of costs for purchasing pre-pad meters? | against the pre-paid meters, but the conventional meters and the cost estimates are based on growth of connections per year multiplied with the meter costs as per the SoR of the licensees. |
| 6. | NPDCL has informed that it had already purchased 18812 pre-paid meters and installed 15035 meters to offices of the government. What is the procedure followed and terms and conditions for floating tender for procuring these meters adopted by NPDCL? What is the cost per meter and annual maintenance charges per meter paid and being paid by NPDCL? | It is submitted that the procurement of the pre-paid meters is being done by following the standard practice of competitive bidding with the process being done in the e-procurement platform. |
| 7. | <p>We once again request the Hon'ble Commission to examine the following points, among others, relating to the proposed arrangement of pre-paid meters to non-agricultural service connections:</p> <p>a) This move is to be seen in the background of the so-called reforms being imposed on the states by the Modi government for privatising power sector, and in conjunction especially with privatisation of power distribution and implementation of the direct benefit transfer (DBT) scheme. Implementation of RDSS, including installation of pre-paid meters, is to benefit the private operators, who will be permitted to take up power distribution in areas of their choice, as proposed by the GoI.</p> <p>b) It is obvious that, the purpose of installing pre-paid meters is to force the consumers of power to pay in advance for power to be consumed by them, contrary to the standard practice over the decades of paying power bills monthly/bi-monthly for the power consumed by them. What is wrong with the present post-paid arrangement and what is the benefit and to whom with pre-paid arrangement under the proposed smart meters is left unexplained by its sponsors.</p> <p>c) As proposed by the GoI, private operators will be permitted to use the existing transmission and distribution networks of the DISCOMs of the government, paying some nominal rentals for carrying on their</p> | <p>The comments made by the objector are against the policies of GoI.</p> <p>However, the licensees would like to highlight the benefits of smart prepaid mters:</p> <ul style="list-style-type: none"> • The licensees shall know the real-time energy consumption which will be useful in calculation of line losses • The daily load pattern of consumers can be witnessed and the scheduling of power from generating stations can be planned accordingly with greater accuracy. • Possibility of introducing multiple tariffs enabling pass through of right full costs incurred by the licensees to the relevant categories of the consumers. • Effective planning of short-term power purchases utilizing the load patterns of various consumers based on load curves obtained by smart prepaid meters • To incentivize/disincentivize solar hour or non solar hour consumption • Involvement of consumers in effective implementation of DSM measures • Real-time alerts to the consumers on scheduled power outages. • Helps consumers intaking informed decisions of their consumption patterns. <p>In view of the above additional advantages of smart prepaid meters, it will be beneficial for both the licensees and consumers.</p> <p>TS Discoms will abide by the directions given by the Hon'ble TSERC in the matter of</p> |

| 1 | M. Venugopala Rao, Senior Journalist & Convener, Centre for Power Studies, H.No.1-100/MP/101, Monarch Prestige, Journalists' Colony, Serilingampally Mandal, Hyderabad - 500 032 | |
|-------|---|--|
| S.No. | Summary of Objections / Suggestions | Response of the Licensee |
| | <p>distribution business. In other words, they need not invest the amounts required for establishing their own distribution network, make arrangements for its maintenance, etc.</p> <p>d) Allowing private operators to use distribution network of the DISCOMs or rather, forcing the DISCOMs to allow private operators to use their network on lease, with DISCOMs themselves maintaining the network, is nothing but forcing the latter to lose a considerable part of their business, especially cross-subsidising component, to private operators, who get the opportunity to cherry-picking. Will the GoI apply this Tuglaquian approach to allow utilisation of such networks of private companies in this manner, for example, utilising the network of private telecom companies by others?</p> <p>e) The protagonists of pre-paid meters are arguing that pre-paid arrangement is there for cell phones. Then, why not similar arrangement for power consumption also, they ask. First, there is post-paid arrangement for cell phones and landlines. Second, under pre-paid arrangement for a specific period, there is no limit on number of calls that can be made. In the case of power consumption, consumers have to pay for the entire power they consume in a month; they are not allowed to consume any number of units of power during a specified period, pre-paying a specified amount.</p> <p>f) The DISCOMs have a grace period of one month to pay bills to generators/suppliers of power for the power supplied by them and even rebate if they pay before the grace period. Under the existing arrangement, consumers are being given a period of 14 days from the date of issuing the bill for paying their bills for power consumed by them in a month. If payment of monthly bill is delayed, exceeding the due date, penalty is being collected by the DISCOMs, besides disconnecting the service. Moreover, all the permissible expenditure and return on</p> | <p>installation of smart prepaid meters.</p> |

| 1 | M. Venugopala Rao, Senior Journalist & Convener, Centre for Power Studies, H.No.1-100/MP/101, Monarch Prestige, Journalists' Colony, Serilingampally Mandal , Hyderabad - 500 032 | |
|-------|---|--------------------------|
| S.No. | Summary of Objections / Suggestions | Response of the Licensee |
| | <p>equity for supplying power to consumers from the point of generation to end point is being passed through in the form of tariffs to be paid by the consumers. When such is the case, why should the consumers be forced to pay in advance for power to be consumed by them under the arrangement of pre-paid meters?</p> <p>g) As per applicable Regulation, “security deposit amount shall be two months charges in case of monthly billing and 3 months charges for bi-monthly billing.” In addition to collecting such a security deposit from the consumers, the DISCOMs also are collecting additional security deposit whenever the consumers exceed their contracted load. Then why should the consumers be forced to pay in advance for power to be consumed by them under the arrangement of pre-paid meters?</p> <p>h) Payment in advance for power to be consumed by the consumers is nothing but providing investment for private distribution company to purchase of power. Private distribution companies need not take loans for their working capital and they can retain the amount paid in advance by the consumers and use as they like till they have to pay for power purchased by them from generators/suppliers. In other words, private operators of distribution need not invest any amounts for developing and maintaining distribution network and for purchasing power. Arrangement of pre-paid meters is intended for bestowing this undue benefit to private operators.</p> <p>i) The works proposed to be taken up under RDSS need to be, and are being, taken up by the DISCOMs as a part and parcel of expanding, strengthening and maintaining their distribution network. For that no conditionalities, as imposed under RDSS, are required. The grant component under RDSS is a ruse to impose conditionalities like installation of pre-paid meters to ensure undue benefits to private operators of distribution of power.</p> | |

| 1 | M. Venugopala Rao, Senior Journalist & Convener, Centre for Power Studies, H.No.1-100/MP/101, Monarch Prestige, Journalists' Colony, Serilingampally Mandal , Hyderabad - 500 032 | |
|-------|--|--------------------------|
| S.No. | Summary of Objections / Suggestions | Response of the Licensee |
| | <p>j) Whatever money the DISCOMs spend for purchasing and installing pre-paid meters is nothing but squandering public money, whether it is collected from the consumers concerned or spent from the grant under RDSS. The consumers have already spent their money for their existing meters. Forcing them to pay for pre-paid meters is nothing but imposing additional burden on them without any benefit to them.</p> <p>k) The scheme of pre-paid meters benefits their manufacturers. Experience in power sector, as elsewhere in other sectors, shows that terms and conditions of bidding can be manipulated to select bidders of their choice by the powers-that-be. Bidding procedures and terms and conditions issued by the GoI have been found to be wanting in ensuring transparency and fair play, going by the way crony capitalism is being promoted and pampered. It is reported that crony capitalists, who have been promoted and pampered by the GoI, have already entered into manufacturing of pre-paid meters.</p> <p>l) There will be practical problems to consumers for paying in advance for power to be consumed by them under the system of pre-paid meters. How much amount and how many times they have to pay in a month, keeping track of their consumption recorded in the pre-paid meter to avoid disconnection and mode of such payment will be problematic to the consumers.</p> <p>m) Under smart pre-paid meter, if a consumer does not pay after the existing balance exhausts, his service connection will be disconnected automatically. If a consumer does not pay power bill before due date under the existing post-paid arrangement, his service will be disconnected. The DISCOMs are unable to disconnect service connections of offices of the government and its instrumentalities and local bodies, whatever be the reasons. Even under pre-paid meter system, there is no guarantee that the DISCOMs would not come under</p> | |

| 1 | M. Venugopala Rao, Senior Journalist & Convener, Centre for Power Studies, H.No.1-100/MP/101, Monarch Prestige, Journalists' Colony, Serilingampally Mandal , Hyderabad - 500 032 | |
|-------|---|---|
| S.No. | Summary of Objections / Suggestions | Response of the Licensee |
| | <p>pressure not to disconnect services of offices of the government, its instrumentalities and local bodies for their default in paying power bills. It is ironical that, when the GoTS is failing in getting power bills paid by its offices, its instrumentalities and local bodies in time and itself failing in paying the committed subsidy to the DISCOMs in time, it is decided to install pre-paid meters to service connections of power consumers.</p> <p>n) When the GoTS is vehemently and rightly opposing the direction of the GoI for installing meters to all agricultural service connections, why are the DISCOMs moving in the direction of installing pre-paid smart meters to non-agricultural service connections?</p> <p>o) We request the Hon'ble Commission to examine the above-mentioned submissions, among others, and responses of the DISCOMs thereto and direct them not to proceed with implementation of installation of pre-paid meters to service connections of consumers of power in the state.</p> <p>In fact, we raised these points in our submissions dated 13.1.2023 on the ARR and tariff proposals of the DISCOMs for the year 2023-24. But, our submissions are neither incorporated in the RSTO for the year 2023-24, nor has the Hon'ble Commission responded to the same.</p> | |
| 8. | <p>The regulatory process of the Commission should not facilitate concealing of relevant information from public gaze and consumers of power at large are entitled to know the reality, as they are, and will be, bearing all the burdens relating to the expenditures being and proposed to be incurred by the power utilities of GoTS and approved by the Commission. The prudence check by the Hon'ble Commission should cover how the process of tendering, their terms and conditions, for selection of bidders for purchases being made by the power utilities of the state government and prices and charges being finalised by them for purchase of materials and maintenance charges with required comparative study based on results and experience in other states and market trends relating</p> | <p>With regard to the purchase of materials, it is to be noted that the tenders will be floated in the government e-procurement platform for purchases of any major materials. The selection of successful bidders is done only after conducting the competitive bidding ensuring that only qualified bidders are selected and the results of the competitive bidding are also uploaded in the website for the transparency of the process.</p> |

| 1 | M. Venugopala Rao, Senior Journalist & Convener, Centre for Power Studies, H.No.1-100/MP/101, Monarch Prestige, Journalists' Colony, Serilingampally Mandal, Hyderabad - 500 032 | |
|-------|--|---|
| S.No. | Summary of Objections / Suggestions | Response of the Licensee |
| | <p>to the issues concerned and the details be made public. Experience confirms that successive Commissions have been avoiding making such information public. The DISCOMs have added certain percentage of escalation of costs for various purchases based on wholesale price index and consumer price index every year. It is not known whether the Hon'ble Commission has made any prudence check of actual expenditure incurred by the DISCOMs, the procedures followed by them for calling tenders, their terms and conditions, how the bidders were selected and the prices paid for various items, their need and justifiability, actual market trends, etc., during the 4th control period.</p> | |
| 9. | <p>We request the Hon'ble Commission to permit us to make further submissions after receiving and studying responses of the DISCOMs to our submissions during the scheduled public hearing.</p> | <p>TS Discoms will abide by the directions given by the Hon'ble Commission.</p> |