

To, The Secretary, T.S. Electricity Regulatory Commission, 5 <sup>th</sup> Floor, Singareni Bhavan, Red Hills, Lakdi ka pool, Hyderabad – 500 008	From, M. Thimma Reddy, Convenor, People's Monitoring Group on Electricity Regulation, 139, Kakatiyanagar, Hyderabad – 500 008
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For perusal  
Secretary  
Member/F  
Member/T  
Chairman

13/1/20  
13/1/2020

Date: 10-01-2020

Dear Sir;

Sub: - Comments on TSTRANSCO's filing for determination of ARR and tariff for transmission business for the period of 2017-18 to 2018-19 2023-24

Shale  
BSh/hero  
JDC(TE)

Ref: - ~~Public Notice dated 27-12-2016 with respect to O.P. No. 24 of 2016~~

1. The following are our comments/suggestions on TSTRANSCO's filings on Aggregate Revenue Requirement (ARR) and Filings for Proposed Tariff (FPT) for the 4<sup>th</sup> Control Period (FY 2019-20 to FY 2023-24) dated 30<sup>th</sup> November, 2019.

2. Telangana State transmission licensee TSTRANSCO in its ARR and FPT for the 4<sup>th</sup> Control Period (2020-24) at several places has mentioned that load forecast and resource plan for 4<sup>th</sup> control period was already submitted to the Commission and the proposed ARR is based on these load forecast and resource plan. The following extracts are evidence to this claim:

"Resource Plan for the Fourth(4th) Control Period: As per clause 9 of the Regulation No.5 of 2005 (Determination of Transmission Tariff), the Resource Plan for TSTRANSCO was filed before the Hon'ble Commission." (p.9, para 13)

"The licensee has prepared a detailed investment plan for 4th control period (FY 2019-20 to FY 2023-24) based on Resource Plan submitted to the Hon'ble TSERC by making comprehensive analysis of Transmission Network existing in the state and load conditions / growth in the ensuing five years at 765kV/400kV/220kV and 132kV voltages." (p.12)

"In compliance with the Clause 9 of APERC Regulations on Terms and Conditions for Determination of Tariff for Transmission of Electricity (Regulation No. 5 of 2005) as adopted by TSERC, TSTRANSCO already submitted the Resource Plan comprising of Transmission load forecast and Capital Investment Plan for the 4th and 5th Control Period. "(p.29, para.3)

From the above extracts it is clear that the present ARR proposals are based on the load forecast and resource plan for the 4<sup>th</sup> control period already submitted to the Commission. It is needless to mention that an examination of the documents related to load forecast and resource plan is very important to assess ARR for the 4<sup>th</sup> control period. But these load forecast and resource plan are not made available to the public by TSTRANSCO along with its ARR and FPT filings for the 4<sup>th</sup> control period. We request the Commission to direct the TSTRANSCO to make load forecast and resource plan for the 4<sup>th</sup> and 5<sup>th</sup> control periods available to the public immediately.

MEMBER (3) PESHU  
No : 29  
DATE : 13/1/2020

MEMBER (4) PESHU  
No : 29  
DATE : 13/1/2020

CSF 22  
CST  
DATE 10/1/20

CHAIRMAN PESHU  
No : 33  
DATE : 13/1/2020

TSERC, HYDERABAD  
INWARD  
10 JAN 2020  
No. 54 Signature



3. The past experience shows that the electricity utilities in the state tend to overestimate the electricity loads, particularly peak load in the state. The same applies to the present ARR and FPT filings also. A summary of peak load during each year of the 4<sup>th</sup> control period is provided through Table 7 (a) on page 30 of the present ARR and FPT filings by TSTRANSCO. According to this Table peak demand for the year 2019-20 (current year) is projected to be 15,240 MW. Newspaper reports mentioned that highest peak demand during this year until now was 11,703 MW recorded on August 30, 2019. On December 27, 2019 peak demand of 11,182 MW was recorded. This demand is expected to reach about 13,000 MW by the end of this year. (The Hindu – 29-12-2019; Andhra Jyothi – 28-12-2019) This shows that peak demands arrived at in the load forecasts of TSTRANSCO are over estimated by about 20%. This past experience demand a thorough examination of load forecast and resource plans of TSTRANSCO for the 4<sup>th</sup> control period.

4. According to TSTRANSCO's ARR for the 4<sup>th</sup> control period (p.14) transmission contracted capacity is expected to increase from 15,235 MW in the first year of the control period to 21,114 MW in the final/fifth year of the control period. In other words, contracted transmission capacity is expected to increase by 38.59% during the 4<sup>th</sup> control period. During the same period ARR of transmission business is expected to increase from Rs. 2,012.08 Crore to Rs. 4,274.77 Crore, registering an increase of 112.46%. According to this ARR growth in transmission expenditure during 4<sup>th</sup> control period is three times higher than the growth in transmission capacity proposed to be contracted. From this it is quite evident that aggregate revenue requirement for the 4<sup>th</sup> control period is over estimated. If we take in to account that peak demand in load forecast of TSTRANSCO is already overestimated the proposed increase in ARR appears to be inflated beyond imagination. Here it is also important to note that the true up/down of transmission costs for 3<sup>rd</sup> control period has shown that TSTRANSCO has surplus of more than Rs. 1,000 Crore. This is nothing but overestimation ARR during the 3<sup>rd</sup> control period. We request the Commission to see that this overestimation of transmission ARR is not repeated during the 4<sup>th</sup> Control period.

5. TSTRANSCO proposed transmission losses in the range of 3.21% to 3.25% during the 4<sup>th</sup> control period (p.9, Para 13 b)) even when transmission losses reached 2.85% in 2018-19 (3<sup>rd</sup> control period). TSERC in its transmission tariff order dated 1-5-2017 stipulated transmission loss of 3.10% during the year 2017-18 and 3.09% during the year 2018-19. Adopting high transmission losses range as proposed by TSTRANSCO for the 4<sup>th</sup> control period would lead to higher expenditure/ARR that can be avoided. We request the Commission to adopt 2.85% as transmission losses during the 4<sup>th</sup> control period.

6. Non-transparent erection of substations, high voltage transmission towers and drawing of high voltage transmission lines is leading to consternation among farmers from whom huge chunks of land is being acquired for these installations. Farmers are not being compensated adequately, as allowed under the existing rules and regulations. Farmers are being made to run from pillar to post to claim their legitimate compensation. The central government rules have empowered the Commission to see that farmers get adequate compensation with in time. The

Commission is requested to see that farmers are not harassed and that they get their compensation at the earliest.

7. We request the Commission to take our above submissions on record and allow us to be heard before the Commission takes a decision on the application of TSTRANSCO

Thanking you.

Sincerely yours,



M. Thimma Reddy