



TELANGANA STATE ELECTRICITY REGULATORY COMMISSION

MINUTES OF THE 6TH STATE ADVISORY COMMITTEE MEETING HELD ON
28.01.2022 THROUGH ONLINE VIDEO CONFERENCING

Present:

1.	Sri T. Sriranga Rao	Chairman, Telangana State Electricity Regulatory Commission
2.	Sri M.D. Manohar Raju	Member (Technical), Telangana State Electricity Regulatory Commission
3.	Sri Bandaru Krishnaiah	Member (Finance), Telangana State Electricity Regulatory Commission
4.	Sri Umakanta Panda	Commission Secretary [FAC], Telangana State Electricity Regulatory Commission
5.	Sri G. Raghuma Reddy	Chairman & Managing Director, Southern Power Distribution Company of Telangana Limited
6.	Sri A. Gopal Rao	Chairman & Managing Director, Northern Power Distribution Company of Telangana Limited
7.	Sri C. Srinivasa Rao	Joint Managing Director, Transmission Corporation of Telangana Limited
8.	Sri N. Janaiah	Vice Chairman & Managing Director, Telangana State Renewable Energy Development Corporation Limited
9.	Sri S. Ramakrishna	Managing Director, Co-operative Electric Supply Society Limited (CESS), Sircilla
10.	Sri E. Srinivasa Chary	Chairman, Energy Conservation Mission, The Institute of Engineers, Telangana State Centre
11.	Sri M. Thimma Reddy	Member, People's Monitoring Group on Electricity Regulation

12.	Sri Saurabh Srivastava	Manager (Regulatory Affairs) Indian Energy Exchange
13.	Sri M Sridhar Reddy	Member, Bharatiya Kisan Sangh
14.	Sri N. Venugopal	Social Service Activist
15.	Sri K. Shashi Bhushan	State Secretary, Kisan Keth Mazdoor Congress
16.	Sri D. Venkateshwar Rao	Practicing Advocate
17.	Sri Anil Agarwal	Senior Vice President, The Federation of Telangana Chambers of Commerce and Industry
18.	Sri G. Nagaraj	President, Telangana Vidyut Contract Workers
19.	Sri G. Saibabu	State General Secretary, Telangana State Electricity Employees' 1104 Union
20.	Sri G. Vinay Raj	Individual, E-Nethra Electrical Services
21.	Sri N. Sreekumar	Member, Prayas (Energy Group)
22.	Sri M Venugopal Rao	Senior Journalist & Convener, Centre for Power Studies
23.	Sri B. Rajkiran	Associate Professor, Administrative Staff College of India

The Commission Secretary, TSERC has welcomed the Members and Special Invitees to the 6th State Advisory Committee (SAC) Meeting and briefed about the agenda of the Meeting.

The Hon'ble Chairman, TSERC expressed thanks to the SAC Members, TSERC Officers, Special Invitees and Individuals for participating in the meeting, and welcomed brief comments from SAC Members on the filings as per the agenda. The Hon'ble Chairman, TSERC appreciated the efforts of SAC Members and expressed to look forward to SAC's continued contributions to collective efforts of the Commission.

The Commission's Consultant has made a power point presentation on brief overview of the filings of TSSPDCL, TSNPDCL on Aggregate Revenue Requirement (ARR) & Filing of Proposed Tariffs (FPT) for FY 2022-23 and filing of Co-operative Electric Supply Society Limited (CESS), Sircilla on ARR for FY 2022-23. After the

presentation, the Members expressed their views. The deliberations made in the meeting are minuted as under:

Sri Saurabh Srivastava, representing Sri Jogendra Behera, Indian Energy Exchange (IEX), appreciated the efforts of Distribution Licensees for proposing to meet the deficit through Market. He stated that the power purchase cost can be optimized with the various products offered by Indian Energy Exchange. He stated that the IEX has proposed introduction of Hydropower Contracts in Green Term Ahead Market (GTAM) which is pending for approval before Hon'ble Central Electricity Regulatory Commission. He appreciated the efforts of Distribution Licensees for optimizing their power procurement cost through GTAM solar segment.

Sri M. Sridhar Reddy, representing Bharatiya Kisan Sangh, in the matter of tariff hike proposed by the Distribution Licensees stated the hike in tariff for the LT domestic category is high. He stated that the hike in HT categories is around 30% which shall affect the small business units. He stated all the commercial categories under HT category are to be clubbed into one category. He stated that the residential colonies of Singareni Collieries Company Limited (SCCL) should not be considered under HT-VI category.

He stated that the receipt of subsidies for agricultural consumers is not clearly provided in the Petitions. He stated that timely recovery of dues has to be done in order to avoid losses to the Distribution Licensees.

He stated that the salaries of regularized employees have to be reviewed and further stated that the revision in salaries of permanent employees should be in line with other State Govt. and Central Govt. employees.

He stated that the Power Purchase Agreements entered in to with Private entities like GVK, Lanco for short term period are to be reviewed to optimize the power purchase cost of the Distribution Licensees.

Sri K. Sashi Bhushan, representing Kisan Keth Mazdoor Congress, stated that the State Government should provide subsidies to the agricultural consumers. He expressed concern regarding the electric accidents and deaths due to fencing by some people and stated that legal cases need to be booked against such people. He

stated that the subsidy benefits currently provided to Hai Saloons, Laundry shops and Dhobi Ghats need to be extended to other consumers like Cobblers etc.

Sri G. Saibabu, representing Telangana State Electricity Employees' 1104 Union, stated the increase in input cost to the Distribution Licensees has Consequential impact of increase in tariffs and tariff increase is necessary to protect the interest of the Distribution Licensees. He stated that the required subsidy amount may be released by the State Government,

He stated that there has been no recruitment of staff since long time. He expressed concern regarding the non-availability of adequate no. of employees as per norms at section level and need for increase in the salaries of existing staff. He stressed on the requirement of adequate no. of employees for maintaining quality of supply.

Sri N. Venugopal, Social Service Activist, stated that reforms are required in the electricity sector. He stated that standards for Energy conservation are needed to be increased.

Sri D. Venkateshwar Rao, Practicing Advocate, stated that written comments were submitted.

Sri Vinay Raj, representing E-Nethra Electrical Services, stated that the Distribution Licensees always state that the increase in power purchase cost is due to increase in power purchase cost wherein the increase in cost of coal is only around 6%-10% without mentioning the increase in Distribution Cost.

He stated that the Distribution Licensees have not proposed for any mechanism through which they would reduce the losses incurred by them. There is a need to increase the subsidy provided by the Govt. to stop the Distribution Licensees running in to further losses.

Sri Anil Agarwal, representing the Federation of Telangana Chambers of Commerce and Industry proposed that the SAC meeting could be held once in quarter to discuss the issues instead of once in year.

With regard to the projection of power purchase cost, he stated that the

- i) Projected PAF of TSGENCO thermal stations for FY 2022-23 has to be considered at 85% instead of 80% in line with the norms of CERC Tariff Regulations, 2019.
- ii) Fixed charges for TSGENCO & CGS plants have to be considered as per latest Orders instead of considering the same based on submissions/actual cost of the plants.
- iii) Escalation in Variable Charges of BTPS of TSGENCO and Singareni CCL from actuals of FY 2020-21 are not properly justified and ought to be disallowed.
- iv) Despite the reduction of availability of TSGENCO hydro plants in FY 2022-23 from FY 2021-22 an increase in fixed charges has been proposed.
- v) Proposed power purchase from Telangana STPP (Phase I) at Rs. 4.53 per kWh is not justified with supporting data like construction progress etc.
- vi) Distribution Licensees should enter into banking agreements with states in Northern Region owing to contrast of yearly peak and non-peak periods
- vii) The average rate of Rs. 3.85 per kWh for purchase of short-term power is on higher side as compared to actual average rate of power in FY 2020-21 in power exchange
- viii) Revenue from sale of surplus power is not adjusted from the total power purchase cost

He stated that Distribution Licensees are ought to take measures to optimize the purchase cost. He stated that Distribution Licensees have not complied with the Directives given to them in the distribution MYT Order dated 29.04.2020 and submitted that the Hon'ble Commission may reprimand them with a directive for disallowance or withholding of 30% of its Distribution Cost on account of non-adherence to MYT Regulations and Directives.

He stated that Distribution Licensees have not given any calculation or justification for the subsidy claimed for FY 2022-23 and stated that the subsidy requirement for LT I and V categories should be based on projected sales of respective categories and the average cost of supply. He stated that subsidy receivable from Govt. for FY 2022-23 is of the tune of Rs. 8,089.32 Crore for TSSPDCL and Rs. 5,128.05 Crore for TSNPDCL.

With regard to proposed tariff hike, he stated that

- i) Distribution Licensees have proposed significant hike in the tariff of all the categories except agriculture.
- ii) the proposed reduction of ToD incentive for HT consumers in off-peak hours (10 PM to 6 AM) from Rs. 1 per kWh to Rs. 0.50 per kWh translates to 29% hike in off-peak energy charges along with proposed tariff hike.
- iii) the substantial increase in fixed charges of the industrial consumers from Rs. 390/KVA/month to Rs. 465/KVA/month will be detrimental to the growth of the industries and will give a tariff shock to the consumers.
- iv) the proposed additional surcharge of Rs. 4.06 per kWh is not understandable and will make the cost too prohibitive for the industries in the state
- v) He stated that increase in fixed charges affects the Micro and Small Enterprises (MSME) sector at a higher proportion than large scale industries and the Hon'ble Commission may consider separate category for MSME sector.

He stated that Distribution Licensees are not allowing Industrial Consumers to avail Open Access from Indian Energy Exchange and this shall affect the industry in the state.

Sri G. Nagaraj, representing Telangana Vidyut Contract Workers' Union, stated that the Distribution Licensees are running into losses and tariff increase is necessary to protect the interest of the Distribution Licensees. He stated that the proper recognition of electricity dues and recovery of electricity dues is important for the growth of Distribution Licensees. He Stated that electricity loss could be reduced with adequate measures at the Substations and some pilot projects have been undertaken in this regard. He expressed concern regarding the nonaccounting of the electrical material/equipments in place of replacement of existing material/equipments, mishandling of material/equipment by Contractors and billing discrepancies in the bills submitted by Contractors.

He stressed the need for encouragement of online billing and online payments. He stated that the vehicles used by Distribution licensees can be used for advertising the awareness of Energy Saving, Conservation etc. among the public.

Sri M. Thimma Reddy, representing People's Monitoring Group on Electricity Regulation, stated that the growth rates proposed by the Distribution Licensees for projection of Sales are on very high side and there is a need to review the submissions of Distribution Licensees. The Domestic Sales may not be increased as proposed by the Distribution Licensees owing to the changed circumstances. He stated that the projection of sales in Agriculture category has no proper basis and the numbers considered by the Distribution Licensees throw a lot of doubt at the authenticity of the data considered for projecting the Sales. The load projection figures provided by Distribution Licensees for Lift Irrigation Schemes of 4000 MW is not commensurate with the figures as provided by Irrigation Department of 2500 MW and the same needs to be looked into.

He stated that T&D losses considered by the Distribution Licensees for FY 2022-23 are still higher when compared to the losses for FY 2018-19 and the same needs to be looked into considering that there has been a huge investment undertaken in the last 4 years for reduction of losses.

He stated that the losses in certain areas of Hyderabad are ranging from 5% to 40% for the similar consumer mix leaving an impression that all the losses above 5% are incorrect.

He stated that the power surplus of 3066 MU as considered by the Distribution Licensees is not correct and it shall be around 5458 MU. He stated that the TSGENCO has been operating at 75% PLF against a threshold limit of 85%.

He stated that the relinquishment of power of NTPC Ramagundam is not justified in the wake of proposal to purchase from PTC/Open Access with a cost of more than Rs. 4 per kWh. He stated that there is a lot of scope of improvement in reduction of Variable Charges at which the TSGENCOs are operating. He stated that the Variable Charges of TSGENCO's plants should be comparable with similar Plants operating in the country.

He stated that the power purchase cost of Thermal Powertech needs to be reviewed. The Distribution Licensees have not provided any reasons for increase in fixed charges.

He stated that the proposed tariff hike of 19% amounts to a tariff shock and affects the consumers of the State. He stated that the increase in the Domestic slab of 0-50 units is around 50% and the overall impact will be around 80% considering the consumer charges proposed by the Distribution Licensees.

He stated that the total deficit of Rs. 36,838 Crore amounts to 70% ARR of ensuing year and the losses for the period FY 2014-15 to FY 2018-19 of Rs. 31,664 Crore amounts to 60% of ARR of current ARR.

He expressed concern as to how the Distribution Licensees operate with the arrears of around Rs. 11,000 Crore. He stated that for the last three years there is no approval of ARR and true up. He suggested that the Hon'ble Commission shall not accept the carrying cost until the Petitions are filed.

He suggested the Commission, to advise the State Government to take relevant measures to improve the financial health of TSDISCOMs in similar lines as that of MERC advised the Government of Maharashtra on 05.01.2022 since TSDISCOMs are facing similar financial crisis as that of DISCOMs in Maharashtra.

Sri N. Sreekumar, representing Prayas (Energy Group), expressed concern that the electricity sector is getting worse on account of poor cost planning and no tariff increase over the long period. The load factor of the system over the last few years is not up to the mark. He stated that the load factor of Lift Irrigation Schemes is around 20% and only operates for the period of 3-4 months in a years.

He stated that the consideration of power purchase cost of Rs. 3.90 per kWh for Yadadri Power Plant without any PPA signed is to be looked into.

He stated that the tariff design proposed by the Distribution Licensees is poor and stated that the proposed tariff hike should be in terms of % rather than in absolute figures.

Sri B. Rajkiran, representing Administrative Staff College of India, stated that there is a need to promote the Electrical Vehicles and necessary infrastructure through the Tariff. He stated that written comments would be submitted.

Sri E. Srinivasa Chary, representing Energy Conservation Mission, The Institute of Engineers, Telangana State Centre, stated that abnormal consumption projection on lift irrigation schemes and reduction of consumption on individual motors by the Distribution Licensees may be reviewed/reconciled for factual determination of tariff and government subsidy.

He stated that the inefficient motors generally used in Agriculture Sector consumes around 30% to 40% more energy than needed and any savings in energy under subsidized category is advantageous to Distribution Licensees. He stated that no Licensee has taken up the replacement of the motors in compliance to the Hon'ble Commission's direction to replace 10% of existing agriculture pumps with energy efficient pumps every year and as also stipulated under UDAY, MOU. He stated that Pilot Projects were implemented in Maharashtra, Karnataka, Rajasthan and states like Andhra Pradesh and Uttar Pradesh have replaced 74,000 conventional pump sets with the help of M/s EESL.

He stated that in place of existing non-DSM agriculture tariff an incentive scheme may be planned for farmers following DSM measures to tap the saving potential and cited a pilot financial incentive scheme for farmers implemented by Punjab State Power Corporation Limited (PSPCL). He stressed that Distribution Licensees should strictly ensure DSM measures and meters for newly released services for agricultural consumers. He stated that regular vigilance check for metered services shall also be done for agricultural connections which will help to control consumption on agricultural pump sets.

He stated that, in a view to encourage Electric Vehicles (EV), the Hon'ble Commission may examine tariff at the rate of average power purchase cost of Rs. 4.68 or continue existing tariff. He stated that Distribution Licensees may plan for

establishing EV charging stations at all 33/11 kV Sub Stations, Offices etc. He suggested that use of EV is made mandatory for Distribution Licensees and Hon'ble Commission may clarify provisions to run own EV stations by Distribution Licensees.

He stated that the proposed green tariff of Rs. 2 per kWh over and above the retail supply tariff is discouraging and the same may be limited to Rs. 1 to 1.685 per kWh instead of Rs. 2 per kWh considering the neighbouring states like Karnataka and Andhra Pradesh. He suggested that the Hon'ble Commission may examine the same in the larger interest for the consumers. He stated that the Distribution Licensees proposal is not clear whether consumer can avail the green tariff for part consumption and minimum period of such consumption.

He stated that the recent audit of 11 kV feeders revealed that the losses vary from 5% to 35% in the same area and consumer mix and the same shall be handled by Distribution Licensees with Special task force and police personal. He stated that CESS, Siricilla have submitted the proposed loss levels for FY 2022-23 without action plans to reduce the same.

He stated that some discount in tariff or incentives are to be given to the consumers who have implemented proven energy efficient projects. He stated that ToD tariff is needed to be extended for LT categories also.

He suggested for linking of consumer accounts with the Aadhar card details similar to LPG cylinders, Telecom and Banking services. He stated smart meters to be installed for high consumption consumers and all new connections in cities should be given at prepaid meters. He stated that consumers shall be allowed to procure prepaid meters on their own and later the amount can be returned by Distribution Licensees through consumption bills.

He suggested for establishment of inhouse Research and Development at Distribution Licensee level to develop better systems and adopt latest technologies available worldwide.

Sri M. Venugopal Rao, Senior Journalist & Convener, Centre for Power Studies, (a Special Invitee) stated that the power purchase cost forms around 85% of the ARR of the Distribution Licensees and it can be optimized with long term

realistic growth forecast and refraining from signing of long term PPAs. He stated that instead of procuring the power from open market the Distribution Licensees can procure power from TSGENCOS by operating them with higher PLFs.

He stated that there exists uncertainty in the estimation of Sales considering the Lift Irrigation Schemes. He stated that Public Hearings should be held in every issue which has bearing on the consumer interests.

He stated that there is an imbalance in the power mix of the state which is forcing the Distribution Licensees to backdown the power from thermal stations in order to buy power from must run plants. He stated that Merit Order Despatch should not only consider the variable Cost but also consider other relevant factors.

He stated that the Distribution Licensees have proposed a tariff hike of around 18% with proposed additional revenue of Rs. 7000 Crore for FY 2022-23 is unprecedented. He further stressed that the Distribution Licensees already have an accumulated losses of around Rs. 36,000 Crore.

He stated that timely action is imperative considering the non-submission of Petitions for the last 3-year period. He stated that proper Regulatory checks have to be imposed on delay in filing of the Petitions by the Distribution Licensees. He stated that the financial burden of energy conservation measures implemented for certain categories of consumers should not to be loaded on the consumers of the State but should be borne by the Governments.

He stated that metering of Agricultural consumers should be done and cited that the neighbouring state of Andhra Pradesh has implemented the same. He stated that it is not justifiable to collect the tariff based on the previous years tariff orders.

He stated that the Distribution Licensees should submit the information as sought by the Hon'ble Commission to enable the Objectors to study the submissions before the public hearing in the matter is held.

The Commission Secretary, TSERC thanked all the participants for attending the meeting and also for giving their advice on the agenda points.