

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

June 28, 2023

Respected Sir,

Sub : Submissions on Resource plan of TSTRANSCO for the 5th and 6th control periods

With reference to the public notice dated 18.5.2023, am submitting the following points on the subject issue for the consideration of the Hon'ble Commission:

1. We thank the Hon'ble Commission for deciding to hold public hearing on the subject issue. There is no response from the Hon'ble Commission to extent time for filing submissions on the subject issues. We have concentrated on the load forecasts, etc., of TS DISCOMs for filing submissions, with second extension of time up to 15.7.2023 which information is uploaded in the website of the Commission belatedly. As such, time is found to be inadequate to study and analyse the subject issues in detail.
2. For the state of Telangana TSTRANSCO has presented the following forecasts for the 5th control period:

| | 2024-25 | 2025-26 | 2026-27 | 2027-28 | 2028-29 |
|---------------------------------------|-----------|-----------|-----------|-----------|-----------|
| Energy requirement | | | | | |
| At grid level MU | 85357.52 | 90216.22 | 95332.94 | 100951.93 | 106858.16 |
| Peak load at | | | | | |
| Grid level MW | 17639 | 18644 | 19706 | 20868 | 22092 |
| Annual load factor | 55.24% | 55.24% | 55.23% | 55.22% | 55.22% |
| Transmission loss% | 2.48% | 2.46% | 2.44% | 2.42% | 2.40% |
| Energy availability | 121683.69 | 128247.74 | 127966.87 | 127544.21 | 126839.54 |
| Energy surplus/ Deficit MU | | | | | |
| | 36326.17 | 38031.52 | 32633.94 | 26592.28 | 19981.38 |

3. TSTRANSCO has submitted that the purpose of Resource Plan is to present a comprehensive summary of the process, assumptions, methodology, Transmission network expansion plan and investment required to ensure necessary Transmission system suitably to meet the demand growth anticipated during FY 2028-29. The proposed Transmission system required for the FY 2028-29 ending in the 5th

Control Period is accessed for the estimated peak load of 20486 MW and additional Generation evacuation, it has explained. Under transmission resource plan, it has proposed an investment of Rs.3001.85 crore during the 5th control period, based on the estimated peak load and additional generation evacuation, which is not explained with details. While energy requirement projected to be increasing by about 5000 MU per annum during the 5th control period, availability of energy is projected to be stagnating during the last four years of the same control period, with availability of abnormal quantum of surplus power every year.

4. Guidelines for load forecasts, resource plans and power procurement issued in December 2006 by APERC and adopted by TSERC rightly underline the imperative of ensuring “an adequate, safe, and economical supply of electricity” to the consumers. It is also emphasized that “the power procurement plan shall be an optimal least-cost portfolio of long-term and short-term (least financial cost,” “with the ultimate objective being to make available secure and reliable power supply at economically viable rates to all consumers,” “to optimise trade-off between price risk and demand variation,” “fuel diversity in power procurement,” “supplier diversity and viability,” “the plan for additional power procurement indicating portfolio mix of unit sizes, technology and fuel type, capacity contracted to meet peak/off-peak and seasonal load,” etc. In other words, the following points, among others, should be the objectives of load forecast, and resource and investment plans of the licensees:
 - a) Ensuring adequate, reliable and safe supply of least-cost power to the consumers.
 - b) Ensuring ideal mix of power in tune with fluctuating demand curve, daily and seasonal, to see that it leads to availability of the lowest possible quantum of surplus power and need for backing down the same to the extent practicable, technically and economically. In other words, while entering into long-term and medium term agreements for procurement of power, various diverse factors pointed out in the said guidelines need to be taken into account to ensure economically viable tariffs to the consumers and avoidance of need for purchasing power in the open market, power exchanges, etc., except in unavoidable exigencies, that, too, for a limited period and limited quantum of power.
 - c) Resource plans and investment plans should ensure timely completion of required and permitted works with prudent expenditure based on realistic norms to be decided by the ERCs linked to market trends and real competitive biddings.
 - d) ERCs are expected to do prudence check based on market trends, how bidding process is being adopted by the licensees, how bidders are being selected, whether prudent norms are being adopted to ensure lowest possible expenditure/prices - this process should be undertaken for according approval

and reviewing actual trends post-approval periodically and necessary changes be brought about. In other words, once approved, load forecast, procurement plans and resource plans should not be treated as sacrosanct and unalterable. This process should be transparent, by holding public hearings and making details of all such transactions public periodically. Public hearings on PPAs provide apt opportunity for such a review.

- 5. Availability of abnormal quantum of surplus power during the 5th control period will have the following consequences detrimental to larger consumer interest:**
 - a) If surplus power cannot be sold in the market profitably or at least without any loss, it will have to be backed down and hefty fixed charges have to be paid therefor, with associated technical and financial problems, as has been the experience during the 4th control period.**
 - b) If transmission and distribution capacities are added based on total availability of energy/installed capacity, it will lead to over-investment and under-utilisation of capacities added.**
 - c) Depending on the kind of approvals given/to be given by the Hon'ble Commission, avoidable additional burdens will be imposed on consumers at large for availability of abnormal quantum of surplus power and under-utilization of transmission and distribution capacities created so far and proposed to be added during the 5th control period exceeding requirements.**
- 6. The projections show utter inefficiency in planning to maintain prudent balance between requirement for power to meet fluctuating and growing demand and ideal power mix. In the face of projected requirement for energy for the five financial years of the 5th control period, energy availability is projected to be almost stagnant, with abnormal quantum of surplus availability during the entire control period, confirms anarchy in the policy approaches and decisions of the powers-that-be and the regulatory approaches in giving consents to PPAs entered into indiscriminately with power projects by the TS DISCOMs, obviously, at the behest of the Government of Telangana and the GoI. With CMD of TSTRANSCO, as chairman of the Telangana State Power Coordination Committee, which has been planning requirements of power sector in the state, TRANSCO, too, has its share of responsibility for this kind of anarchy. All our valid objections and prudent suggestions submitted during public hearings conducted by the Hon'ble Commission on various issues over the years cautioning about the impending problems of DISCOMs being, and will be, saddled with unwarranted surplus power with resultant disastrous consequences and imposition of avoidable burdens on consumers of power at large fell on the deaf ears of the powers-that-be. But the disastrous reality continues to be staring in the face. The projections of the DISCOMs also confirm that the irremediable and irreparable damage that has been caused so far will continue during the 5th control period as well.**

- 7. The past, present and the projected future situation confirms that the GoTS and its power utilities failed miserably and continue to fail to follow the elementary principles of entering into long-term PPAs in a prudent manner to ensure balance between requirement of power and its procurement, to ensure the kind of ideal power mix that can lead to optimum load factor to the extent practicable, addition of generation capacity in a phased manner in tune with fluctuating and growing demand. In other words, they failed and continue to fail in following the above-mentioned guidelines for load forecasts, resource plans and power procurement. Bureaucratic subservience to the diktats of the government of the day, whether they are prudent or questionable and detrimental to larger public interest, is inherent in the system, with honourable exceptions. As independent quasi judicial bodies with powers of a civil court, ERCs are expected to exhibit professional integrity, intellectual honesty and moral courage to exercise their authority timely and fully, within the limitations of law, to recognise and tell the truth, what is right or wrong, to protect larger consumer interest. That is the very reason and purpose for the creation and continued existence of ERCs. Executive diktats of the governments, both at the centre and in the states, encroaching upon the powers and responsibilities of the ERCs, without legal sanctity, need not be followed mechanically. ERCs are expected to act assertively, within the limitations of, and in accordance with, law, to protect larger consumer interest to the extent possible.**
- 8. The regulatory process of the Commission should not facilitate concealing of all the 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 to the issues concerned and the details be made public. Experience confirms that successive Commissions have been avoiding making such information public.**
- 9. TSTRANSCO has to explain whether it is going to add transmission capacity based on the projected availability of total power or in accordance with the projected requirement. It has to explain how it added transmission capacity during the 4th control period and to what extent it has been really required to meet demand, in the face of availability of abnormal quantum of surplus power. Going by the projections of availability of power during the 5th control period, with almost no addition of generating capacity, TSTRANSCO must have already added transmission capacity as per availability during the 4th control period and some of the works must be under execution. Under such a situation, TSTRANSCO has to provide justification for its proposed investment plan in terms of evacuating the projected requirement for power.**

10. I request the Hon'ble Commission to provide me an opportunity to make further submissions during the public hearing on the subject issues, after receiving responses of TSTRANSCO to my submissions.

Thanking you,

Yours sincerely,

**M. Venugopala Rao
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Hyderabad - 500 032**

Copy to : CMD, TSTRANSCO

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

October 5, 2023

Respected Sir,

Sub : Submissions on revised resource plan of TSTRANSCO for the 5th and 6th control periods

Further to our submissions dated 28.6.2023 on the resource plan submitted earlier by TSTRANSCO for the 5th and 6th control periods, am submitting the following points on its revised resource plan for the consideration of the Hon'ble Commission:

1. In the revised resource plan, TSTRANSCO has shown availability of surplus power during the fifth control period as given below:

| | 2024-25 | 2025-26 | 2026-27 | 2027-28 | 2028-29 |
|-----------------------|-----------|-----------|-----------|-----------|-----------|
| 1.Energy Availability | 120222.65 | 126791.41 | 126440.73 | 126018.08 | 121516.01 |
| 2.Energy Requirement | 84996.88 | 89766.97 | 94773.75 | 100285.88 | 105956.88 |
| 3.Surplus energy | 35225.77 | 37024.22 | 31666.98 | 25732.20 | 15559.03 |

In the revised resource plan, TRANSCO has reduced availability of surplus power during the 5th control period by about 1000 MU per annum compared to the surplus projected by it in the earlier resource plan submitted by it to the Commission. While TSDISCOMs have tried to show in their replies given to our submissions after the earlier public hearing that there will be no availability of surplus power during the 5th control period based on their subsequent presumptions, TSTRANSCO has shown that there will be a marginal reduction only in the projected availability of surplus power as per its revised resource plan compared to the surplus projected in its earlier resource plan. Our earlier submissions dated 28.6.2023 hold good for the revised projections of TSTRANSCO in its revised resource plan and, as such, we are not repeating the same here. This surplus is after considering availability of 1390.813 MW from TSTPP of NTPC, instead of the earlier 1600 MW for Telangana, thereby giving up the claim for allocation of total capacity of the project for the state. Future addition of NCE is taken into account @4% per annum on the total solar energy availability during the 5th control period. In addition to the existing major lift irrigation schemes of Kaleshwaram LI load of 5068 MW, flood flow canal loads of 156 MW and Sita Rama LI loads of 650 MW, the proposed Palamur-Rangareddy LI loads of 5375 MW and additional 1 TMC loads t Link-II and Link-IV of Kaleshwaram LI scheme including Manchippa, Yacharam Thanda and New Manchippa of 3013 MW are taken into account for projecting availability and requirement of energy during the 5th control period.

2. In the revised resource plan also, TSTRANSCO has not given any information and analysis of implementation of its resource plan for the 4th control period. It has simply revised the projected capital cost under the revised resource plan for the 5th control period to Rs.3781.65 crore against the earlier projected Rs.3322.34 crore, The investment plan does not include the cost of lift irrigation substations and associated lines, as they are going to be funded by the department of irrigation. Proposals of TSTRANSCO show that most of the proposed investments are for strengthening the existing system. In view of the same, analysis of the implementation of TRANSCO's resource plan for the 4th control period gains added importance to ascertain whether requirement of transmission capacity for the 5th control period has already been added, with the projections of requirements for the 4th control period turning out to be unrealistic and inflated. Second, whether the proposed projects and works have been implemented in scheduled timelines and within the limits of approved costs also need to be examined. Whether transmission capacity has been added to meet peak demand actually reached during the 4th control period or exceeded it substantially also needs to be examined. If the resource plan has been implemented as projected/approved for the 4th control period, with substantial shortfalls, it implies that TSTRANSCO must have collected transmission tariffs more than what has been due and such variation in revenue needs to be trued down. Appropriate lessons need to be drawn from the experience during the 4th control period for preparing and finalising its resource plan for the 5th control period. Therefore, we once again request the Hon'ble Commission to direct TSTRANSCO to submit analysis of implementation of its resource plan for the 4th control period and provide us the same to enable us to study it and make further submissions.
3. We request the Hon'ble Commission to provide us an opportunity to make further submissions after receiving responses of TSTRANSCO to our submissions and during the public hearing.

Thanking you,

Yours sincerely,

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