

All

South Central Railway

दक्षिण मध्य रेलवे



प्रधान कार्यालय / Headquarters Office,  
विद्युत शाखा / Electrical Branch,  
रेल निलयम् / Rail Nilayam  
चौथी मंजिल / IV floor,  
सिकंदराबाद / Secunderabad-500 071

For perusal  
Secretary  
Member/T  
Member/P  
Chairman  
28/3  
29/3  
29/3

No.E. 19/5/1/3/TSERC/ Vol.1

Dt: 24.03.2016.

The Secretary,  
Telangana State Electricity Regulatory Commission,  
D.No.11-4-660, 5<sup>th</sup> Floor,  
Singareni Bhavan, Lakdi-ka-pool,  
HYDERABAD-500 004.

DDIT  
29/3

Sub: Representation against to the proposed tariff for HT-V (Railway Traction) category on behalf of S.C. Railway.

Ref: Public notice issued in the news paper Dated 10.03.2016.

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TS DISCOMs have issued public notice in news paper on 10-03-2016 for the proposed retail supply tariff for the year 2016-17.

The representation against the proposed retail tariff of HT-V (A) Railway Traction category on behalf of South Central Railway is enclosed for kind consideration.

A copy of the representation has also been submitted to Chief General Manager (Comml & RAC), TSSPDCL and Chief General Manager (IPC & RAC) TSNPDCL, photo copy of the acknowledgement is also enclosed.

Apart from this representation, South Central Railway also requests to be heard in person during public hearing on 07.04.16 at Hyderabad..

Kindly acknowledge receipt.

Encl- Copy of Representations for HT-V (A)  
Copy of acknowledgement

(R.K.SHARMA)  
CHIEF ELECTRICAL DISTRIBUTION ENGINEER  
SOUTH CENTRAL RAILWAY  
SECUNDERABAD

C/- Chief General Manager (Commercial & RAC), TSSPDCL,  
Corporate Office  
Ground Floor, Mint Compound,  
Hyderabad-500 063.

MEMBER (T) PESHU  
No : 280  
DATE : 28/3/16

MEMBER (P) PESHU  
No : 291  
DATE : 28/3/16

Chief General Manager (IPC & RAC), TSNPDCL,  
H.No. 2-5-31/2, Vidyut Bhavan, Nakkalagutta,  
Hanamkonda-506001.

CHAIRMAN PESHU  
No : 338  
DATE : 28/3/16

TSERC, HYDERABAD  
INWARD  
26 MAR 2016  
No. 442 Signature

**THE OBJECTIONS ON THE PROPOSED TARIFF BY AP DISCOMS FOR H.T. CATEGORY-V-A  
(RAILWAY TRACTION) FOR THE YEAR 2016-17 ON BEHALF OF SOUTH CENTRALRAILWAY**

<b>Name &amp; Full address of the Objector</b>	<b>Brief details of Objection (s) / suggestion</b>	<b>Objections against Tariff proposal</b>	<b>Whether copy of Objection &amp; Proof of delivery at Licensee's office enclosed</b>	<b>Whether objector wants to be heard in person</b>
<p>R.K.Sharma, Chief Electrical Distribution Engineer, South Central Railway, IV floor, Rail Nilayam, Secunderabad-500071</p>	<p>1. Proposed higher tariff for Railway traction  2. Exempt Railways from cross subsidy surcharge and addl. Cross subsidy surchagre</p>	<p>TSSPDCL TSNPDCL</p>	<p>Yes</p>	<p>Yes</p>

**THE OBJECTIONS ON THE PROPOSED TARIFF BY TELANGANA  
DISCOMS FOR H.T - V (A) CATEGORY (RAILWAY TRACTION) FOR THE  
YEAR 2016-17 ON BEHALF OF SOUTH CENTRAL RAILWAY**

**1.0** Efficient transport is a critical component of economic development, globally and nationally. Railways are ideal to transport high volumes of bulk commodities or passengers. Since its inception, the Indian Railways has served to integrate the fragmented markets and thereby, stimulating the emergence of a modern market economy. It connects industrial production centres with markets and with sources of raw materials and facilitates industrial development and link agricultural production centres with distant markets. It provides rapid, reliable and cost-effective bulk transportation to the energy sector, to move coal from the coal fields to power plants and petroleum products from refineries to consumption centres. It links places, enabling large-scale, rapid and low-cost movement of people across the length and breadth of the country. In the process, the Indian Railways has become a symbol of national integration and a strategic instrument for enhancing our defence preparedness.

Thus Indian Railways contributes to India's economic development, accounting for about one percent of the GNP and the backbone of freight needs of the core sector. It accounts for six per cent of the total employment in the organised sector directly and an additional 2.5 per cent indirectly through its dependent organisations. It has invested significantly in health, education, housing and sanitation. With its vast network of schools and investment in training, the Indian Railways plays an important role in human resource development.

Indian Railway provides direct employment to the tune of 13.2 lakhs people and much more than that depends on Indian railways for their cost of living. The impact of Central Pay Commission turns out to be major impact on the revenue economics of Indian Railway. Railway has sustained the major blow of VIth Pay Commission and now VIIth pay commission report under acceptance. The impact of VIIth Pay

Commission estimated to the tune of Rs.1.02 lakh crore extra financial burden.

Indian Railway serves prime mover of Indian Economy and based on the growth rate projected Railway has to augment it's infrastructure through internal resources and also through budgetary support of Govt of India. South Central Railway is a major zone of this network availing power supply in Telangana and one most important consumers of power, and remit dues without delay/default. Thus there should be consideration for prompt pay master like Railways in tariff itself but on the contrary Railway is made to pay more making special tariff exclusive to Railway. The Railway traction is energy efficient, environment friendly, a key input and backbone of affordable and economic transport. There is an imperative need therefore to levy, Electric Traction tariff at a reasonable rate, also to gradually reduce such cross subsidies that have been levied on this category so far.

- 2.0** South Central Railway avails traction power at 132 KV at 15 Traction sub-stations in Telangana state. The total consumption of Railway traction for 15-16 projected as 590 M.units and paying a substantial amount of Rs. 400 Crores to various DISCOMs in Telangana.

The Railways are a bulk consumer and pay major revenues to DISCOMs. For the year 2015-16, the projected revenue of DISCOMs from Railway traction alone is 14.50 % of total payments received under HT 132 KV & above category. Hence, the grievances of Railways are to be considered while fixing the tariff for HT-V category. **The proposed tariff for 2016-17 at Rs.7.48 per KVAh will amount to an increase of 68 paise per unit (ie. 10% increase) will be additional burden to Railways to the tune of Rs. 41 crores per annum.**

Railways are also declared Energy Intensive Industry and thus Railway tariffs should be at par with Tariff HT1-B of Other Commercial users which at same footing.

### 3.0 Cost of Service and tariff for Railway Traction:

The proposed Cost of service for Railway Traction is as follows:

Discom	Overall Cost of Service Rs/KWH
TSSPDCL	6.35
TSNPDCL	6.66
<b>Average</b>	<b>6.50</b>

The COS is being calculated in terms of KWh and energy is being charged for Railway traction in terms of KVAh.

The comparison of cost of service and tariff for Railway traction HT-V category is given below.

Year	Average COS of Discoms Rs/KWH	Traction tariff Rs/KVAH	% Variation
<b>2015-16</b>	<b>5.64</b>	<b>6.80</b>	<b>20.56%</b>
<b>2016-17 (Proposed)</b>	<b>6.50</b>	<b>7.48</b>	<b>15.08%</b>
<b>% increase over last year</b>	<b>15.25%</b>	<b>10%</b>	<b>--</b>

From above, it may be seen that the traction tariff is higher by 15.08% for 2015-16 according to National Tariff policy.

For 2016-17, COS increased by 15.25% over 2015-16. It appears that DISCOMs are increasing CoS with a view to keep tariff within  $\pm 20\%$  as per National Tariff Policy.

Cost of service arrived by DISCOMs are on higher side and some element of cross subsidies definitely would have been included at the time of calculating the cost of service. If so, it will be in conflict with section 61 of Electricity Act 2003 which states that the tariff should be reasonable and reflect the actual cost of supply of electricity.

SC Railway pleads Hon'ble Commission to critically examine the calculations submitted by DISCOMs for Cost of Service to be as per methodology prescribed by National tariff policy.

**4.0 National Tariff Policy :**

National tariff policy para 8.3 (2) states that "for achieving the objectives that the tariff progressively reflects the cost of supply of electricity, the appropriate commission would notify roadmap such that tariffs brought within  $\pm$  20% of the average cost of supply. The road map would also have intermediate milestones based on the approach of a gradual reduction in cross subsidy."

**4.1 The tariffs were to be fixed within  $\pm$  20% of the average cost of service has not been done. It is observed from the below table, that % difference between the average cost of service of the two DISCOMs and the proposed tariff for HT-I (B) Ferro alloys is -35% which is in contravention to the National Tariff Policy.**

Category	Pro.Tariff	Avg.Cost of service	Difference
HT-I (B) 132 KV	Rs. 4.80/Unit	Rs. 6.50	-35.41 %

**4.2 Extension of Subsidy to certain categories – Request for Deletion of cross subsidy:**

**Section 61(g) of Electricity Act 2003 stipulate that "the tariff progressively reflects the cost of supply of electricity, and also reduces and eliminates cross- subsidies within the period to be specified by the appropriate commission."**

From the cost of service and tariff models of the various DISCOMs, it is noted that certain categories have been heavily subsidized and the cross subsidy is charged to other consumers like Railways. This needs

to be eliminated as per the stipulation under Section 61 (g) of the Electricity Act, 2003.

Railway pleads Hon'ble Commission to fix tariff reasonably for HT-V category. Cross-subsidy element being charged to Railways is not correct as it is required to be reduced to zero gradually.

#### **5.0 Comparison of Railway traction with HT-I (B) Ferro alloys :**

Under HT-I (B) Category Energy Intensive industries proposed with Rs.4.80 / Unit with out any increase from 15-16. The Railway traction tariff is proposed at Rs. 7.48 is higher than 55.8% over tariff proposed for HT-I (B) category.

Category	Supply availing	Type of Industry	Organization	Effect on environment	Pro. tariff for 2016-17	Variation over Avg.COS
HT-I(B) 132 KV	132 KV	Power Intensive	Production oriented	--	Rs.4.80	-35.41%
HT V (A) Railway Traction	132 KV	Power Intensive	Public service	Energy efficient and eco friendly	Rs.7.48	+15.08%

#### **5.1 Off peak time loads for Railway Traction:**

It is to mention that Railway traction is also power intensive and loads are for passenger & goods train services which are run round the clock. There is no distinction of peak to non-peak hours. Most of the goods trains are run during night time which is off peak period. This is improving base loads of DISCOMs and supporting the grid stability. Apart from this, Railways is maintaining higher power factor. Contribution of Railways to economic and social developments of country far outweighs the advantages of HT-I (B).

Railway pleads before Hon'ble commission to critically examine the preferential treatment / subsidy given to HT I (B) which is unjustifiable and against basic principles of Electricity Act 2003 (section 61).

## **6.0 Comparison between HT-V(A) - Railway traction and HT - V(B)**

### **HMR:**

In the proposed tariff of 2016-17, HT V category is separated in to two parts as HT- V (A) for Railway traction and HT V (B) for HMR traction.

The proposed railway traction tariff of Rs.7.48 per unit is higher than the HT- V (B) HMR traction by 18 paise despite the fact that both are availing supply at same voltage level and for the same purpose of public transportation. As brought out in Para 5.1, the Railway draws substantial supply during off peak period thus helping in improving base load and supporting the grid stability.

In addition Railways play a crucial role in the transport of "Goods" especially essential goods required for public like fertilizers, food grains and coal for generating stations and also Railways play a vital role in moving military goods (including war material) to various destinations in time.

Comparitively Railway traction HT -V (B), Charging of such higher tariff for Railway HT -V (A) is irrational and unjustified. SC Railway pleads Hon'ble Commission to fix the tariff for HT-V (A) less than HT-V (B) category.

## **7.0. Cross subsidy Surcharge and additional surcharge Proposal :**

Discoms have proposed cross subsidy surcharge for Railwaly traction computed as below for the year 2016-17.

Discom	Cross subsidy surcharge Rs./Unit
TSSPDCL	1.49
TSNPDCL	1.50

It is submitted that, National tariff policy was ammended and notified on 28.01.2016 with a clause regarding exemption of cross subsidy surcharge on Railways has been introduced.

**National Tariff Policy 8.5.1 stipulates "Provided further that the appropriate commission, in consultation with the Appropriate Government, shall exempt levy of cross subsidy charge on the Railways as defined in Indian Railways Act. 1989 being a deemed licensee on electricity purchased for its own consumption."**

**Therefore Railway pleads Hon'ble commissin to exempt Railways from cross subsidy surcharge and additional cross subsidy surcharge as per sprit and compliance of guidelines of National Tariff Policy.**

**8.0. Specific terms and conditions:**

In the state of Madhya Pradesh, in order to give impetus to electification of Railway network, a rebate of 10% of energy charges allowed for a period of 5 years. (Extract of MPERC Tariff order for 2014-15 is enclosed as Annexure-I)

**8.1 Electrification of more sections in Telangana:**

By way of electrification of Railway network in Telangana additional infrastructure will be added, resulting into faster movement of goods and passenger traffic. Ultimately there is every possibility of upcoming industries in the newly formed Telangana.

Electrification of 3<sup>rd</sup> line between Balharsha- Kondapalli, Pagidipalli - Miryalaguda (Covered Nalgonda district), Manmad - Mudkhed - Dhone section (Covered Nizambad, Medak & Mahaboob nagar districts) are already sanctioned and extension of MMTS Phase -II project upto Raigiri (Yadadri) sections have been santioned. MMTS pahse II works are under progress between Medchal- Secunderabad, Falaknuma - Umda nagar, Moula-ali- Sanathnagar bypass line doubling and elctrification.

**Higher traction tariff slashes Rate of Return (ROR) for the new electrification projects and making them non-viable.**

Therefore Railway pleads Hon'ble commission to consider the above to fix reasonable tariff or else similar condition as applicable in MP state is to be implemented in Telangana also.

**9. Reduction in pollution:**

Suburban Transport on Electric Traction in Greater Hyderabad Region and provides very cheap and bulk mode of transportation and thus ameliorating spurt of road vehicles on already congested roads. The Suburban Transport on electric traction reduces about 700 tons Carbon Dioxide equivalent to Carbon Green House ( CHG) Gases emission per year which could have come due to road vehicular traffic. When a section is electrified, pollution of air is eliminated as diesel locos are replaced with "electric locos". This reduces further Carbon Dioxide equivalent reduction. This is an intangible result of electrification but has solid tangible benefits to the health of people and to the environment. The electric traction transport protect people from diseases and suffering due to emissions like Carbon Di Oxide , Carbo Mono Oxide , Sulphur Di Oxide , Carbon particle , Suspended Matters , Lead etc.

**10. Incentive on Prompt/early payment:**

Railways are prompt in payment of energy bills to the DISCOMs and for these, Railways certainly deserve some rebate/incentive. Reasonable rebate/incentive for prompt payment be granted as done by other SERC viz. MERC, OERC, MPERC etc.

**11. Railway option for Open Access for availing traction power policy**

Due to descriminative policy of Discoms and over burden the timely paying consumer like Railway there is lot of resentment. Railways being a Central Government organisation who respects all legal and tribunal obligations and comply without even a single failure. The improved power factor by Railway consumer and implementation of energy efficiency and energy conservation measures saves nation. The separate descriminatory tariff is arising railway to look for other option like open access of power from grid.

With repeated plea to Maharashtra State electricity regulatory commission the tariff for Railway traction not reduced and kept about Rs. 8.46 has forced Railways to avail open access and now Railway is paying only Rs. 4.70 /unit.

So, all traction substations working jurisdiction of Govt. of Maharashtra have been already brought out under open access scheme. The tentative saving to railway is given below.

MSEDCL Tariff before availing open access Rs./Unit	Tariff of RGPPL (open access) Rs./Unit	Savings Rs/Unit
Rs. 8.46	Rs. 4.70	<b>Rs. 3.76</b>

The discrimination for Railway Tariff to be brought down and to be made on par with other energy intensive industries. The tariff of various states for Railway traction is as below and thus forcing railway to go for open access to meet its consumption.

<b>Railway traction tariff for 2015-16 at various States.</b>					
Sl.No	State	Tariff			Status of Railway
		Demand Rs/KVA	Energy Rs/Unit	Equivalent single part tariff Rs.with load factor 50% and 0.95 PF (Rs)	
1	West Bengal	320.00	Winter - 4.15	5.09	
		320.00	Monsoon - 4.18	5.12	
		320.00	Summer - 4.20	5.14	
2	Chattisgarh (KVAH)	350.00	4.25	5.22	
3	Gujarat	180.00	5.00	5.53	Open Access is availed at an avg. cost of Rs. 4.70
4	Kerala	250.00	4.80	5.53	
5	Uttarakhand(KVAH)	260.00	5.00	5.72	
6	Orissa	250.00	5.20	5.93	Open Access processing is under progress
7	Karnataka	180.00	5.55	6.08	
8	Madhya pradesh	280.00	5.40	6.22	
9	Haryana (KVAH)	160.00	5.80	6.24	
10	Bihar	240.00	5.70	6.40	
11	Jarkhand	235.00	5.85	6.54	
12	A.P (KVAh)	--	6.68	6.68	
13	Telangana (KVAh)	--	6.80	6.80	

14	Uttar Pradesh (KVAH)	280.00	6.35	7.13	Open Access processing is under progress
15	Delhi (KVAH)	150.00	6.80	7.22	
16	Tamil nadu	350.00	6.35	7.37	
17	Punjab (KVAh)	314.00	6.55	7.42	
18	Maharashtra	--	8.46	8.46	Open Access is availed at an average cost of Rs. 4.70

SC Railway pleads Hon'ble commission to cope Railway traction tariff around Rs. 470 per Unit.

**12. Railway has right to negotiate the tariff irrespective tariff policy:**

Railway has been considered as deemed licensee for its own consumption and thus Railway is on par with licensee (ie. Discom) and thus railway to be given power as per the negotiated rates not annual tariff mode. Railway pleads Hon'ble commission to grant relief to Railway at cost of Rs.4.97 /unit on par with the power purchase cost + 16% profit (Rs 4.27 power purchase cost for 2016-17) selling power to the other licensee.

**13. CONCLUSION:**

From the foregoing paragraphs, it is evident that the proposed tariff of Railway traction at Rs.7.48 for 2016-17 is unreasonably high and unjustified.

Railway Pleads Hon'ble Commission to keep in view the following **statutory provisions** while fixing the tariff for 2016-17:

- (i) The Electricity Act 2003 vide Section 61(g) stipulates that "the tariff progressively reflects the cost of supply of electricity and also, reduces and eliminates cross-subsidies within the period to be specified by the Appropriate Commission".
- (ii) National tariff policy para 8.3 (2) states that "for achieving the objective that the tariff progressively reflects the cost of supply of

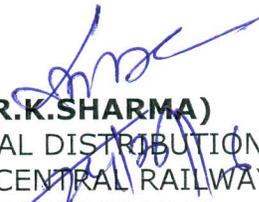
electricity, the Appropriate Commission would notify roadmap such that tariffs are brought within  $\pm$  20% of the average cost of supply. The road map would also have intermediate milestones based on the approach of a gradual reduction in cross subsidy."

- (iii) National Tariff Policy 8.5.1 stipulates "Provided further that the appropriate commission, in consultation with the Appropriate Government, shall exempt levy of cross subsidy charge on the Railways as defined in Indian Railways Act. 1989 being a deemed licensee on electricity purchased for its own consumption."
- (iv) The tariff proposed for HT-I (B) at Rs 4.80 per unit being a power intensive unit where as railway traction tariff is Rs 7.48 per unit higher by 55.8% despite railways also being power intensive unit.
- (v) Apart from these the railway traction provides base load, maintained high power factor, and save imported precious oil, apart from speedy, energy efficient and environmental friendly public transport.
- (vi) Encouragement for new electrified sections for development of infrastructure in newly formed Telangana particularly and also act as growth engine for the economy of country largely.
- (vii) Reasonable rebate/incentive for prompt payment be granted as done by other SERC viz. MERC, OERC, MPERC etc.

**In view of the above submissions, Railway pleads the Hon'ble commission to consider and it is prayed that,**

- 1. the tariff under category HT- V (A) - Railway traction be reduced for the above reasons and also from the point of view of stipulated provisions of Electricity Act 2003, National Tariff Policy.**
- 2. to exempt Railways from levy of cross subsidy surcharge and additional cross subsidy surcharge being a deemed licensee on electricity purchased for its own consumption.**

3. to consider the reasonable rebate/ incentives for prompt payment.
4. to give impetus to electification of Railway network, a rebate of at least 10% of energy charges be allowed for a period of 5 years similar to Railway traction tariff Madhya Pradesh.
5. To fix the tariff on par with power purchase cost + 16% profit ie at Rs 4.95 per unit.

  
**(R.K.SHARMA)**  
CHIEF ELECTRICAL DISTRIBUTION ENGINEER  
SOUTH CENTRAL RAILWAY  
SECUNDERABAD

**Tariff Schedule- HV-1**

**RAILWAY TRACTION:**

**Applicability:**

This Tariff shall apply to the Railways for Traction loads only.

**Tariff:**

S. No.	Category of consumer	Monthly Fixed Charge (Rs. per kVA of billing demand per month)	Energy Charge (paise / unit)
1	Railway Traction on 132 kV / 220 kV	280	540

**Specific Terms and Conditions:**

- (a) In order to give impetus to electrification of Railway network in the State, a rebate of 10% in energy charges for new Railway traction projects shall be allowed for a period of five years from the date of connection for such new projects for which agreements for availing supply from licensee are finalized during FY 2015-16. The rebate provided in earlier orders shall remain in force at the rate and for the duration as mentioned in those tariff orders.
- (b) The dedicated feeder maintenance charges shall not be applicable.
- (c) Guaranteed Annual Minimum Consumption shall be 1500 units (kWh) per kVA of Contract Demand. The method of billing of minimum consumption shall be as given in General Terms and Conditions of High Tension Tariff.
- (d) Power Factor Penalty:
  - i. If the average monthly power factor of the consumer falls below 90 percent, penalty will be levied at the rate of one percent of total energy charges for the month for each one percent fall in the average monthly power factor below 90 percent. **For determination of power factor, lag only logic shall be used and no power factor penalty shall be levied if leading power factor is recorded.**
  - ii. If the average monthly power factor of the consumer falls below 85 percent, the consumer shall be levied a penalty of 5% (five percent) plus @ 2% (two percent) for each one percent fall in his average monthly power factor below 85 percent, on the total amount of bill under the head of "Energy Charge".

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दक्षिण मध्य रेलवे



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Dt.: 24.03.2016.

**The Secretary,**

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