

Comments and Suggestions on application by Telangana Rythu Power Distribution Company Ltd, for grant of Distribution Licence

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Dated 28<sup>th</sup> April, 2026

To

The Secretary,

Telangana Electricity Regulatory Commission,

GTS Colony, Kalyan Nagar,

Hyderabad - 500045

Sir,

**Sub:** Grant of Distribution Licence to Telangana Rythu Power Distribution Company Ltd.

**Ref:** Press publication dt.18-4-2026 of the Applicant Company in O. P. No.11 of 2026

I, S. Surya Prakasa Rao, agd 82 years, resident of Hyderabad, in response to the publication cited above, wish to provide my views in the matter as follows :

At the outset I wish to state that the Application for grant of Distribution Licence doesn't contain the vital details required for consideration of grant of the licence, except initial equity Share Capital of Rs. 5 Crs in 50 lakhs shares of Rs.10 each, and constituting the Company with the Board of Directors. It's doubtful whether such application deserves consideration by the Hon'ble Commission at this stage.

However, I feel the proposed dispensation of separate Discom, primarily for supply to agricultural consumers, is a progressive idea considering the deplorable state of distribution network feeding agricultural consumers across the entire State. I am therefore providing my views on certain aspects concerned with the proposed dispensation along with some suggestions, for consideration by the Hon'ble Commission.

### **1.Statutory and legal aspects**

#### **a). Universal Supply Obligation of Discoms**

It is stated that the new Discom will undertake distribution and supply of electricity to a few specified consumer categories.

It is not clear whether the provisions on licensing u/s 14 and duty to supply u/s 43 of the Electricity Act, 2003 enable any distribution licensee to supply electricity to selective categories of Consumers without universal obligation for supply to any person in its area of supply. To avoid legal infirmity, it may be desirable to allow the Petitioner

Company to supply power to any **other consumer categories** in addition to the categories mentioned in the Petition, subject to compliance with the requirements specified in the General Terms and Conditions of Supply (GTCS) or in the licence conditions or otherwise, by the Hon'ble Commission.

**b). Multiple Distribution Licensees**

The Applicant will be a second distribution licensee in the respective areas of supply of existing Discoms and the Applicant attracts the provisions of the 6<sup>th</sup> Proviso to Sec.14 of the Electricity Act, rightly quoted by the Petitioner. Pursuant to this Proviso, Central government prescribed the requirements of Capital Adequacy etc in its Rules of 2005 as amended in 2022.

The Applicant didn't state whether the requirements prescribed by the Central government are satisfied. Hon'ble Commission has to ensure compliance of these requirements before granting the licence.

**c). Franchisee System**

Further, the Petitioner also quoted the 7<sup>th</sup> Proviso to Sec. 14 relating to supply of electricity through **Franchisees**. It appears the Applicant intends to engage Franchisees, but it is not expressly mentioned in the application / petition.

Considering the evolving stage of the new dispensation of separate Discom for selected consumer categories, it is not desirable to adopt Franchisee system without ascertaining the efficacy of the Franchisee system. I think it was not implemented in composite AP or in divided States. Hon'ble Commission may issue appropriate guidelines after study of success stories of Franchisee models if any, in other States, especially in adjoining Maharashtra State.

**2.T & D Network (para 22 )**

The Petitioner intends to distribute power using the existing Transmission Network of TG Transco & Distribution Network of incumbent Discoms and by developing infrastructure on need basis. The petitioner will develop a phased network expansion plan including feeders and DTRs. Apart from other functions, the Applicant also stated that dedicated feeders will be provided for agriculture wherever feasible.

Petitioner stated that it will take over following distribution assets as part of its business plan for first year:

- a).Agriculture DTRs and downstream LT network, and
- b). Dedicated feeders and LT circuits of HMWSSB, CPWS and LIS, and
- c). Services of Agricultural consumers, LIS, CPWS / Mission Bhagiratha, HMWSSB and Municipal water connections with separate DTRs (LT VI-B)

## **Comments :**

This means that the new Discom will not own / maintain 11kv agricultural feeders already segregated. To achieve the objective efficient supply, it should necessarily own and maintain the already segregated 11 kv agricultural feeders emanating from 33 kv substations. This will also reduce the interface metering points for the purpose of accounting the energy wheeled by incumbent Discoms. This is more important, considering the ground reality that DTR metering is vulnerable for damages even in urban areas, leave alone the DTRs in cross country. **There's no rationale in opting out of this vital function/duty** by the Petitioner Company in the very first year of its business.

It is necessary that Hon'ble Commission takes a view on the ownership of already segregated agricultural feeders and ensure that there taken over by the Petitioner Company along with DTRs and LT circuits/services.

Hon'ble Commission may also specify the treatment of mixed feeders and ensure that they shall be under the control of the incumbent Discoms till segregation of agricultural services is completed in full. Hon'ble Commission may make it clear that, notwithstanding grant of Licence to the Applicant Company, the incumbent Discoms will continue to serve all consumers on mixed feeders or elsewhere in their respective areas of supply.

### **3.Power procurement**

The Petition doesn't contain the details of number of existing consumers under each of the specified categories and their existing load profiles to assess the present requirement of power.

The petitioner stated that it will procure power by taking over / sharing of PPAs from incumbent Discoms and purchase from open market on need basis. However the petition doesn't contain the methodology for seeking its share from existing PPAs with TG Genco, Central Generating Stations and IPPs.

Considering the fact that power purchase forms over 80% of Annual Revenue Requirement (ARR), and also the fact that the Applicant doesn't have dependable sources of Revenues from sale of power to procure power from market, it is expedient that Hon'ble Commission ensure major share from PPAs with TG Genco and CGS to the Applicant Company, with minimum share from IPPs.

### **4.Organisational Capability**

While the Board of Directors is constituted with persons from Government and incumbent Discoms in G. O. Ms no. 4 dt 11-3-2026, it is stated therein that the new Discom will be staffed by deputing, recruiting and outsourcing.

The Petitioner stated (para 22), that employees of incumbent Discoms will be deployed for its Company.

**Comments :**

Deputation without willingness of the employee will not be conducive for efficient functioning of the Company. Out sourcing without building up the full strength could be disastrous for a new Discom.

The Petitioner didn't indicate the method of deployment, i.e, by giving options to the employees or under a Statutory Transfer Scheme. Considering the nature of activity in difficult terrain and poor financial position requiring continuous support from state government, it is unlikely that sufficient personnel from incumbent Discoms will opt for new Discom. It is also not sure whether a Statutory Transfer Scheme will meet with success. It may not be a smooth sail. The managements of APSEB / TRANSCO had to undergo great ordeal in convincing the Engineering / provincial / O&M staff while reorganizing APSEB under the Reforms Act of 1998. The management of new Discom may have to offer additional remuneration by way of special allowance to attract employees of incumbent Discoms, considering the difficult cross country terrain of network of agricultural services and other relevant factors. If the new Discom is allowed to commence its operations without adequate experienced staff, it will lead to chaos and ultimately the designated consumers will be put to grave risk.

Further, if the real objective is to ensure better quality of supply to agricultural consumers, Government of Telangana may appoint a qualified farmer, familiar with Electricity matters and Agricultural issues, as Chairman of the Board of Directors. Such appointment is befitting the name of the new Discom (Rythu Discom).

Hon'ble Commission may take a view and advise State Government in this matter u/s 86(2)(iii) of the Electricity Act.

**5. Distribution Infrastructure upgradation and Smart Metering**

Petitioner stated about strengthening of weak networks and replacement of obsolete conductors and smart metering Infrastructure at all DTRs / interface points with incumbent Discoms in a phased manner, apart from other innovations.

In this context it is suggested the new Discom may take all the proposed works under the Reformed Distribution Sector Scheme (RDSS) sponsored by Central Government. Incidentally it is reported in press recently that, the government of Telangana gave consent to implement RDSS in the State. The RDSS covers all the improvements proposed in the petition.

It is a golden opportunity for the new Discom to formulate and execute schemes under RDSS to improve the quality and reliability of supply, operational efficiency in supply to agricultural consumers apart from energy loss reduction.

Further, rectification of loose spans, use of bunched cables etc, will reduce the risk of electrical accidents to farmers and agricultural labourers.

Regarding smart metering for agricultural consumers, it will be a colossal wasteful / futile investment in view of free supply and since metering at all DTRs is planned, while metering for all feeders already exists at the substations.

Hon'ble Commission may make specific mention in the licence conditions to focus on Distribution Infrastructure upgradation under RDSS and not to resort to individual agricultural consumer metering, to prevent consequent huge financial burden on State government by way of tariff subsidy.

## **6.Summary of Suggestions**

- i). New Discom may be allowed to release new connections for other consumer categories also.
- ii). Ensure Capital Adequacy and Creditworthiness in terms of 6<sup>th</sup> Proviso of Sec.14 of the Electricity Act, 2003
- iii). Franchisee system may be adopted only after the new Discom is equipped with full organizational strength
- iv).New Discom should take over and maintain all the already segregated 11kv agricultural feeders
- v).Existing Discoms shall continue to own and maintain mixed feeders till Agricultural DTRs are fully segregated and converted as dedicated agricultural feeders by the new Discom.
- vi). New Discom shall upgrade Distribution Infrastructure under RDSS and shall not resort to Smart Metering of individual agricultural services.
- vii). Major share of power from PPAs with TG Genco / CGS, and minimum share from PPAs with IPPs, may be allotted to new Discom.
- viii). Government may be advised to appoint a qualified farmer as Chairman of new (Rythu) Discom.
- ix). Staff of the new Discom may be paid additional special allowance considering the difficult terrain of agricultural services to be served by the Discom.

I request the Hon'ble Commission to consider the above suggestions before grant of Licence to the Applicant Company.

With High Regards,

S. Surya Prakasa Rao

Former Director (Commercial), erstwhile APCPDCL and Former Secretary, erstwhile  
APERC

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