

Date: 23.02.2026

To,

The Secretary

Telangana Electricity Regulatory Commission (TGERC)

Vidyut Niyamtran Bhavan

G.T.S. Colony, Kalyan Nagar

Hyderabad – 500 045

Subject: Comments / Suggestions on Draft Third Amendment to Regulation No. 4 of 2013 – "Licensee's Duty for Supply of Electricity on Request"

Respected Sir,

I, **Mohan R. Pinninti, Director**, People's Sentinel Forum, respectfully submit the following comments and suggestions on the **Draft Third Amendment to Regulation No. 4 of 2013 (Licensee's Duty for Supply of Electricity on Request)**, notified by the Hon'ble Commission vide Public Notice dated 19.02.2026, inviting views from stakeholders and the public.

At the outset, I appreciate the Hon'ble Commission's efforts to **simplify and expedite** the process of releasing LT and HT service connections and additional loads in electrified areas, and to promote **uniformity, ease of doing business, transparency, and timely release of supply**. The initiative to standardize Service Line Charges (SLC) and avoid case-by-case estimation is a welcome step in principle from an administrative and consumer-interface standpoint.

However, after carefully examining the Draft Third Amendment, especially the proposed **uniform, purely load-based SLC for HT services at 11 kV and 33 kV within a 20 km radius**, I wish to place the following key concerns and suggestions before the Hon'ble Commission, in the larger interest of consumers, distribution licensees, and the power sector in Telangana.

1. Creation of Cross-Subsidy in Service Line Charges – Inconsistency with EA 2003

The proposed amendment prescribes fixed SLC in Rs/kVA for HT services at 11 kV and 33 kV, differentiated only by voltage level and whether the line is overhead or underground, and applicable uniformly within a 20 km radius of an electrified network. Under this design, consumers located very close to the existing HT network (for example, within a

few hundred metres) will pay the same SLC per kVA as consumers located 10–20 km away on the same common feeder.

This structure **creates a new embedded cross-subsidy within the SLC framework itself** for laying new lines for new and additional HT loads. Short-distance consumers, whose actual marginal service line cost is low, effectively subsidize long-distance consumers whose connection requires much longer and costlier line extensions.

The Electricity Act, 2003 envisages recovery of "**expenses reasonably incurred**" for providing electric line or electrical plant and aims at a **progressive reduction of cross-subsidies** through transparent, cost-reflective charges and tariffs. If the Draft Third Amendment is adopted in its present form, the Hon'ble Commission would, in effect, be institutionalizing a **fresh cross-subsidy within Service Line Charges**, which is contrary to the spirit and objectives of the Act.

I therefore submit that the proposed uniform Rs/kVA SLC structure for HT services is neither sufficiently cost-reflective nor aligned with the EA 2003's scheme of gradually reducing cross-subsidy.

2. Cost-Reflectivity and Separation of DC and SLC

The Principal Regulation, read with the Electricity Act, 2003, clearly envisages that:

- **Development Charges (DC)** should primarily recover costs of upstream system strengthening (substations, transformers, upstream lines), which are shared assets and can logically be **load-based**.
- **Service Line Charges (SLC)** should recover consumer-specific costs of service lines (overhead lines/underground cables, poles, accessories) from the existing network to the consumer's premises, which are inherently **distance- and asset-based**.

In the Draft Third Amendment, DC continues as per the Principal Regulation, while SLC for HT services is converted to a **purely load-based Rs/kVA charge** up to a large radial distance (20 km), thereby breaking the conceptual separation between DC and SLC and weakening the cost-causation principle.

This approach undermines the legal requirement that charges reflect "expenses reasonably incurred" and reduces transparency for both licensees and consumers on what exactly is being recovered under SLC and DC.

3. Impact Comparison – Existing vs Proposed Charges (Illustrative Example)

The draft suspends the application of clauses 6.3 and 6.4 (individual estimation for certain cases) for HT services covered under this amendment and for LT services under the Second Amendment. Hence, it is useful to conceptualize the impact using notional examples.

Assumptions (illustrative, for analysis only):

- **Existing system** (for HT): Distance-based estimation (actual cost of line/cable) + DC as per schedule.
- **Proposed system:** SLC per kVA (fixed by voltage and OH/UG) + DC as per schedule, independent of distance up to 20 km.

Consider a 1 MVA (1,000 kVA) consumer at 11 kV OH, where the proposed SLC is Rs 3,500/kVA, i.e., Rs 35,00,000 for the service line alone.

Illustrative impact table (11 kV OH, 1,000 kVA)

Line distance from network	Existing approach (distance-based SLC) – Consumer (₹)	Existing – Discom impact	Proposed SLC (Rs 3,500/kVA) – Consumer (₹)	Proposed – Discom impact
0 km (tap at existing pole)	Low (e.g., 2-5 lakh)	Positive, near full cost recovery	35,00,000	Over-recovery vs actual cost, hidden subsidy for others
5 km	Moderate (e.g., 30-40 lakh)	Reasonable cost-reflectivity	35,00,000	Possible under/over depending on terrain; weak cost signal
10 km	High (e.g., 60-70 lakh)	High cost but cost-reflective	35,00,000	Under-recovery, potential cross-subsidy from 0-5 km consumers

15 km	Very high (e.g., 90–100 lakh)	High capex recovered	35,00,000	Large under-recovery; Discom bears gap or recovers via tariff cross-subsidy
20 km	Very high (e.g., 1.2–1.3 Cr)	Nearly full recovery	35,00,000	Largest under-recovery; strong incentive to locate far without paying true cost

Table 1: Comparison of existing and proposed SLC impacts for 1 MVA consumer at 11 kV OH.

These numbers are illustrative; actual values would depend on TGERC-approved cost data and DC schedules. However, the **structural distortion is clear**: consumers close to the network may pay more than cost (over-recovery), while distant consumers may pay less than cost (under-recovery). This distorts cost signals and reinforces cross-subsidies in Service Line Charges themselves.

4. Experience of Other ERCs – Distance and Asset-Based Approaches

Many State Electricity Regulatory Commissions historically use **distance-based** or **asset-based** connection charges for HT, often with standard schedule rates per km and per kVA, rather than a single uniform Rs/kVA rate up to a large radius.

Some ERCs adopt standardized unit costs for:

- Lines/cables **per km** by voltage and conductor/cable type.
- Bays/transformers **per MVA** at substations.

Even where some averaging is used, these frameworks generally **retain a strong link to physical length and configuration** rather than relying solely on load for service line cost recovery. Forum of Regulators reports on cost-reflective connectivity consistently underscore:

- **Consumer-specific assets (service lines)** → should be recovered through **distance/asset-based** charges.

- **Shared assets (substations, upstream lines)** → should be recovered through **load-based apportioned DC**.

The Draft Third Amendment's proposal of a flat Rs/kVA SLC within 20 km departs from these principles and may be seen as an outlier among established regulatory practices.

5. Impacts on Discoms and Consumers

From the perspective of Discom revenue protection and consumer fairness:

- For **long-distance HT connections** (10–20 km), the proposed uniform Rs/kVA SLC is likely to **under-recover** the actual cost of line extensions, especially in the case of 33 kV and underground cable works, leading to hidden cross-subsidy from other consumers or erosion of Discom finances.
- For **short-distance HT connections** (close to existing network), the same Rs/kVA SLC can lead to **over-recovery** relative to actual cost, effectively making these consumers pay more than their locational cost responsibility.
- This model sends **distorted locational signals**: investors may not be economically incentivized to choose sites close to existing network, thereby increasing system costs in the long run.
- Smaller or lower-load HT consumers located close to the network may bear a disproportionate burden relative to their actual impact on the system.

These issues are particularly concerning in a context where Discoms do not yet have fully integrated planning systems, GIS-based network models, or routine load-flow based capacity assessments.

6. Planning and Systemic Gaps

The present move towards uniform, load-based SLC appears to be a response to practical difficulties such as:

- Inconsistent or delayed site inspections;
- Case-by-case estimation disputes;
- Variations between approved SLC and actual incurred costs.

However, the **fundamental structural problems**—lack of integrated planning, absence of comprehensive GIS mapping of the distribution network, and limited use of load-flow and planning software—remain unaddressed. The risk is that, instead of strengthening

planning and data systems, the system is shifting to a highly averaged charge structure that may be administratively convenient but economically and legally weak.

7. Suggested Two-Step Transitional Model

To balance **ease of doing business**, **uniformity**, and **transparency** with the need for **cost-reflectivity** and **Discom revenue protection**, I respectfully propose the following two-step approach for HT connections in electrified areas:

Step 1 – Interim Standard Distance-Based Model (for about 2 years)

For HT connections/additional loads at 11 kV and 33 kV:

- **Up to 500 metres** from the existing HT network: apply a **fixed SLC** (per kVA or per standard band) representing typical short-distance service line cost.
- **Beyond 500 metres**: $SLC = \text{Fixed cost (for first 500 m)} + (\text{distance beyond 500 m} \times \text{standard rate per metre})$, with distinct per-metre rates for 11 kV OH, 11 kV UG, 33 kV OH, 33 kV UG.
- **Development Charges** continue as per the Principal Regulation, calibrated to upstream augmentation costs.

This will:

- Retain objectivity and uniform published schedules.
- Ensure at least basic distance sensitivity and better cost-reflectivity than a flat Rs/kVA within 20 km.

Step 2 – GIS Mandate and Actual Distance / Hybrid Model

Within about **one year**, mandate TGDISCOMs to:

- Map the entire HT network (and progressively LT) on **GIS**.
- Develop and use **network planning and estimation software** integrated with GIS.

After GIS readiness:

- Compute SLC based on **actual GIS-derived distance and configuration**, using standard cost/km and voltage/technology factors.
- Maintain DC as **load-based**, reflecting pro-rata share of upstream reinforcement.

This phased approach meets the Commission's objectives of uniformity and speed while progressively aligning charges with actual costs.

8. Proposed Best Long-Term Model Protecting All Stakeholders

In the long term, once GIS and planning systems are operational, I submit that the Commission may adopt a **hybrid model** with the following features:

(a) Service Line Charges (SLC)

Distance- and asset-based, with standard cost schedules per km for each voltage and OH/UG configuration, plus bay/terminal costs where required. A simple band (e.g., up to 500 m) may be retained for administrative ease.

(b) Development Charges (DC)

Load-based, reflecting a fair share of substation, transformer, and upstream line augmentation costs.

(c) Stakeholder Protection

- **Discoms:** Better matching of revenue with actual capex; reduced hidden cross-subsidy and more robust financial health.
- **Consumers:** Fairer, more transparent charges where short-distance consumers are not forced to subsidize longer extensions; clear link between payment and network assets.
- **Regulator / System:** Compliance with EA 2003's cost-reflective, cross-subsidy-reducing framework; improved transparency and auditability.

(d) Stakeholder Impact Table

Model Component	Benefit to Discom	Benefit to Consumers	Benefit to Regulator / System
Distance-based SLC	Recovers actual service line cost; reduces hidden cross-subsidies	Close-in consumers pay less; far consumers see true cost, enabling informed siting	Aligns with Section 46 "expenses reasonably incurred"; transparent methodology

Load-based DC	Recovers upstream strengthening costs proportional to load	Ensures large loads pay higher share of upstream assets	Consistent with cost-causation and FOR best practices
GIS-based estimation	Better planning, reduced disputes on estimates	Faster approvals; clear basis for charges	Facilitates audits, performance benchmarking
Banded short-distance rule	Administrative simplicity, predictability	Quick connections near network; stable costs	Balances simplicity with cost-reflectivity

Table 2: Stakeholder benefits under proposed hybrid model

Under this model, any cross-subsidy remains deliberate and transparent in tariff design, rather than unintentionally embedded in connection charges.

9. Prayer to the Commission

In light of the above, I humbly request the Hon'ble Commission to:

1. **Reconsider** the proposed uniform, purely load-based SLC structure for HT connections within a 20 km radius as set out in the Draft Third Amendment.
2. **Avoid creating new cross-subsidies within Service Line Charges** for laying new lines for new/additional loads, in view of the EA 2003's mandate to progressively reduce cross-subsidy and ensure charges are based on "expenses reasonably incurred".
3. **Adopt a transitional distance-sensitive model** (fixed up to 500 m plus length-based charges beyond) instead of a flat Rs/kVA SLC up to 20 km.
4. **Mandate GIS mapping and network planning tools** for TGDISCOMs and, after such systems are in place, **move to a hybrid distance-based SLC and load-based DC model** for HT services.
5. Consider issuing appropriate amendments and directions which safeguard the interests of both consumers and licensees, while maintaining the stated objectives of uniformity, ease of doing business, transparency, and expeditious release of connections.

I would be grateful if the Hon'ble Commission considers these suggestions while finalizing the Third Amendment to Regulation No. 4 of 2013. I remain available to provide any further clarifications or participate in public hearings, if permitted.

Thanking you,

Yours faithfully,



(Mohan R. Pinninti)

Director

People's Sentinel Forum

Plot No. 174, Ravi Society, Mahendra Hills,

Esat Marredpally, Secunderabad,

Hyderabad, Telangana – 500047

Mobile nO. 9989693556