

For perusal *[Signature]*
 30/3
 Secretary
 Member/T *[Signature]*
 Member/F *[Signature]* 31/3
 Chairman *[Signature]* 31/3

BEFORE THE HON'BLE TELANGANA STATE ELECTRICITY REGULATORY COMMISSION: HYDERABAD

DDIT
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CASE NO.

FILE NO.

IN THE MATTER OF:

Submission of objections and suggestions on proposals in ARR filings and tariff proposals of two power distribution companies for the year 2016-17

BETWEEN

M. Venugopala Rao

AND

TSSPDCL AND TSNPDCL

I, M. Venugopala Rao, s/o M.Venkatrayudu, Senior journalist and Convener of Centre for Power Studies, aged 64 years, resident of H.No. 7-1-408 to 413, Flat No.203, Sri Sai Darsan Residency, Balkampet Road, Ameerpet, Hyderabad – 500 016, do hereby solemnly affirm and confirm that the contents in the affidavits dated 14.3.2016 and 28.3.2016 filed by me are true to the best of my knowledge and belief.

MEMBER (F) PESHU
 No : 318
 DATE : 30/3/16

I request the Hon'ble Commission to provide me an opportunity to make a presentation in person during the public hearings on ARR and tariff proposals of the two Discoms.

MEMBER (T) PESHI
 No : 310
 DATE : 30/3/16

CHAIRMAN PESHI
 No : 368
 DATE : 31/3/16

M. Venugopala Rao
 DEPONENT

Hyderabad,

28.3.2016.

TSERC, HYDERABAD
 INWARD
 29 MAR 2016
 No. *A75* Signature *[Signature]*

Statement of suggestions and objections

1. Name & full address of the objector : M. Venugopala Rao
Senior Journalist & Convener, Centre for Power Studies
H.No.7-1-408 to 413, F.203, Sri Sai Darsan Residency,
Balkampet Road, Ameerpet, Hyderabad – 500 016

2. Brief details of objections and suggestions :

Objections to purchasing costly power, especially NCE, and ignoring availability of relatively cheaper power, proposed escalation of variable cost by 2%, introduction changed slabs for domestic category of consumers and non-telescopic system, delay in submission of ARR and tariff revision proposals, reducing time for filing suggestions and objections by the public and for providing replies to the same by the Discoms, non-submission of true up claims by TS Transco for the 2nd control period, continuing delay in finalizing and submitting buyout proposals for taking over GVK Jegurupadu project, not objecting to conditionalities like purchasing backlog under RPPO from April 2012 under UDAY scheme, , allowing ad hoc tariff to be paid to generators of power in tariff orders, inadequate submission of relevant details by the Discoms, etc.

Suggestions : No need for tariff hikes, if several steps like following competitive bidding for procurement of power, avoiding unnecessary purchase of costly power, especially NCE, including solar power, abolition of system of RECs, reduction of percentage of NCE power to be purchased by the Discoms under RPPO, prompt action for taking over GVK Jegurupadu project under buyout proposal, taking necessary steps for getting power from Spectrum and Lanco projects after expiry of their PPAs, trying to get maximum benefit under UDAY scheme, not to determine and permit ad hoc tariff without insisting on submission of PPAs before declaration of COD by new projects and holding public hearings on the same, insisting on GoI to ensure supply of indigenous coal and natural gas as per allocations made to power plants and rationalize their pricing, getting due share of power for TS Discoms from the projects of GVK 1, Lanco and Spectrum after expiry of their PPAs, etc.

3. Whether copy of objections enclosed : Yes
4. Whether the objector wants to be heard in person : Yes


M. Venugopala Rao

The Secretary
 Telangana State Electricity Regulatory Commission
 11-4-660, 5th floor
 Singareni Bhavan, Red Hills
 Hyderabad - 500 004

March 28, 2016

Respected Sir,

Sub : Further submission of suggestions and objections on ARR and tariff revision proposals for the year 2016-17 and true up filings of TSSPDCL and TSNPDCL for the first and second control periods, etc.

Further to my submission of preliminary objections and suggestions dated 14.3.2016 on the subject proposals, I am submitting the following additional points for the consideration of the Hon'ble Commission:

1. The proposals of the Discoms for changes in LT domestic slabs and revision of tariffs are questionable and on higher side and elimination of telescopic arrangement is irrational. Proposing no revision of tariffs for a consumption up to 100 units per month is welcome. The Discoms have claimed that the proposed tariff hike on an average is 9.14 per cent. However, the proposed increases in tariffs for changed slabs of consumers under domestic category are much more, as given below:

(a) LT Domestic category	Present tariff	Proposed tariff	Hike (%)
LT1(B)(i) up to 200 units			
First 100 units per month	Rs.2.60 per kwh	Rs.3.25 per kwh	
101-200 units	Rs.3.60	Rs.4.25	
Total	Rs.620.00	Rs.750.00	Rs.130.00 (20.97%)
 (b)LT1 (B) ii up to 400 units			
0-50 units	Rs.2.60 per kwh		
51-100 units	Rs.3.25		
101-150 units	Rs.4.90		
151-200 units	Rs.5.65	Rs.4.80 per kwh (for 200units)	
Sub total	Rs.820.00	Rs.960.00	Rs.140.00 (17.07%)
201-250 units	Rs.6.80 per kwh		
251-300 units	Rs.7.30		
301-400 units	Rs.7.80	Rs.8.15 per kwh (for 201-400 units)	
Sub total	Rs.1095.00	Rs.1630.00	Rs.535.00
Total	Rs.1915.00	Rs.2590.00	Rs.675.00 (35.25%)

Under the proposed changes of slabs of domestic category, a consumer with a monthly consumption of 100 units pays Rs.202.50 (@ Rs.1.45 per unit for the first 50 units and @ Rs.2.60 per unit for 51-100 units). With the changes proposed by the Discoms, a consumer with a monthly consumption of 101 units will have to pay Rs.329.25, i.e., for consuming one

hike falls on 38.7 lakh consumers directly. Since tariff hike for non-domestic consumers will be passed on in the form of higher prices for commodities and services by industrial and commercial categories of consumers to their customers, the impact of tariff hike will fall on almost all the people of the State as consumers of commodities and services indirectly. It has become a standard practice for the Discoms to show higher revenue gap and convey the false impression to the people that in view of the same, tariff hike is unavoidable and that the Government would provide subsidy to bridge the remaining revenue gap after adjusting impact of tariff hike and for the Government to provide less than what the Discoms project. For the year 2015-16 also, against projected revenue requirement of Rs.26473.76 crore and revenue at the then prevailing tariffs of Rs.18845.16 crore and a revenue gap of Rs.6476 crore after adjusting impact of proposed tariff hike, the Government had agreed to provide a subsidy of Rs.4257.25 crore instead of Rs.6476 crore as projected by the Discoms.

4. Both the Discoms have explained that the Government of Telangana has conveyed its intention of joining the Ujjwal Discom Assurance Yojana (UDAY) announced by the Government of India recently. Under this scheme, State Government can take over 75% of total loans outstanding on the books of Discoms till the end of September, 2015, in a period of two years - 50% in 2015-16 and 25% in 2016-17. The balance of 25% will be converted by Banks/FIs into loans or bonds with interest rate not more than the Bank's base rate plus 0.1%. Alternately, this debt may be fully or partly issued by the Discoms as GoTS guaranteed Discom bonds at the prevailing market rates which shall be equal to or less than the Bank base rate plus 0.1%. Under the scheme, certain incentives have been announced to Discoms such as additional power from central generating stations, higher coal allocation and more funds through IPDS and DDUGY schemes, they have explained. The Discoms have informed the Commission, in their ARR proposals, that they are not claiming the true-up amounts for the 1st and 2nd control periods and revenue gap of 2014-15 and requested it not to pass on the same to the consumers. However, the Discoms have maintained that they would file for the true up for 2015-16 in the filing for 2017-18 based on the actual audited accounts finalized after considering the takeover of loans by GoTS and that the Commission may consider final true up of 2015-16 accordingly. In other words, depending on the decision to be taken by the GoTS on taking over of dues of loans of the Discoms, whether the burden of true up for 2015-16 will be imposed on the consumers or not in 2017-18 continues to be in the realm of uncertainty till then.
5. Both the Discoms have projected a revised energy requirement of 49,913 mu against 48550.97 mu approved by the Commission for the year 2015-16. The Commission has observed that "based on the month wise energy requirement and energy

period 29.05.2015 to 26.05.2016 under short term basis.” The entire process of reviewing power supply position, realizing “on realistic basis” that there is going to be power supply deficiency for almost one year from 29.5.2015, inviting bids, finalizing them and placing orders for supply from 29.5.2015 has been completed in such a short span of less than two months from the date of issuance of tariff order by the Commission. The Discoms have claimed that they have simply informed the details to the Commission! It is obvious that the Discoms, in their ARR submissions, have deliberately shown projections of surplus power for the year 2015-16 and after the Commission has given its tariff order, they have realised on “realistic basis” and with a wonderful “foresight” deficiency for power and adopted the claimed entire process, without seeking approval of the Commission for quantum of power to be purchased from short-term sources and ceiling price. This devious approach shows the contempt of the powers-that-be for the regulatory process of the Commission and meeting regulatory requirements for purchasing additional power from short-term sources. Having directed the Discoms “to take the prior approval to verify the transparent process of the procurement under RTC,” what action the Commission has taken for non-compliance of its directive by the Discoms is not known. Moreover, it is to be noted here that the Commission has made it clear that “there are standard directives from the Commission that the licensee has to resort to long term purchases. In the event of non-availability of long term purchases, the Discoms have to procure power on short term basis with the prior approval of the Commission. After examining the availability of long term and medium term sources, the Commission is approving the short-term purchases in the Tariff Order in order to meet the approved power purchase quantum requirement” (page 65 of tariff order for 2015-16). The Discoms have claimed that supply of power to agricultural consumers for 9 hours a day “is expected to have a significant increase in the peak demand and the licensee is contracting for additional power purchase to meet the peak demand.” The Discoms have not explained how they propose to schedule 9 hours supply to agriculture and how much “additional” power is required to meet the claimed “peak demand.” If at all additional power is to be purchased to meet “peak demand,” the Discoms should confine to purchasing it for the required peak period. But, on their own admission, the Discoms have placed orders for purchasing additional power round the clock (RTC), as a result of which the consumers are being saddled with unwarranted surplus power, problems of backing down from long-term sources, and selling a part of surplus power at rates lower than the purchase price. Therefore, I request the Commission to direct the Government of Telangana to bear the additional financial burden that has arisen as a result of purchasing short-term and costly power at its behest without seeking prior approval of the Commission for the quantity and upper ceiling of price.

otherwise, regulatory bodies and courts at various levels have been leading to fixation of higher tariffs and imposing unjustifiable burdens on consumers of power all in the name of encouraging non-conventional energy. Instead of reducing, tariffs for NCE are getting increased. This legacy is inherited by both Andhra Pradesh and Telangana after bifurcation of the State. Actually, a considerable part of subsidies supposed to be given to certain categories of consumers of power is going into pockets of developers in the form of higher tariffs for their power.

- b) Solar power tariffs are coming down. For example, in the international competitive bids invited by NTPC, SunEdison has quoted the lowest tariff of Rs.4.63 per unit and Tirumala Tirupathi Devasthanam has entered into an agreement with Vikram Solar of Kolkata for supply of 10 MW of solar power for 20 years at a tariff of Rs.4.49 per unit. Fortum Energy has quoted the lowest tariff of Rs.4.34 per kwh for 70 MW project in Rajasthan. Moreover, Ministry of New and Renewable Energy, GoI, in letter No.32/2/2014-15/GSP dated 28.12.2015 informed the State Governments that “the benchmark tariff is (has) now been reduced to Rs.4.50/kwh, for next 25 years without any escalation, to be paid by the buying distribution companies/entities and corresponding tariff of Rs.4.43/kwh to be paid to the solar power developers for setting up of over 2,000 MW grid connected solar PV power projects with VGF under Batch-III of Phase-II of JNNSM.” It is further informed in the letter : “SECI (Solar Energy Corporation of India) will bring out State Specific tenders based on the demand from various states. This would imply that power projects will be set up by the developers in States which agree to purchase the power and SECI will issue separate tenders for every State which agrees to purchase a particular quantity of Solar Power for 25 years. We would request the State Government to please inform us if any distribution companies in the State are interested in participating in this scheme with SECI. We may be informed about the total quantity of power (i.e. MW) that the various distribution companies located in the State would like to buy under this scheme. This information may be sent to the undersigned by 10th Jnuary, 2016 so that SECI can take further necessary action in this regard.” Has the Government of Telangana opted for this scheme and informed the MNRE of the total quantity of solar power it is prepared to buy for its Discoms, and if so, how much? When downward trends in tariffs for solar power are evident and are likely to come down further in the near future through competitive bidding, with prices of solar panels coming down, the hasty actions of the Government of Telangana in forcing the Discoms to enter into long-term PPAs with private developers to purchase solar power at higher tariffs are not prudent. They become albatross round the neck of consumers, as the latter will have to continue to shell out higher tariffs for the entire period of

surplus power projected by the Discoms. Thirdly, for early commissioning of power plants, no incentive is being offered. In the case of TPCIL, the developers themselves sought preponement of Effective Date and schedule of commencing supply of power from 1.4.2017 to 20.4.2015 and the Discoms have agreed to the same, without any “financial implications” for them. Fourthly, it is imprudent to offer incentives for early commissioning of solar plants with higher tariffs when power from alternative sources are available to the Discoms at relatively lower tariffs. Obviously, such a proposal to give incentives to solar power developers for early commissioning of their plants has come with a mischievous intent to give them undue benefit at the cost of consumers of power. It was reported earlier that the Chief Minister had announced such incentives to solar power developers. If the Government has opposeless temptation to offer such incentives from the public exchequer to pamper private developers, though unwarranted and unjustified, it is for it to offer the same directly. Incorporating such questionable provisions in the draft PPA by the Commission and imposing that burden on consumers of power goes against the regulatory purpose of protecting consumers’ interest.

- e) It was incorporated in the earlier draft of solar power PPA that “2.2 The DISCOM shall pay Tariff to the Solar Power Developer as per the tariff quoted by the Solar Power Developer in the bid. Provided, further that the SPD or the licensee may seek correction/adjustment of the tariffs upon completion of 10 years of the project subject to approval of Commission to bring the tariff in line with the realities of that day.” It is a correct position taken by the Commission, because, due to payment of depreciation charges, including interest on loan taken for the plant, by the Discoms every year to the developers, the capital cost of the plant would come down every year and taking the same into consideration, fixed charges and tariff need to be reviewed. Surprisingly, this provision is removed with the modified provision that “2.2 The DISCOM shall pay Tariff to the Solar Power Developer as per the tariff quoted by the Solar Power Developer in the bid. The quoted Tariff by the Solar Power Developer shall be the tariff for the entire term of the Agreement” in the latest draft of solar power PPA put on the web site of the Commission. This unwarranted change in the correct stand taken by the Commission and deletion of the said provision from the latest draft of solar power PPA put on its web site are indicative of undesirable pressure from the powers-that-be and reflects on the functioning of the Commission. Therefore, I request the Commission to re-examine the issues, delete the unwarranted clause providing for incentives to developers for early completion of solar power plants and re-incorporate the clause providing for review of tariff after completion of ten years of the project.

9. It has become a standard practice for the Discoms to project inflated agricultural demand and for the Commission to reduce the same and for the Discoms to show revised estimates of higher consumption for agriculture. Genuine criticism is being voiced every year that a part of transmission and distribution losses, including commercial losses, is being included in agricultural consumption. The Discoms have admitted that during 2015-16 power supply to agriculture is ensured for six hours per day, instead of seven hours. Despite that, SPDCL has projected sales to agriculture of 6931.23 mu against 6318 mu permitted by the Commission for 2015-16. Compared to the revised projection of sales of 6932.86 mu to agriculture for 2014-15, there is no growth in 2015-16. Similarly, NPDCL has projected sales to agriculture of 4731.23 mu against 4340.01 mu permitted by the Commission for 2015-16. Compared to the revised projection of sales of power to agriculture during 2014-15, negative growth rate of -0.15% is shown for 2015-16. For the year 2016-17 projections of sales of power to agriculture are shown as 7185.25 mu (3.6% growth rate) by SPDCL and as 4904.75 mu (3.66% growth rate) by NPDCL. The Discoms have claimed that as per the policy of the Government of Telangana State, they have “ensured to provide 9 Hrs power supply to agriculture consumers from 01.04.2016.” Therefore, the Discoms have further claimed, they have not projected any additional sales due to increase in number of hours of supply due to the decreased water level in the bore wells because of poor rain fall during the current year and that the growth rate for 2016-17 shown by them is “mainly due to release of new agricultural services.” These self-contradictory assertions by the Discoms have several implications. First, the assertion that despite increasing supply of power to agriculture from their claimed six hours in 2015-16 to nine hours during 2016-17, there would be no increase in consumption of power by agriculture implies that the decision would not come into force and is simply intended for cheap publicity of the Government. Under their Resource Plan, the Discoms have maintained that “TSDiscoms are committed to increasing supply to agricultural category from the present 6 hours to 9 hours starting FY 2016-17. Current supply of 6 hours for agricultural consumers is being given in 2-3 spells spread across day and night. Whereas, by 2018-19 Discoms intend to give 9 hours of supply by either giving 9 hours at a stretch during the day time or split into two spells with maximum time of supply during the day for 6 hours and remaining 3 hours during the night.” Moreover, the Discoms have maintained that “current proposition of 9 hours of agriculture, water grid and LI schemes have been added in a phased manner which are expected to become completely operational by end of FY 2018-19.” If the Discoms really supply power to agriculture for nine hours a day, and if it is not consumed for agricultural purposes, as presumed by the Discoms, where will it go? Will it be used for non-agricultural purposes? Scheduling of supply of power to agriculture for 9 hours a day is one of the lame excuses put forth by the Discoms for seeking extensions for submitting their ARR and tariff revision proposals. But the Discoms have not explained how they propose to schedule supply of power to agriculture - for 9 hours during day time in a single stretch or in two or three spells, or in different spells during day time and night time. On the basis of supply

capacity leading to shortage of power, on the one hand, and increase in cost of power, on the other, besides forcing the Discoms to purchase costly power in the open market bilaterally or under short-term basis, is one of the main reasons. Second, forcing the States to use imported coal for generation of power also added to cost of power purchase. Third, the steps that the GoI shall take to reduce the cost of power as explained in the above-mentioned office memorandum confirm that the policies adopted by the GoI so far in terms of coal related issues, including pricing, have been irrational. Fourth, the pricing of natural gas by the GoI has been irrational much to the undue benefit of gas producing companies and detrimental to the interests of consumers of power, among others. Fifth, the policies being forced by the GoI on the States, all in the name of encouraging non-conventional energy, have been contributing to higher cost of purchase of NCE much to the undue benefit of developers at the cost of consumers of power at large. In view of the responsibility of the GoI for avoidable increase in the cost of power purchase and avoidable additional burdens on the States and consumers of power, the GoAP should have insisted on the GoI to take over at least 50 per cent of liabilities of the Discoms, in addition to the grants promised to the States under IPDS & DDUGJY schemes of the GoI.

- c) The GoTS also should have insisted on the GoI to ensure supply of fuels like indigenous coal and natural gas as per allocations made to the power plants, before talking about increased supply of domestic coal.
- d) The GoTS should have insisted on the GoI to ensure supply of natural gas as per allocations made to power plants and rationalize pricing of natural gas based on prudent capital and operational costs for exploration and supply plus reasonable profit.
- e) In the memorandum, it is pointed out that “DISCOMs opting for the scheme will comply with the Renewable Purchase Obligation (RPO) outstanding since 1st April, 2012, within a period to be decided in consultation with MoP.” Which means the Discoms have to purchase additional NCE at higher costs with retrospective effect, leading to increase in cost of power purchase. With stipulation of this conditionality, the GoI is simply ignoring the reasons and inherent constraints for the Discoms in not fulfilling their RPPO obligations earlier which were beyond their control and impracticability of its policy decisions and directions and RPPO orders issued by the Regulatory bodies during that period. GoI also is encroaching upon the regulatory authority of the ERCs, which issue RPPO orders, without leaving the issue to the Commissions

Commission. Probably, such factors might have influenced the Hon'ble Commission not to impose any penalty on the Discoms for their repeated failure in achieving the targets of RPPO so far.

- h) In the name of encouraging renewable energy and meeting requirements of RPPO orders issued by the Commission, purchasing renewable energy from any developer, in any manner and at any cost is not desirable. As a matter of fact, encouraging renewable energy has turned out to be, rather degenerated into, pampering developers of RE units with higher tariffs at the cost of consumers of power. The traumatic experience in the united Andhra Pradesh has been replete with many such instances and manipulations. For example, the order given by APERC, revising tariffs for RE for the five year period from 2004-05 to 2008-09, was contested by the developers in the Appellate Tribunal for Electricity which had set aside the order and held that the tariffs should continue to be worked out with 5% annual escalation and paid, as in the past. On an appeal by the Discoms, the ATE's order was set aside in to to by the Supreme Court. However, the S.C. had directed APERC to hear the case of the developers again, as there seemed to be "some substance" in their contention that they were sinking. After holding public hearings, under the chairmanship of Sri Raghobham Rao, three different orders were issued by the Hon'ble Chairman and the two Members of the then Commission! On an appeal filed by the developers, the ATE had determined various parameters and directed APERC to work out tariffs for RE accordingly and issue its order. Following that, the order given by the then APERC had imposed for the five-year period ending 2008-09 an additional burden of Rs.836 crore on the Discoms and their consumers with retrospective effect! What the Supreme Court had termed "some substance" had turned out to be different hefty sums in the understanding of the then Chairman and Members of APERC and a hefty sum of Rs.836 crore in the understanding of ATE! There are several other instances of manipulations which ultimately imposed avoidable and unjustified burdens on the consumers of power. The very policy approaches of the Governments in "encouraging" renewable power and several orders given by regulators at different levels led to, and continue to lead to, imposition of such unjustified burdens on the consumers of power. On these issues, my detailed written submissions running into a few hundred pages filed before APERC over the years are there on record.
- i) RPPO and the so-called Renewable Energy Certificates came into force as a part and parcel of the policy approaches and decisions of the Governments and orders of Regulators at different levels. The concept of RECs is a perverse by-product of the reform proces, conceptually and practically, and baffles

prospective power purchase through transparent competitive bidding by DISCOMs....” There is every need to make it mandatory to adopt the process of competitive bidding or the method of inviting expression of interest, subject to further negotiations for reduction of tariffs quoted by the participating developers for purchasing renewable energy, in view of the emerging market trends of the competitive tariffs for renewable energy coming down gradually and tariffs of renewable energy becoming nearer to the tariffs of conventional energy, if not competitive with the latter. When such a situation emerges gradually, probably, there would be no need even for RPPO.

- k) UDAY scheme is silent on the complaints that manipulations have been taking place in the kind of contrived procedures being adopted for importing coal. There is every need to adopt international competitive bidding for importing coal, giving opportunity to foreign producers of coal and its Indian suppliers also to participate in the bidding, without confining it to a few select central public sector entities as has been the practice so far. Are AP Genco, TS Genco and NTPC following international competitive bidding for importing coal? There is every need to incorporate a provision to this effect in the PPAs the Discoms had and will be having with AP Genco, TS Genco, NTPC, etc. to ensure a fair deal to the consumers.
 - l) The office memorandum on UDAY also says: “Participating States may get additional/priority funding through DDUGJAY, IPDS, Power Sector Development Fund (PSDF) or other such schemes of MoP and Ministry of New and Renewable Energy (MNRE), if they meet the operational milestones outlined in the Scheme. Such States shall also be supported with additional coal at notified prices and, in case of availability, through higher capacity utilization, low cost power from NTPC and other Central Public Sector Undertakings (CPSUs).” In other words, these proposed benefits to the States are left to the discretion of the GoI, even if the States meet operational milestones stipulated under UDAY. The GoTS should have insisted on the GoI to specifically quantify these benefits linked to results achieved by the States in meeting operational milestones and make it obligatory on the part of GoI to provide the same to the successful States. There are several other issues under UDAY the implications of which can be discussed separately, confining presently to aspects relating to cost of power purchase.
11. For the year 2016-17 for variable costs for TS & AP Gencos and Central generating stations, the Discoms have considered 2% escalation over the actual variable costs during the second half year of 2015-16, though such proposals were rejected earlier.

nine months of expiry of the PPA, that “a notice is being issued to M/s GVK for accepting our Appraiser, IFCI (a Govt. of India Enterprises) for valuation” shows casual approach and lack of seriousness. To the directive of the Commission, SPDCL has given a totally different stand. It has informed that “M/s GVK Stage-1 project PPA tenure was completed on 19th June, 2015. TSPCC/TSDiscs decided not to exercise the option for renewal of PPA/buyout of GVK Plant in view of high cost.” What is the basis for TSPCC/TSDiscs to conclude that the buy-out of GVK plant is of “high cost”?

13. The PPA with Spectrum project (SPGL) is going to expire on 18.4.2016. What have the TS Discs decided to continue to get their due share from this project after expiry of the PPA and what action they have initiated?
14. The Discs have informed that the existing PPA with Lanco Kondapally project expires on 1.1.2016. AP Discs have already commenced the process of renewal of the PPA. TSSPDCL says that “TSPCC/TSDiscs decided for renewal of the PPA for the share of TSDiscs.” What are the TSDiscs doing to get the Lanco PPA renewed, with necessary rectification of defects in the earlier PPA, and get their due share from the same?
15. In the resource plan for a period of four years from 2015-16 to 2018-19, the Discs have shown availability of power from IPPs (gas-based private power projects) of 3197 mu in 2015-16, 2075 mu in 2016-17, 85 mu in 2017-18 and zero in 2018-19. What is the basis for reducing and totally eliminating availability of power from the IPPs accordingly? Are the Discs giving up their due share from the IPPs? In the case of GVK-1, Lanco and Spectrum projects, more than 90% of their capital cost (that, too, inflated) has been paid by the four Discs in the undivided AP in the form of depreciation charges, including interest on their loans, during the periods of their PPAs. Due to defective terms and conditions in the PPAs, consumers of the four Discs suffered the burdens of frontloading the tariffs. If the TS Discs fail to get their due share from these projects under buy-out or renewal of the PPAs of these projects, the consumers in Telangana will be deprived of the benefits of frontloading the tariff and relatively cheaper power from these projects that would be available from them due to substantial reduction in fixed costs in terms of reduced capital costs. Therefore, I request the Commission to direct the TS Discs to take necessary steps to get their due share of power from these projects under buy-out or renewal of their PPAs. Despite the fact that under directive 7.6, in its tariff order for 2015-16, the Commission had already stated that “the Licensees are directed to submit the complete details of Buy Out Price for GVK-1 and LANCO Kondapally for approval of the Commission,” the Discs continue to fail to comply with the same even after one year of issuance of the directive.

Chattisgarh Discom for purchase of 1000 MW for 12 years, without specifying the tariff payable in terms of Regulation No.1 of 2008, and the TSERC considering it and holding public hearing, though incomplete, on the same, despite the fact that it had adopted all the regulations, including Regulation No.1 of 2008, issued by the erstwhile APERC?

18. The Discoms have been admitting that there is a lot of scope for further reducing distribution losses, both technical and commercial. In response to my suggestion to the Commission to fix targets of distribution losses realistically not only Discom-wise, but also circle-wise to infuse a sense of accountability at various levels, the Discoms have maintained that they “would strive for achieving the loss trajectory as specified by the Hon’ble Commission.” The Commission has maintained that “the Commission cannot go to the micro management level within the organization of licensees. The Commission can determine the loss trajectory licensee wise. It is the duty of the licensee to achieve the loss trajectory by adopting appropriate methods” (page 127 of tariff order for 2015-16). Under UDAY scheme, it is proposed to incorporate in the MoU to be signed between Ministry of Power, GoI, the State Government and the Discoms, to fix circle level targets of loss reduction with responsibilities, resources and timelines, as is evident from the power point presentation dated 9th November, 2015 made by the Ministry of Power, Coal, and New & Renewable Energy. To fix circle wise targets for reduction of distribution losses, the Commission need not go to the micro management level within the Discom. Based on Circle wise distribution losses, the Commission may consider fixing targets of loss reduction circle wise. What are the latest distribution losses of both the Discoms in absolute terms and as a percentage Discom-wise and circle-wise?
19. Fixing ad hoc tariff in the tariff orders for purchase of power from projects, without insisting on the Discoms and developers of concerned power plants to submit PPAs, holding public hearings and issuing orders thereon by the Commission, is not a desirable practice. When developers take two to three years for completion of their projects, there need not be any difficulty in entering into PPA with the Discoms and submit the same to the Commission for its consent in time. I request the Hon’ble Commission to direct the Discoms to see to it that they submit PPAs they are having with power projects well before the scheduled CoD of the project concerned for its consideration, holding public hearings and issuing its orders.
20. Though the Discoms have explained the measures for energy conservation they have been taking, they have not given details of energy conserved so far and likely to be