

SOUTHERN POWER DISTRIBUTION COMPANY OF TELANGANA LIMITED



RESPONSES TO OBJECTIONS / SUGGESTIONS

On

ARR & Tariff Filings Proposals of Retail Supply Business for FY 2023-24

and

Power Purchase True-Ups for FY 2016-17 to FY 2022-23

Response to the objections of Sri. Tilak Raj Dua

S.No.	Summary of Objections / Suggestions	Response of the Licensee
1	DIPA (Digital Infrastructure Providers Association) is an apex representative body of telecom infrastructure providers (IPs-1) in India dedicated to accelerating the success of Indian telecom evolution & represent the interest of >7lac telecom towers Pan-India, serving ~1.2 Bn mobile subscribers across the country.	No Comments
2	Apropos the above references, wherein TSERC has asked for comments of stakeholders on electricity tariffs for FY 2023-24, we wish to thank you for giving us the opportunity to raise our request on electricity tariffs for the telecom industry. Presently, the telecom industry is being charged commercial rates as against Industrial rates, resulting in undue financial burden on the telecom industry which works round the clock like any other industry.	<p>As per the definition stated in the Tariff Order 2022-23 for LT-Category III <i>“Industrial purpose shall mean, supply for purpose of manufacturing, processing and/or preserving goods for sale, cold storage/cold storage godowns but shall not include shops, business houses, offices, public buildings, hospitals, hotels, hostels, choultries, restaurants, clubs, theaters, cinemas, bus stations, railway stations and other similar premises, notwithstanding any manufacturing, processing or preserving goods for sale.”</i></p> <p>As there is no manufacturing, processing and preserving goods activity, Telecom towers are being categorised under LT-II-Non-Domestic/Commercial category.</p> <p>Further to the above it is to inform that LT-II Non Domestic/Commercial category is applicable for</p> <ol style="list-style-type: none"> a) Consumers who undertake Non Domestic activity. b) Consumers who undertake Commercial activity. c) Consumers who do not fall in any other LT category i.e., LT - I, LT - III to LT -IX categories. d) Consumers who avail supply of energy for lighting, fans, heating, air conditioning and power appliances in Commercial or Non-Domestic premises such as shops, business houses, offices, public buildings, hospitals, hostels, choultries, restaurants, clubs, theatres, cinema halls, bus stands and attached offices, railway stations, timber depots, photo studios, printing presses, all servicing & repairing centres (other than that of TSERC), bus depots (other than that of TSERC), laundries, warehouses, godowns (other than cold storage godowns) etc. e) Educational institutions run by individuals, Non-Government

		<p>Organizations or Private Trusts including student hostels of such educational institutions.</p> <p>It means LT-Cat II is not only applicable for commercial activity but also for the activities which are not covered in any other LT categories. As Cell towers business does not fall under any of LT -I,III,IV,V,VI&VII categories, it comes under LT-II category.</p>
3	<p>As you are aware, Telecommunications is vital to the development of India and played a crucial role in the country's GDP during the COVID-19 lockdown, accounting for about 35% of GDP and directly contributing about 6%. As the nation moves towards 5G deployment, it will require the densification of networks, including the deployment of several-distance distance small cells, and enhanced fiberization to support 5G services and meet National Broadband Mission targets. This will require significant capital expenditure, increasing the cost of telecom infrastructure.</p>	No Comments
4	<p>To ensure uninterrupted service, telecom operators are required by their license to maintain a network availability of over 99.5% of the time. Reliable, affordable power around the clock at all urban, semi-urban, and rural locations is therefore necessary to power telecom installations. The Indian government has recognized the importance of telecom infrastructure and has given it infrastructure status. Additionally, telecom towers are included on the "Updated Harmonized Master List of Infrastructure Sub-Sectors" in the Gazette of India dated October 7, 2013.</p>	No Comments
5	<p>High electricity tariffs are one of the biggest challenges faced by the rapidly growing telecom tower industry in India. It's estimated that almost 30 percent of the tower's OPEX accounted for are related to electricity tariffs, which is a significant amount</p>	<p>It is to be noted that retail supply tariff is a sensitive issue and it involves consideration of multiple factors including consideration of ensuring financial viability of the sector. It is always a challenging task to the regulatory authorities to balance the interests of several stakeholders involved.</p>
	<p>The Electricity (Rights of Consumers) Rules, 2020 and the 2022 amendment from the Ministry of Power, as well as the Recommendations of the Working Group to the FOIR on "Cross-Sector Collaborative Regulation between Telecom Regulators and Electricity Regulators," outline that agencies and distribution companies should provide timely electricity connections with smart meters and industrial/utility category tariffs to the telecom industry.</p>	<p>TS Discoms submit that electricity connections are being provided to the consumers timely without any delay.</p> <p>As regards to the Recommendation of Working Group to FOIR, TS Discoms observed that the quoted recommendation by objector was not one of the recommendations proposed by the working group to the FOIR but was one of the issues appraised to the Working Group which were</p>

		<p>ultimately not considered by the Working Group.</p> <p>The relevant extracts of the Report are as follows: <i>“The Working Group was also apprised of some issues that if addressed, can help in rapid infrastructure creation and faster rollout of 5G services. The same have been listed below for consideration of FOIR</i> ... <i>(iii) Telecom sites should be provided electricity connection under Utility/Industrial tariff. SERCs may be requested to incorporate the same in their tariff orders.”</i></p> <p>In this regard, TS Discoms submit that Objectors shall not misrepresent the facts before the Hon’ble Commission and other stakeholders.</p>
6	<p>The Telecom Regulatory Authority of India has acknowledged the important role that telecom and broadband services play in the economic development of connected regions and has suggested in a report that telecom sites should be given access to electricity at industrial or utility tariffs. The report, titled "Recommendations on Use of Street Furniture for Small Cell and Aerial Fiber Deployment" and dated November 29, 2022, cites the current high charges for providing electricity to telecom sites as justification for this recommendation.</p>	<p>It is to be noted that the Recommendations provided by various bodies are not binding upon the utilities or the Electricity Regulatory Commissions which function on the principles of Electricity Act.</p>
7	<p>We would like to inform the Honorable Commission that the working group's additional Recommendations on "Cross Sector Collaborative Regulation Between Telecom Regulators and Electricity Regulators" (enclosed) recommend that telecom sites should be provided with electricity connections under the Utility/Industrial tariff. The State Electricity Regulatory Commissions (SERCs) may be asked to include this in their tariff orders</p>	<p>As regards to the Recommendation of Working Group to FOIR, TS Discoms observed that the quoted recommendation by objector was not one of the recommendations proposed by the working group to the FOIR but was one of the issues apprised to the Working Group which were ultimately not considered by the Working Group.</p> <p>The relevant extracts of the Report are as follows: <i>“The Working Group was also apprised of some issues that if addressed, can help in rapid infrastructure creation and faster rollout of 5G services. The same have been listed below for consideration of FOIR</i> </p>

		<p>(iii) Telecom sites should be provided electricity connection under Utility/Industrial tariff. SERCs may be requested to incorporate the same in their tariff orders.”</p> <p>In this regard, TS Discoms submit that Objectors shall not misrepresent the facts before the Hon’ble Commission and other stakeholders.</p>
8	<p>Further, It may be kindly noted that the Government of Maharashtra, as part of their IT/ITES policy notified the applicability of industrial tariff to the telecommunication towers instead of commercial tariff. It is submitted that the Maharashtra State Electricity Regulatory Commission (MSERC) after taking into consideration the IT/ITeS policy of the Government of Maharashtra specifically categorized Telecommunication Towers in the Industry Tariff vide its order dated 30.03.2020 in Case No. 322 of 2019. In furtherance to the same the Maharashtra State Electricity Distribution Company Ltd. vide Commercial Circular No. 323 dated 03.04.2020 has revised the electricity tariff for telecommunication towers by placing them in the Industrial Category.</p>	<p>Categorization of activity may differ from one state to another state based on the policies of the state government and local conditions. This has been affirmed by Hon’ble Appellate Tribunal of Electricity in Appeal No. 265 of 2014</p> <p><i>“The State Commission may take reference from the orders passed by other State Regulatory Commissions while considering the categorization of various class of consumers for tariff applicability but it is not mandatory for compliance, however, the State Commissions have to comply with the principles set out in Sec 62 (3) of the Electricity Act, 2003.”</i></p>
9	<p>In view of the above, we earnestly request that in the State EB Tariff Order, Telecom Industry electricity tariff may kindly be placed under Industrial/ Special rates rather than the commercial rates.</p>	<p>TS Discoms request the Hon’ble Commission to kindly retain the existing category classification considering the above replies provided against the detailed objections.</p>
10	<p>We believe that enabling industrial rates for the telecom industry in Telangana will help propel telecom and data services in the progressive State, whereby crucial services such as e-governance, m-banking, m-health, m- education and the likes could be delivered, while facilitating the march towards the vision of achieving a Digital Telangana.</p>	