

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. Dr. S P Kochhar

S.No.	Summary of Objections / Suggestions	Response of the Licensee
1	At the outset, we would like to introduce ourselves as COAI (Cellular Operators Association of India), a non-profit and non-governmental body with the vision to establish and sustain a world-class telecom infrastructure and facilitate affordable mobile communication services in India. The association's main objective, among others, is to assist the government in promoting the growth of Cellular Mobile Services in 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> <p>a) Consumers who undertake Non Domestic activity.</p> <p>b) Consumers who undertake Commercial activity.</p>

		<p>c) Consumers who do not fall in any other LT category i.e., LT – I, LT – III to LT –IX categories.</p> <p>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.</p> <p>e) Educational institutions run by individuals, Non-Government 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>We submit that telecom is well recognized as a public utility service and growth engine for socio-economic development of the country. It is a well-established fact that telecom penetration has a multiplier effect on the nation’s GDP growth. Mobile connectivity brings multifarious benefits and is a critical factor in the growth and development of the nation. It is pertinent to note that services like, telephones (Mobile & Broadband services), hospitals, delivery of essential services including Emergency services (Police/Ambulance/Fire etc.) are essential and must be available 24x7 without interruption. Telecommunications has now become a National Priority. Widespread adoption of data services via</p>	<p>No Comments</p>

	telecom has enabled inclusion, empowerment and socio-economic progress of the Indian citizens, while also contributing substantially to the GDP of the country.	
4	Further, with the launch of 5G, we are at the cusp of embracing the next stage of digital revolution. Considering the strategic importance of 5G for the citizens, society and Industries, the Central Government has already taken various initiatives, such as issuance of Indian Telegraph Right of Way (Amendment) Rules, 2022 (dated 17th Aug 2022), to ease the deployment of 5G infrastructure across the country. Early deployment of 5G in the States will lead to multiple new sources of revenue generation for local bodies, State Governments, Start-ups, existing Businesses, and most importantly, benefits for the citizens. For this massive deployment of small cells (5G), there will be need for high number of EB connections across the state.	No Comments
5	High electricity tariffs are one of the biggest challenges faced by the rapidly growing telecom tower industry in India. It is estimated that almost 30 percent of the tower's OPEX accounted for are related to electricity tariffs, which is a significant amount.	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.
6	It is submitted that the Telecom Regulatory Authority of India (TRAI) in its report titled, "Recommendations on Use of Street Furniture for Small Cell and Aerial Fiber Deployment" dated 29.11.2022, after careful examination of the functioning of the telecom sector and after having considered the vital role being played by the telecommunication and broadband service sector in the economic growth of connected areas and the charges currently raised for providing electricity to telecom sites being very high, has also recommended that it is justified that telecom	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>sites be provided electricity connection at industrial/utility tariffs. Copy of the report is attached (kindly refer to Chapter 3, Summary of Recommendations, E. Power related issues and solutions, 3.24, viii).</p>	
7	<p>We like to bring to the notice of the Hon’ble Commission that as part of the additional Recommendations (clause iii) of the working group to the Forum of Indian Regulators (FOIR) on “Cross Sector Collaborative Regulation Between Telecom Regulators and Electricity Regulators” (Copy Enclosed) it is stated that</p> <p>“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>Upon going through the detailed contents fo the Report, TS Discoms observed that the quoted recommendation by objector was not one of the recommendationsproposed by the working group to the FOIR but was one of the issues appraised 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> ... <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>
8	<p>It may kindly be 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. The Maharashtra State Electricity Regulatory Commission, 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</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</i></p>

	Company Ltd. vide Commercial Circular No. 323 dated 03.04.2020, revised the electricity tariff for telecommunication towers by placing them in the Industrial Category. Kindly find attached copy of the said circular, please refer under section LT V: LT-Industry, pages 26, 27.	<i>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>
9	In view of the above, we earnestly request that in the State EB Tariff Orders, Telecom Industry electricity tariff may kindly be placed under Industrial/Utility / Special rates rather than the commercial rates.	TS Discoms request the Hon'ble Commission to kindly retain the existing category classification considering the above replies provided against the detailed objections.
10	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 m-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.	