

**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 M/s.Summit Digital Infrastructure

S.No.	Summary of Objections / Suggestions	Response of the Licensee
1.	<p>With reference to above mentioned letter of TSERC asking for comments of stakeholders on electricity tariffs for FY 2023-24, we wish to thank you for giving us opportunity to raise our request on electricity tariff on telecom industry.</p> <p>Prsently the telecom industry is being charged commercial rates as against industrial rates resulting in undue financial burden on telecom industry which works round the clock like any other industry.</p>	<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 <b>undertake Non Domestic activity.</b></p> <p>b) Consumers who undertake Commercial activity.</p> <p>c) <b>Consumers who do not fall in any other LT category i.e., LT – I, LT – III to LT –IX categories.</b></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 &amp; repairing centres (other than that of</p>

		<p>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&amp;VII categories, it comes under LT-II category.</p>
2.	The telecom sector as the backbone of digital infrastructure of the nation, is set to be the force-multiplier for many other sectors as well. In present times, Telecom is effectively an essential service similar to access for water and electricity. It is a key driver of economic and social development in an increasingly knowledge intensive global scenario.	No comments
3.	We wish to bring to your kind notice that the Government of Telangana State vide its IT Policy 1. Telangana ICT Policy Framework 2016, 2. Telangana DATA Centres Policy 2016 (copy enclosed), has allowed the IT companies operating in Telangana State to pay industrial tariff for their power consumption. <b>24x7 Telecom Connectivity is essential and a prerequisite for seamless IT operations.</b> Therefore telecom network is also an integral part of IT eco-system. In fact, Telecom Connectivity is essential not only for IT operations but also for almost all important infrastructure to enable various services such as Digital Payments, Industry 4.0 (connected Industries), Remote Education and other infrastructure such as Power Sector which harness the benefits of Machine to Machine (M2M) connectivity.	Telecom towers are being categorised under LT-II-Non-Domestic/Commercial category by the TS Discoms as per the terms and conditions specified in RST Order for FY 2022-23.
4	Further, with the launch of 5G, we are at the cusp of embracing another round of digital revolution. 5G technology is well poised to bring in	No comment

	<p>revolutionary changes in the areas of health, agriculture, road safety, gaming, logistics, manufacturing, education, drones, smart cities, smart homes etc. Availability of 5G networks would necessarily require network densification through low distance small cells. <b>There will be a need for EB connections around the state for this massive deployment of 5G small cells.</b></p>	
5	<p>Currently there are more than 7 lakh towers deployed in India. The National Broadband Mission (NBM) has targets of 12 lakh mobile towers by the end of 2023 &amp; 15 lakh by the end of 2024. In order to achieve the NBM target of 50 lakh km of fiberization, 70% of tower being fiberized, and 50 megabits per second broadband speed, enhanced fiberization is a must.</p>	
6.	<p>High electricity tariffs are one of the biggest challenges faced by the rapidly growing telecom tower industry in India. <b>It is estimated that almost 30 percent of the tower's OPEX is accounted for the towers are related to electricity tariffs, a significant portion.</b></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>
7.	<p>There is a strong need of cross-sector collaboration between the power sector and telecom sector, which will not only reduce the cost for telecom companies but <b>Discoms will also get a new revenue stream.</b></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>
8.	<p>In view of the above, <b>we humbly request that in the State EB Tariff Orders, Telecom Industry electricity tariff may kindly be placed under Industrial rates rather than the commercial rates to bring the tariff on par with the IT services and other industries.</b></p>	