



SOUTHERN POWER DISTRIBUTION COMPANY OF A.P. LIMITED
19-13-65/A, Vidyut Nilayam, Srinivasapuram, Tirupati (www.apspdcl.in)

From

The Chief General Manager,
RAC & IPC, APSPDCL, 19-13-65/A,
Vidyut Nilayam, Srinivasapuram,
Tirupati – 517501.

To

Sri Lt. Gen. Dr. SP Kochhar,
Director General,
COAI, 14, Bhai Veer Singh Marg,
New Delhi – 110 001

Lr No. CGM/RAC&IPC/SPDCL/TPT/GM/RAC/F.ARR.Rep.(34) /D.No. 41 /24 dt. 17 -01-2024

Sir,

Sub :- APSPDCL/TPT – RAC – Replies to objections raised by Sri Lt. Gen. Dr. SP Kochhar, New Delhi on ARR & Tariff proposals - Regarding.

Ref:- Party's representation received dt.08-01-2024

Referring to the objections raised on ARR for Retail Supply Business for FY 2024-25, the reply is furnished as hereunder.

1. 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 other things is to assist the government in promoting the growth of Cellular Mobile Services in the country.

2. Apropos the above references wherein APERC has asked for comments of stakeholders on electricity tariffs for Retail Supply Business for FY 2024-25 .we wish to thank you for giving us opportunity to raise our request on electricity tariff on telecom industry. Presently 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.

3. We submit that telecom is well recognized as a public utility service & growth engine for socio-economic development of the country. It is a well-established fact that telecom penetration has a multiplier effect on 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.

4. We wish to bring to your kind notice that the Government of Andhra Pradesh vide its IT Policy, 2021-24, dated 16.07.2021 (copy enclosed), has allowed the IT companies operating in Andhra Pradesh to pay industrial tariff for their power consumption. 24x7 Telecom Connectivity is essential and a prerequisite for seamless IT operations. 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.

5. Further, with the launch of 5G, we are at the cusp of embracing another round of digital revolution. Considering the strategic importance of 5G for the citizens, society and Industries, 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. Early deployment of 5G in the States will lead to multiple new sources of revenue generation for local bodies, state government, Start-ups, existing Businesses, and the citizens. For this massive deployment of small cell (5G), there will be need for high number of EB connections around the state.

6. Currently there are more than 7 lakh towers deployed in India. The National Broadband Mission (NBM) has set targets of 12 lakh mobile towers 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.

7. 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 is accounted for the towers are related to electricity tariffs, which is a significant amount.

8. It is submitted that the Telecom Regulatory Authority of India 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 are very high, as such, has also recommended that it is justified that telecom sites should 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).

9. Further, we like to bring to notice of the Hon'ble Commission that as part of the additional Recommendations (clause iii) of the working group to the FOIR on "Cross Sector Collaborative Regulation Between Telecom Regulators and Electricity Regulators" (Copy Enclosed) it is stated that "Telecom sites should be provided electricity connection under Utility /Industrial tariff. SERCs may be requested to incorporate the same in their tariff orders."

10. 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 categorised 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. Kindly find attached copy of the said circular, please refer under section LT V: LT-Industry, pages 26, 27.

11. In view of the above, 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

Reply : As per the Clause No.1.(xvi) IT Industry/ IT Projects refers to IT product development firms, IT services, IT component of back office operations such as accounts and financial services, IT support centers, website 3 services, business process outsourcing, knowledge process outsourcing, data processing, call centers, engineering and design elements of IT infrastructure, medical transcription, legal database processing, digital content development, digital technology component of media and entertainment industry, offsite IT support, geographic information services, IT/ IT Enabled Services components of Human Resources (HR) services, insurance claim processing, payroll processing, revenue accounting, Animation Visual effects, Gaming, Comics (AVGC), datacenters, Social, Mobile, Analytics, and Cloud (SMAC), technology aspects of e-

Commerce, digital content creation, digital management and technology, natural language computing, telecom, Internet of Things (IoT) and emerging technologies such as Cyber Security, Blockchain, Artificial Intelligence, Machine Learning, etc. This does not include companies engaged in manufacturing of IT/ telecom hardware.

Clause 1.(xxiv) Telecommunications service provider includes basic telecom service providers (fixed), cellular (mobile) companies, telecom infrastructure companies, Internet Service Providers (ISP) and any other value-added services licensed by Ministry of Electronics and Information Technology(MeitY), Government of India.

As per Clause 8 (vi) of AP IT Policy, all IT companies operating in Andhra Pradesh shall be eligible for industrial tariff towards their power consumption.

As seen from the above, the Industrial tariff is applicable only for IT companies and not Telecom Service providers as per the AP IT Policy.

Further, in the Tariff Order for FY 2023-24, responding to the similar request by the Telecom Service providers, the Honourable APERC has observed as follows.

As per the Judgments of Honourable Supreme Court, the policies of the State / Central Govts., are not bindings on the SERCs in tariff determination. Therefore, the IT policy of GoAP is not binding on the Commission. The recommendation of FOIR, TRAI are suggestive only. Therefore they are not binding on the Commission. As opined by the DICOMs all service providers are to be billed under the Commercial category by the application of definitions in the Retail Supply tariff Orders and not under Industrial category.

Further, all service providers collect tariffs for the service provided and hence come under Commercial category only.

Further, it is to inform that, the Honorable APERC is conducting public hearings on ARR filings for FY 2024-25 & Distribution Business for 5th control period through video conference from Conference Hall, APEPDCL, Visakapatnam. The hearings will be held in respect of all the three DISCOMs on 29-01-2024, 30-01-2024 and 31-01-2024 from 10.30 AM to 1.00 PM and from 2.00 PM to 4.30 PM. APSPDCL has facilitated Video Conference at all offices of Superintending Engineer / Operation at district headquarters and at all remaining offices of Executive Engineer / Operation. Specification of the date and time for objector is under the purview of Honourable Commission.

Yours faithfully



Chief General Manager / RAC & IPC

Copy submitted to the Secretary, APERC, 11-4-660, 4th Floor, Singareni Bhavan, Red Hills, Lakdikapul, Hyderabad-04