EEFI

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Date: 23 June 2026

To

The Secretary,
Karnataka Electricity Regulatory Commission (KERC),
No. 16, C-1, Millers Tank Bed Area,
Vasanth Nagar, Bengaluru - 560 052.

Respected Sir,

Subject: Strong Objection to Grant of Distribution Licenses to Tata Power Company Limited under Sections 14 & 15 of the Electricity Act, 2003 – Petitions MP 02/2026 to MP 06/2026 – Request for Rejection after Due Public Consultation and Hearing.

References (Publicly Available Documents)

1. Prayas (Energy Group), *"In the Name of Competition"* (analysis of Mumbai parallel licensing).
2. Supreme Court of India, Judgment dated 08.07.2008 in *Tata Power Company Ltd. vs. Reliance Energy Ltd.*
3. Appellate Tribunal for Electricity (APTEL), Judgment dated 11.03.2026 in Appeal No. 279 of 2017.
4. Haryana Electricity Regulatory Commission (HERC) Interim Order dated 26.05.2026 in Petition No. 30 of 2026 (Eleven Power Pvt. Ltd.).
5. Odisha Electricity Regulatory Commission orders regarding revocation of distribution licenses (2015 – NESCO, WESCO, SOUTHCO).
6. Technical literature/studies on impacts of multiple distribution operators on grid stability, protection, and coordination in active distribution networks.

The Electricity Employees Federation of India (EEFI), representing thousands of dedicated employees in the power sector across the country, including those associated with Karnataka's electricity utilities, hereby submits its formal objections to the petitions filed by Tata Power Company Limited (TPCL) seeking parallel distribution licenses in multiple districts across Karnataka (covering areas under BESCOM, CESC, HESCOM, MESCOM, and GESCOM).

We request that these petitions be rejected in the larger public interest, after providing adequate opportunity for public consultation and hearings as mandated under the Electricity Act, 2003, and KERC Licensing Regulations, 2020.

Background

Tata Power has applied for distribution licenses in 15+ districts without owning or proposing a fully independent distribution network. This move risks undermining the financial and operational stability of Karnataka's state-run Electricity Supply Companies (ESCOMs), which operate on a cross-subsidy model to ensure affordable power to agriculture, rural households, and weaker sections.

Key Technical and Legal Objections

A. Failure to Build and Maintain an Independent Distribution Network

Section 14 of the Electricity Act, 2003, and associated regulations emphasize that a distribution licensee must develop and maintain its own efficient, coordinated, and economical distribution system. Parallel licensees are expected to operate through their own infrastructure, not by relying on or "cherry-picking" access to existing state-owned networks.

Tata Power's applications appear to contemplate operations without substantial new network investment in the specified areas, effectively seeking to utilize KPTCL/ESCOM infrastructure. Experiences from other states, particularly Mumbai, highlight persistent disputes over network sharing, cost allocation, and reliability. As documented in the Prayas (Energy Group) report *"In the Name of Competition"*, key ongoing challenges include "disputes over duplication of distribution networks, cherry picking of consumers, use of networks owned by one licensee by the other, and over cross subsidies... [along with] power purchase agreements (PPAs)." (Reference 1)

The Supreme Court (judgment dated 08.07.2008 in *Tata Power Co. Ltd. vs. Reliance Energy Ltd.*) and subsequent MERC/APTEL orders (including APTEL Judgment dated 11.03.2026 in Appeal No. 279 of 2017 on phased rollout) have not resolved these complexities, resulting in prolonged litigation and inefficiencies. (References 2 & 3) Granting licenses without firm commitments to independent networks in Karnataka would replicate these issues at scale. Parallel licensing will also introduce unnecessary duplication of administrative structures, increasing overall overhead costs passed on to consumers.

B. Violation of Universal Service Obligation (USO) under Section 43

Every distribution licensee has a statutory duty to supply electricity to any applicant within one month (Section 43). Private entrants often engage in cream-skimming (cherry-picking) high-paying industrial, commercial, and urban consumers while avoiding or minimally serving subsidized agricultural, rural, and low-income categories.

In Mumbai, Tata Power successfully attracted bulk and high-value consumers from incumbents due to lower-cost power, described as "poaching of remunerative consumers... affecting the business of the [incumbent] and thereby threatening its commercial viability." (Reference 1) Similar risks have been flagged in Haryana (HERC interim order dated 26.05.2026 in Petition No. 30 of 2026) and Odisha's privatization experiments. (References 4 & 5)

Karnataka ESCOMs already face significant accumulated losses (around ₹35,000 crore in FY 2024-25) and borrowings. Loss of high-revenue consumers would exacerbate the subsidy burden on the State exchequer, weaken cross-subsidies, and potentially lead to higher tariffs for remaining consumers—directly contravening the spirit of equitable and universal access.

C. Threats to Grid Stability, Maintenance, Safety of Line Workers, and Overall System Reliability

- **Grid Stability and Operations:** Introducing multiple operators without clear demarcation or robust coordination mechanisms risks fragmentation, increased technical losses, coordination failures in fault management, and safety hazards for frontline workers. State utilities bear the primary responsibility for transmission (KPTCL) and overall grid integrity. Multiple licensees can complicate load flows, protection coordination, outage management, renewable integration, and open access—issues amplified in systems managing high agricultural loads. This will create chaos in grid management and potential risks to system stability. (Reference 6)
- **Maintenance and Safety:** Dilution of accountability could compromise maintenance standards, especially in rural and semi-urban areas. Employee unions have consistently highlighted risks to worker safety and service conditions under privatization models. Fragmented responsibility often leads to disputes over infrastructure ownership and delayed repairs.
- **Public Interest and Employment:** This model threatens thousands of jobs in state utilities through outsourcing/contractualization and undermines the public service character of electricity distribution. Private operators frequently rely on contract labour, leading to poorer service conditions and weakened collective bargaining. It also raises concerns over inadequate experience and operational preparedness of new entrants.

Additional Concerns (Relevant from Similar Proceedings):

- **Financial and Operational Capability:** Serious questions arise regarding the petitioner's ability to undertake massive investments without proven track record in comparable areas.
- **Unnecessary Privatization:** When ESCOMs are improving efficiencies under schemes like RDSS, parallel licensing is unwarranted and against integrated planning.

- **No Demonstrable Public Interest:** Claims of modernization often lead to profiteering, skimping on long-term investments in non-remunerative segments, and higher overall system costs.
- **Precedent from Other States:** Failures in Odisha (1999 concessions revoked in 2015 for NESCO, WESCO, SOUTHCO due to poor performance and high losses) demonstrate long-term burdens on public utilities and the state exchequer. (Reference 5)

Prayer

1. Reject the petitions MP 02/2026 to MP 06/2026 filed by Tata Power Company Limited.
2. Conduct a transparent public hearing and consider all stakeholder objections.
3. Uphold the position of state ESCOMs to protect cross-subsidies, universal service, grid stability, and public interest.
4. Ensure any alternative model complies strictly with USO and independent network requirements, with strong safeguards against cherry-picking and employment impacts.

EEFI stands ready to provide further technical inputs or participate in hearings. We request immediate acknowledgment and intimation of hearing dates.

Yours faithfully,

Sudeep Dutta
GENERAL SECRETARY