



DG/COAI/2023/016

January 08, 2024

Hon'ble Justice Shri C.V. Nagarjuna Reddy

Chairman, Andhra Pradesh Electricity Regulatory Commission

Email: chmn@aperc.gov.in

Subject: Request to Put Telecom Services in Industrial Tariff Category

References:

- 1. Information Technology, Electronics and Communication Promotion) Department G.O. MS No6 dated 16.7.2021,**
- 2. State IT Policy 2021-24**

Respected Sir,

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

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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

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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.

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- 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.**

We trust our earnest submission will merit your kind consideration and look forward to valued support of your good office in this important matter.

Regards

Lt. Gen Dr. SP Kochhar
Director General

Encl – a/a

CC--

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