

**NORTHERN POWER DISTRIBUTION COMPANY OF T.S. LIMITED,
CORPORATE OFFICE: WARANGAL**

**Additional Information on ARR, Tariff, CSS, AS proposals for Retail Supply
Business for FY 2018-19**

General

3. The Commission in the Retail Supply Tariff Order for FY 2017-18 directed the DISCOMs to verify that the calorific value of coal for which the price is being paid by its contracted generating stations should not be less than the minimum of the range of GCV specified for that particular grade. In this regard, the analysis carried out to ensure compliance to the above stated directive, for the actual power purchased during the months of September to November, 2017 may be submitted.

Reply:- The licensee would like to submit to the Hon'ble Commission that, as per the directions of Ministry of Coal, Govt. of India, a tripartite agreement was entered on 29.11.2016 between TSGENCO, SCCL and CIMFR (Central Institute of Mining and & Fuel Research) for carrying out third party sampling at various loading points of M/s SCCL for supply of coal. CIMFR has commenced the third party sampling and testing of coal with effect from 20.06.2017. The payment to M/s SCCL is based on the grades (GCV) certified by CIMFR.

5. TSNPDCL to submit the impact of debt taken over by the State Government under the UDAY Scheme on its Distribution and Retail Supply Business for FY 2018-19 along with the computations in MS Excel with appropriate formulae and linkages.

Reply:- The licensee would like to submit that the takeover loans under UDAY scheme would impact the distribution business which can be trued-up at the end of the control period. With regard to the retail supply business, the licensee would like to submit that Hon'ble Commission has been permitting the agricultural sales which are limited to approved levels only. However, the licensee has taken loans for supplying power to agricultural consumers and the same has not been considered by the Hon'ble Commission. Hence the licensee prays that the Hon'ble Commission not to consider any reduction due to takeover of loans under UDAY scheme.

Sales Forecast

8. The Commission, in the RST Order for FY 2016-17, directed to follow the report of Indian Statistical Institution which was submitted to the erstwhile APERC and approved in estimation of agricultural consumption for FY 2017-18. In this regard, TSNPDCL should submit a detailed write-up on how the above directive has been complied while projecting the agricultural consumption for FY 2018-19.

Reply:- At present, erstwhile APERC approved ISI methodology is being adopted for estimating agricultural energy consumption. Which is as follows:

- 3,168 energy meters are installed at LV side of sampled AGL DTRs of different capacity in TSNPDCL as per the ISI methodology.
- Monthly readings are taken manually and through MRI.
- Out of the sample DTR readings obtained, only valid DTR readings are being taken into consideration for estimation of AGL consumption.
- Circle wise Month wise consumption in Units/KVA for the period 2016-17 and till September 2017 are considered.
- As the Telangana State Government started implementing 24hrs power supply to Agriculture on a pilot basis in Karimnagar circle under TSNPDCL from mid July 2017, the growth in consumption for the period August and September 2017 over the same period in the previous year is computed, for Karimnagar circle where 24hrs power supply is implemented.
- It is observed that the average growth in Units/KVA in these circle is 39.33%

Computation of growth in Consumption in Units/KVA because of implementation of 24 hrs power supply to Agriculture			
Circle	Avg consumption of Aug-Sep'16 (Units/KVA)	Avg consumption of Aug-Sep'17 (Units/KVA)	Growth % Aug-Sep 2017/2016
Karimnagar	59.78	83.30	39.33%
Average Growth in Consumption in Units/KVA with 24hrs power to Agriculture			39.33%

- As per the Telangana State Government Policy to supply 24hrs power to Agriculture from January 1st, 2018, the consumption for the period Jan-March 2018 and for the entire year of 2018-19 is projected considering the growth of 39.33%.
- The Circle wise total DTR capacity in kVa for FY 2017-18 is estimated by adding additional DTR capacity from new connections to be released to the the existing DTR capacity.

Circle	Total Estimated DTR Capacity (KVA) for FY 2017-18
Warangal	1,592,241
Karimnagar	1,454,798

Khammam	803,064
Nizamabad	1,736,001
Adilabad	713,810
Total	6,299,914

- The average growth of 39.33% is applied to the average consumptions in the months of January, February and March 2017 and multiplied the same with projected circle wise DTR capacities to arrive at the circle wise month wise consumptions for the period January to March 2018.
- The total agriculture consumption under TSNPDCL for the year 2018-19 is projected as 6,754 MUs based on the above methodology.
- The Circle wise total DTR capacity in kVa for FY 2018-19 is estimated by adding additional DTR capacity from new connections to be released in the year 2018-19 to the existing DTR capacity.

Circle	Total Estimated DTR Capacity (KVA) for FY 2018-19
Warangal	1,626,150
Karimnagar	1,488,111
Khammam	846,678
Nizamabad	1,777,207
Adilabad	748,267
Total	6,486,414

- The circle wise month wise consumption is projected for the year 2018-19 by applying the average growth of 39.33% to the circle wise month wise average consumption in the year 2016-17 and multiplying the same with the circle wise projected DTR capacity for 2018-19.

- The total agriculture consumption under TSNPDCL for the year 2018-19 is projected as 7,715 MUs based on the above methodology.

However, the total projected consumption for Agriculture is reduced because of the following reasons:

- The entire estimated total DTR capacity for H2 2017-18 and 2018-19 is considered for projecting the consumption. However, in reality, the new connections will be released in a phased manner over months.
- An Additional sales of 3292 MUs for LI Schemes is projected for the year 2018-19 under TSNPDCL. This will reduce burden on Agriculture pump sets to an extent.
- Telangana State Government is actively campaigning for removal of auto starters for the pump sets. This will avoid wastage of water and electricity.
- With the implementation of 24 hrs power supply to Agriculture, the farmers can pump water at any time of the day at their comfort. Because of this, it is expected that they will judiciously pump water only as per their requirement resulting in lower consumption of electricity.

Considering the above facts, a conservative approach was followed and the projected consumption for 2017-18 and 2018-19 is reduced as shown below:

AGL estimated consumption for FY 2016-17	Estimated AGL consumption for FY 2017-18	Projected AGL consumption for FY 2018-19
5606.04 MU	6186.47 MU	7087.77 MU

The above approach will help us in mitigating any burden on the consumers. DISCOMs would file true-up for any additional sales for Agriculture, as may be required.

Power Purchase Cost

9. TSNPDCL, on Page 27 of its Petition, submitted that one Unit of 60 MW Unit of KTPS-A would be phased out and no energy has been considered from that Unit during FY 2018-19. However, on Page 38, the entire fixed charges of KTPS-A has been considered for FY 2018-19. TSNPDCL to submit the justification for considering the entire fixed charges when one Unit would be phased out.

Reply:- It is submitted that Unit-3 of 60 MW of KTPS A has been under shut down since 20.05.2017 due to turbine problem. Therefore, energy availability from this unit has not been considered for FY 2018-19. Since, the decision on retirement of Unit-3 is still awaited from the Government; the fixed cost liability has not been adjusted.

12. TSNPDCL, on Page 33 of its Petition, submitted that there has been no scheduling from Machhkund and Tungabhadra to Telangana State since June, 2017. TSNPDCL to submit the reasons for the same.

Reply:- The licensee humbly submits to the Hon'ble Commission that the APGENCO has given final regulation scheme with effect from 00:00 hrs of 11.06.2017 for regulating the power supply (100% TSDISCOMs share) from APGENCO stations including Tungabhadra and Machkunda stating that dues were not settled by TS DISCOMs. (APGENCO Final Regulation is enclosed as **Annexure-I**). Hence the same was not considered for the projections.

15. TSNPDCL submitted that the variable charges for FY 2018-19 for NTPC stations has been considered as given the generators. TSNPDCL to submit the copy of correspondence received from the generators in this regard.

Reply:- The licensee would like to submit that the projected variable charges are based on the variable charges per unit claimed by the generator during the monthly Energy Bill of August'17 which is enclosed as **Annexure-II**.

Name of Station	Bill No.
Ramagundam (RSTPS 1& 2)	601178932
Ramagundam 3	601178933
Simhadri 1	601178934
Simhadri 2	601178930
Talcher Stage 2	601178935

16. TSNPDCL to submit the supporting documents regarding the approved tariff, applicable for power purchase from the automatic power stations for FY 2018-19.

Reply:- The licensee would like to humbly submit to the Hon'ble Commission that the Atomic power stations tariff is determined by DAE/GOI from time to time. The tariff considered for F.Y.2018-19 are projected based on the bills raised by the Generators for the month of Sep'17. The copy of the bills is enclosed as **Annexure III(A) & Annexure III(B)**.

17. TSNPDCL to submit the basis along with the computations for the tariff considered for the power purchase in FY 2018-19 under the long-term PPAs with TPCIL.

Reply:- The details of assumptions and computations for the tariff considered for TPCIL for FY 2018-19 are enclosed as Annexure-IV.

Revenue

18. As against the energy requirement of 22098 MU for FY 2018-19, the energy availability has been projected as 23064 MU. TSNPDCL to submit if any of surplus power is projected in FY 2018-19 and if yes, the revenue from such sale of surplus power may be submitted.

Reply:- The licensee would like to humbly submit that no revenue from sales of excess power has been considered.

Cross Subsidy Surcharge

22. TSNPDCL requested the Commission to notify suitable guidelines for reduction of cross subsidy surcharge in the State. TSNPDCL to submit its detailed proposal in this regard.

Reply:- It is to submit that the following 11 categories have a tariff beyond the range of +/- 20% of Average Cost of Service.

Categories	Average Billing Rate (Rs. /unit)	Cross Subsidy as a % of ACOS
LOW TENSION		
LT- I Domestic	3.48	45.42%
LT- II Non-Domestic/Commercial	9.84	-54.54%
LT- III Industry	8.12	-27.41%
LT-IV Cottage Industries	4.73	25.73%
LT- V Agriculture	0.07	98.83%
HIGH TENSION		
HT Category at 11 kV		
HT-I Indl Segregated	8.25	-29.48%
HT-II - Industrial Non Segregated	10.25	-60.87%
HT - III Aviation	8.86	-39.14%
Rural Co-operatives	1.02	84.05%
HT Category at 33 kV		
HT-II - Industrial Non Segregated	9.48	-48.75%
HT Category at 132 kV		
HT-II - Industrial Non Segregated	29.11	-357.06%

Note: Average Cost of Service as per ARR filing 2018-19 for TSNPDCL is Rs. 6.37/unit.

As per section 39 & 40 of Electricity Act 2003, the surcharges and cross subsidies shall be progressively reduced in a manner as specified by the State Commission.

As per Clause 8.3 of National Tariff Policy 2016, for achieving the objective that the tariff progressively reflects the cost of supply of electricity, the cross subsidy may be reduced gradually in a phased manner to keep the tariffs within +/- 20% of the Average Cost of Supply.

Hon'ble TSERC may gradually reduce Cross-Subsidy over a period of 5 years to achieve the above objective.

Additional Surcharge

23. The Commission vide its Order dated 13.12.2017 on approval of Additional Surcharge for FY 2017-18 had issued certain directives to the DISCOMs. TSNPDCL to submit the compliance to those directives.

Reply:- The status of compliance of the directives issued in the Additional Surcharge Order for FY 2017-18 is given below:

Directive No.	Description	Compliance Report
4.1	The Licensees are directed to submit a detailed report on adoption of steps for retention of open access consumers	The report is enclosed herewith as Annexure-V
4.2	The Licensees are directed to propose a mechanism to determine quantum of stranded power purchase commitment in each time block and the charges for same and present the same before Commission by March 31, 2018	Will be complied with
4.4	The Licensees shall frame terms and conditions of additional surcharge applicable to consumers and submit the same for Commission's approval prior to March 31, 2018	The Licensee is under process of preparation of terms and conditions of additional surcharge applicable to consumers and will be submitted before March 31, 2018.

Standby charges

24. TSNPDCL requested the Commission to fix standby charges for Open Access consumers. TSNPDCL to submit its detailed proposal specifying the charge.

Reply:- Standby arrangements would be required by Open Access Consumers to overcome the deficits in situations such as outages of generator, transmission assets etc. In such situations, the Open Access consumer may have to consume power from the DISCOMs. The charges for maintaining standby arrangements for such consumers should be reflective of the costs incurred by DISCOMs for providing these support services.

As per Clause 8.5.6 of the Tariff Policy 2016, "in case of outages of generator supplying to a consumer on open access, standby arrangements should be provided by the licensee on the payment of tariff for temporary connection to that consumer category as specified by the Appropriate Commission. Provided that such charges shall not be more than 125 percent of the normal tariff of that category."

Standby charges may be designed to reflect the actual fixed cost and variable cost liability incurred by the DISCOMs to supply back up power to Open Access consumer.

The Hon'ble Commission may design two-part standby charges with fixed charge and variable charge components. In line with the provisions specified under Para 8.5.6 of the Tariff Policy 2016, the limit of 125% may be applied separately on the rate for fixed charge and variable charge.

Standby charge may be determined annually by the Hon'ble Commission to reflect the variation in costs over time