



**SOUTHERN POWER DISTRIBUTION COMPANY**  
**OF TELANGANA LIMITED**

From  
Chief General Manager (RAC),  
TSSPDCL, Corporate Office,  
6-1-50, Mint Compound,  
Hyderabad - 500 063.

To  
The Commission Secretary,  
TSERC, 11-4-660, 5<sup>th</sup> Floor,  
Singareni Bhavan, Red Hills,  
Hyderabad - 500 004.

**Lr. No.CGM(RAC)/SE(RAC)/DE(RAC)/F.No.A104/D.No.703/24, Dt:30-01-2024.**

Sir,

Sub:- TSSPDCL- RAC - Replies to the objections raised by the objectors on the filings of Additional Surcharge for H1 of FY2024-25 - Submission - Reg.

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The Licensee is submitting the replies, to the objections raised by the objectors on filings of Additional Surcharge for H1 of FY2024-25, with a request to kindly place the same before the Hon'ble Commission for approval.

Yours faithfully,

Enclosures: As above

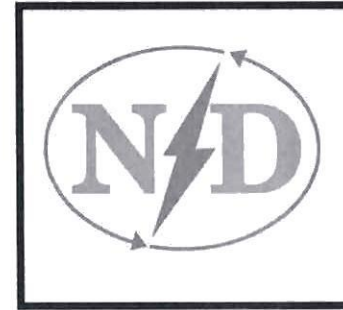


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**SOUTHERN POWER DISTRIBUTION COMPANY OF TELANGANA LTD.**

**&**

**NORTHERN POWER DISTRIBUTION COMPANY OF TELANGANA LTD.**



**RESPONSES TO OBJECTIONS / SUGGESTIONS**

**On**

**Determination of Additional Surcharge for H1 of FY 2024-25**

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S.No.	Name and Address of the Objector	Pg.No.
1.	<u>Mr.Jogendra Behera, CRO &amp;VP - Market Economics &amp; Regulatory, IEX, C/o Avanta Business centre, First Floor,Unit no.1.14(a), D2, Southern Park, District Centre Saket - 110017.</u>	3-5
2.	<u>M/s The Federation of Telangana Chambers of Commerce and Industry (FTCCI), Federation House, Federation Marg, 11-6-841, Red Hills, Hyderabad 500004</u>	6-17
3.	<u>M/s South Indian Cement Manufactures' Association( SICMA), 3<sup>rd</sup> Floor,36Square, Plot No.481, Road No.36, Jubilee Hills, Hyderabad - 500 004.</u>	18-29
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6	<u>M/s Arhyama Solar Power Pvt.Ltd. Margi Building Room No-201 &amp;202, 8-3-224/4/A/11 &amp;12, F/4,Yousufguda main road, Madhuranagar,Hyderabad-38</u>	36-38
7	<u>M/s Enersol Infra Pvt.Ltd. Managing Director, Unit No.405, 4<sup>th</sup> Floor, Fortune Monarch Mall, Road No.36, Jubilee Hills, Hyderabad - 500 033.</u>	39-42
8	<u>M/s Ushodaya Enterprises Private Limited, Eenadu Corporate Office, Ramoji Film City, Anajpur Village, RR Dist-501512</u>	43-44



**1. Response to IEX**

S.No	Summary of Objections / Suggestions	Response of the Licensee
1	<p>1. The State Distribution Companies of Telangana i.e. TSSPDCL &amp; TSNPDCL (hereinafter referred to as 'Licensees' or 'Petitioners' or 'Discoms') have filed the present Petitions before the Hon'ble Telangana State Electricity Regulatory Commission (hereinafter referred to as 'Hon'ble Commission') for determination of Additional Surcharge (ASC) of Rs. 1.95/ unit for H1 of FY 2024-25. IEX comments in the subject petition are as under.</p> <p><b><u>Additional Surcharge not to be applicable on the OA Consumer to the extent of contract demand being maintained with the distribution licensees</u></b></p> <p>1.1. It is submitted that Additional Surcharge under Section 42(4) is only towards meeting the fixed cost of the distribution licensee out of its obligation to supply electricity. This fixed cost is the stranded power purchase commitments of the licensees on account of the open access consumers. The surcharge being compensatory in nature, is applicable only if there is stranded power purchase cost on account of the open access consumers and for no other reason.</p> <p>1.2. The National Tariff Policy, 2016 clarifies the condition when additional surcharge would be applicable, namely, if the distribution licensees conclusively demonstrate the stranded cost caused by the open access consumers. The National Tariff Policy, inter-alia, reads as under:  <i>"8.5.4 The additional surcharge for obligation to supply as per section 42(4) of the Act should become applicable only if it is <b>conclusively demonstrated</b> that the obligation of a licensee, in terms of existing power purchase commitments, <b>has been and continues to be stranded</b>, or <b>there is an unavoidable obligation and incidence to bear fixed costs</b> consequent to such a contract. The fixed costs related to network assets would be recovered through wheeling charges."</i></p> <p>1.3. The Ministry of Power recently issued Electricity (Amendment)</p>	<p>The Additional Surcharge is computed for H1 of FY 2024-25 based on the approved methodology in O.P No 23 of 2020 along with the directions issued in the AS order for H1 &amp; H2 of FY 2023-24 by Hon'ble TSERC.</p> <p>Hence, TS Discoms have followed the Hon'ble Commission's methodology for determination of Additional Surcharge for H1 of FY 2024-25 in order to meet the fixed costs incurred by the TSDISCOMs on account of stranded capacity due to open access.</p>



S.No	Summary of Objections / Suggestions	Response of the Licensee
	<p>Rules, 2024 on 10.01.2024 clarified that the additional surcharge shall not be applicable on the Open Access Consumer to the extent of contract demand being maintained with the distribution licensees. The relevant extract of the Electricity (Amendment) Rules, 2024 is provided below:</p> <p><i>“(3) <b>Additional Surcharge.</b>– The additional surcharge levied on any Open Access Consumer shall not be more than the per unit fixed cost of power purchase of the distribution licensee concerned: Provided that for a person availing General Network Access or Open Access, the additional surcharge shall be linearly reduced from the value in the year in which General Network Access or Open Access was granted so that, if it is continued to be availed by this person, the additional surcharge shall get eliminated within four years from the date of grant of General Network Access or Open Access: <b>Provided further that the additional surcharge shall not be applicable for Open Access Consumer to the extent of contract demand being maintained with the distribution licensees:</b> Provided also that the additional surcharge shall be applicable only for the Open Access Consumers who are or have been consumers of the concerned Distribution licensee.”</i></p> <p>1.4. Therefore, it is understood from the above rules that the Additional Surcharge shall not be applicable on the Open Access Consumer to the extent of contract demand being maintained with the distribution licensees. The Hon’ble Commission is requested to kindly consider the same while finalising the current petition.</p>	
2	<p><b>ISTS &amp; STU Charges may not be considered for computation of ASC</b></p> <p>2.1. For the computation of per unit transmission charges, the Discoms have considered Rs. 2908 Cr. as paid during H1 FY 2023-24.</p> <p>2.2. It cannot be ascertained from the submissions whether the inter-state, intra-state transmission charges and SLDC charges are also</p>	<ul style="list-style-type: none"> <li>The Hon’ble Commission in its order in OP No.23 of 2020 (pg 12) opined that the methodology of AS computation was approved in the Order dated 13.12.2017 in I.A.Nos.22&amp;23 of 2017 in O.P.Nos.22&amp;23 of 2016 respectively (AS Order for FY17-18) and the same have attained finality. The Commission while determining AS for H1 &amp; H2 of FY 23-24, H1&amp;H2 of 2022-23, and H2 FY 2021-22, have also considered the ISTS charges.</li> </ul>

S.No	Summary of Objections / Suggestions	Response of the Licensee
	<p>included in the transmission charges. Inclusion of ISTS and STU charges while computing Additional Surcharge will lead to excessive recovery of revenue by the Discom and inter-alia result in overburdening of the Open Access consumers.</p> <p>2.3. We submit here that the Hon'ble CERC in clause 11 (3) of the CERC (Sharing of Inter-State Transmission Charges and Losses) Regulations, 2020 clarify that any consumer availing open access to the ISTS system also pays its ISTS cost for the power procured through open access, the benefit of which accrues to the State/ Discom in reduction of their ISTS charges. Relevant clause of the Regulation is provided below:</p> <p><b><i>“11. Transmission charges for Short Term Open Access</i></b></p> <p>.....</p> <p><i>(3) Transmission charges for Short Term Open Access paid by an embedded intra-State entity during a month shall be reimbursed in the following billing month to the State in which such entity is located.”</i></p> <p>2.4. Similarly, the embedded open access consumers are also paying STU charges as part of the fixed charges and additionally STU charges on all open access transactions.</p> <p>2.5. It is in view of the above that inclusion of ISTS &amp; STU charges again for computation of Additional Surcharge as claimed by the Petitioner, will lead to double levy of the same charge on open access consumers. Thus, we request the Hon'ble Commission to re-consider its view on allowing inclusion of ISTS &amp; STU charges in the ASC.</p> <p><b>In addition to the above, the Hon'ble Commission is requested to conduct the required prudence of the fixed costs claimed for H1-FY 24-25 while finalizing the Additional Surcharge to be levied on open access consumers.</b></p>	<ul style="list-style-type: none"> <li>• Hence, the licensee considered the transmission charges i.e., both intra-state &amp; inter-state transmission charges for computing per unit transmission charge in conformity with the aforementioned order.</li> <li>• Further, there is no rationality in considering intra state transmission charges alone, as the Discoms have long term power purchase commitment agreements concluded with both intra and inter-state generators thereby utilizing the intra and inter-state transmission corridors. Further, backing down of generation is not limited to intrastate generators alone. Hence, the transmission charges, that are considered in totality, are justified in arriving at per unit transmission charge.</li> <li>• TS Discoms understands that the ISTS cost paid by the consumer availing ISTS system, benefits in reduction of POC charges for the state. However, the same benefits have been passed on to the consumer through APR filed by TS TRANSCO.</li> <li>• The Hon'ble Commission passed the orders duly considering the benefits in reduction of the POC charges for the state in the respective APRs filed by TS TRANSCO.</li> <li>• Hence, the consideration of inclusion of ISTS charges in the Additional Surcharge is appropriate.</li> <li>• Further, the licensees have already provided the complete breakup of the individual fixed cost of each generating station that has been considered in the determination of AS for H1 FY 2024-25.</li> <li>• The invoices, received from the generators, were verified as per terms and conditions of PPA by internal audit of TS Discoms and after their claims only the bills are passed for payments.</li> <li>• TS Discoms will adhere to the instructions of the Hon'ble Commission for any further requirement of additional information.</li> </ul>



**2. Response to The Federation of Telangana Chambers of Commerce and Industry (FTCCI)**

S.No	Summary of Objections / Suggestions	Response of the Licensee
1	<p>A. At the outset, FTCCI submits that given the rising costs of electricity and green imperatives for the industries under ESG by SEBI as well, Open Access should be facilitated for the industries, which in turn will help the grid as well, because the Industrial consumers have a flatter and mostly a fixed load curve and consumption pattern, which enables better capacity utilization and comparatively low Cost of Service for the Utilities. They also subsidize a lot of consumers for the utilities.</p> <p>It is pertinent to mention here that all consumers availing open access through a captive generating plant are exempted from any surcharge in terms Clause 39(2)(d)(ii) of the Act.</p> <p>However, the levy of an Additional surcharge further deters industrial consumers from availing Open access.</p> <p>However, a proposal to levy an additional surcharge as high as Rs. 1.95/kWh is exorbitant and unjust. FTCCI strongly objects to the claim of Additional Surcharge from the Open Access consumers during H1 of FY 2024-25 and prays that the same may be rejected in line, with the interest of justice and equity.</p>	<ul style="list-style-type: none"> <li>• Sub-section (2) of Section 42 of the Electricity Act 2003 mentions that – <i>“Provided that 1[such open access shall be allowed on payment of a surcharge] in addition to the charges for wheeling as may be determined by the State Commission:”</i></li> <li>• Further, Sub-section (4) of Section 42 also highlights the need of additional surcharge by stating: <i>“4) Where the State Commission permits a consumer or class of consumers to receive supply of electricity from a person other than the distribution licensee of his area of supply, such consumer shall be liable to pay an additional surcharge on the charges of wheeling, as may be specified by the State Commission, to meet the fixed cost of such distribution licensee arising out of his obligation to supply.”</i></li> <li>• Further, the National Tariff Policy (NTP) Notified by Ministry of Power on 28th January 2016 has the following provision on the Additional Surcharge – <i>“The additional surcharge for obligation to supply as per section 42(4) of the Act should become applicable only if it is conclusively demonstrated that the obligation of a licensee, in terms of existing power purchase commitments, has been and continues to be stranded, or there is an unavoidable obligation and incidence to bear fixed costs consequent to such a contract. The fixed costs related to network assets would be recovered through wheeling charges”.</i></li> <li>• Hence, TSDISCOMs filed petition for determination of AS applicable for OA consumers as per the above legal provisions.</li> </ul>



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B. Further, FTCCI would like to draw the attention of the Hon'ble Commission towards the impact of additional surcharge in the state.

**Additional Surcharge for TSDISCOMs**

	Unit	AS H1 2022- 23	AS H2 2022-23	AS H1 2023-24	AS H2 2023 -24	As H1 2024 -25
Open access Sales	MU	645.90	370.34	213.29	132. 30	354. 75
<b>Claimed by TSDISCOM s</b>	<b>Rs/k Wh</b>	<b>4.06</b>	<b>6.81</b>	<b>9.86</b>	<b>3.43</b>	<b>1.95</b>
Computed by Commission	Rs/kW h	3.48	1.38	0.39	1.98	
<b>Approved by Commission</b>	<b>Rs/k Wh</b>	<b>1.15 (33%)</b>	<b>1.38</b>	<b>0.39</b>	<b>1.98</b>	

It can be observed in the above table, that there is a decreasing trend in Open Access Sales and an increasing trend in Additional surcharge, which means it's a deterrent to Open Access.

**Another trend that can be seen is that each H1, the TSDISCOMs Claim an exorbitant high value of additional surcharge, which can be attributed to many factors such as, wrong computations, wrong numbers, intent etc. Each year, the Hon'ble Commission has reduced the claimed figures of Additional surcharge by more than 50%. This shows that TSDISCOMS either submitted the wrong computations intentionally or are not following the methodology prescribed by the Hon'ble Commission.**

FTCCI urges the Hon'ble Commission that the data shown by TSDISCOMs needs to be verified rigorously, to avoid any

The TSDISCOMs claimed the AS year on year based on the methodology approved by the Hon'ble Commission. The Hon'ble TSERC in its order for H1 of FY 2022-23 has stated the following:

*"TSDiscoms are entitled to the Additional Surcharge computed as above but at the same time such Additional Surcharge, being significantly higher than the present level of Additional Surcharge, could hinder the promotion of competition that the Electricity Act, 2003 advocates. Therefore, in the interest of all the stakeholders, the Commission decides to allow Additional Surcharge of Rs.1.15/kWh (i.e., ~ 33% of Rs.3.48/kWh)"*

- Further the Hon'ble Commission has issued directions in the orders for AS for H1 & H2 of FY 2023-24 to implement the modifications made in the orders.
- The Hon'ble TSERC has determined the AS for H2 of FY 2021-22 and H1 of FY 2022-23 and allowed the AS of 40% and 33% of approved only. As a result the TSDISCOMs have lost the revenue from AS entitled to.
- Hence, the contention of the objector that TSDISCOMS either submitted the wrong computations intentionally or are not following the methodology prescribed by the Hon'ble Commission is strictly denied.



	loading of the inefficiency of Discom on state Consumers in the form of Additional Surcharge.	
3	<p>C. FTCCI further submits that as Hon`ble Commission, in Order dated 22.3.2022 during the approval of H1 of FY 2022-23, decided as under:</p> <p><i>Quote</i>  <i>"The preamble of the Electricity Act, 2003 emphasises, amongst others, "for taking measures conducive to development of electricity industry, promoting competition therein, protecting interest of consumers and rationalisation of electricity tariffs". The Commission has to do a balancing act in fulfilment of the mandate of the Electricity Act, 2003.</i></p> <p><i>TSDiscoms are entitled to the Additional Surcharge computed as above but at the same time such Additional Surcharge, being significantly higher than the present level of Additional Surcharge, could hinder the promotion of competition that the Electricity Act, 2003 advocates. Therefore, in the interest of all the stakeholders, the Commission decides to allow Additional Surcharge of Rs.1.15/kWh (i.e., ~ 33% of Rs.3.48/kWh)."</i></p> <p><i>Unquote</i>  FTCCI submits that in line with the Hon`ble Commission`s view above, and in line with the Electricity Rules 2022, wherein Section 13 defines 20% capping as follows:  <i>"The surcharge, determined by the State Commission under clause (a) of sub-section (1) of section 86 of the Electricity Act, 2003 shall not exceed twenty percent of the average cost of Supply", there must be a capping on Additional Surcharge to promote open access and protect the interest of all the stakeholders involved.</i></p>	<ul style="list-style-type: none"> <li>• As identified by the policymakers through the mandates of Electricity Act 2003, Electricity Amendment Rules, 2022 and Electricity Amendment Rules, 2024 limiting additional surcharge would result in licensees having to bear excessive fixed costs associated with PPAs signed for long-term durations (25 years) on account of stranded capacity due to the switching of existing consumers. The additional surcharge helps in assuaging the Discom`s financial worries. Removing of such charges would put Discoms under significant financial duress.</li> <li>• The additional surcharge compensates Discoms against the payments towards fixed payments for stranded capacity and reduction or ceiling on additional surcharge will directly impact financials of Discoms.</li> <li>• TS Discoms does not find any merit in the proposal as it does not have any basis for such ceiling for additional surcharge.</li> <li>• The promotion of Open Access cannot be done at cost of Discoms. Any such proposal should have incentive mandated by the Central or State Government to compensate the Discoms against any potential financial losses/implications.</li> <li>• The Discoms must not be subjected to business risks and financial losses by being forced to incentivize open access consumers through reduction of various charges. Discoms should not be made to bear brunt of promoting open access as it seems to be the case with this proposal.</li> <li>• Given the various reasons, this proposal shall be dropped without any further consideration.</li> <li>• The additional surcharge compensate Discoms against the payments towards fixed payments for stranded capacity and reduction or ceiling on additional surcharge will directly impact financials of Discoms.</li> <li>• Given the various reasons, this proposal should be dropped without any further consideration.</li> </ul>
4	D. FTCCI further submits that as per the <b>Electricity (Amendment) Rules, 2024, dated 10th January, 2024,</b>	<ul style="list-style-type: none"> <li>• The TSDISCOMs have complied with the directives issued by the Hon`ble Commission in the orders of AS for H1&amp; H2 of FY</li> </ul>

wherein the Central Government further amended the Electricity Rules, 2005. The following clauses have been made with respect to Additional Surcharge.

*“(3) Additional Surcharge.–*

***The additional surcharge levied on any Open Access Consumer shall not be more than the per unit fixed cost of power purchase of the distribution licensee concerned:***

*Provided that for a person availing General Network Access or Open Access, the additional surcharge shall be linearly reduced from the value in the year in which General Network Access or Open Access was granted so that, if it is continued to be availed by this person, the additional surcharge shall get eliminated within four years from the date of grant of General Network Access or Open Access:*

***Provided further that the additional surcharge shall not be applicable for Open Access Consumer to the extent of contract demand being maintained with the distribution licensees:***

**Hence, FTCCI, on behalf of all the Industries requests the Hon`ble Commission, that in line with the Electricity Amendment Rules, the Hon`ble Commission should cap the additional surcharge to per unit fixed cost.**

**Comments on Calculation of Additional Surcharge for H1 of FY 2024-25:**

The Hon`ble Commission had given directives to the discoms in the previous order as under:

*“TSDISCOMs are directed to incorporate the following in their future Additional Surcharge filings –*

*a) to reflect the stranded capacity after netting of short-term purchases and sale of surplus power by TSDISCOMs, if any, in the corresponding time-block.*

*b) to reflect the distribution charges for HT network (other than LT network) i.e., 11 kV and 33 kV.*

2023-24 and made filings accordingly.



	<p><i>New Directive: TSDISCOMs are directed to incorporate the following in their future Additional Surcharge filings – c) to consider total demand charges recovered for HT network only i.e., by excluding LT network cost recovery towards demand charges recovered by TSDISCOMs from the open access consumers.”</i></p>	
	<p>FTCCI would like to Comment on each component of computation done by the TSDISCOMS.</p> <p><b>1. LONG TERM AVAILABILITY AND CAPACITY STRANDED DUE TO OPEN ACCESS</b></p> <p>The TSDISCOMS has followed the Commission’s directive to net off short-term purchases and sale of surplus power. Further, TSDISCOMs have taken average of the 15-minute time block data day-wise, month-wise and thereafter for 6 months” period.</p> <p>However, as per the approved methodology, intermittent averages are not to be done.</p> <p><b>It is submitted that, the TSDICOMS have not submitted any audited document in respect of the time-block-wise capacity &amp; energy scheduled and stranded, just the excel, but no reconciliation has been submitted of the same with the quarterly accounts.</b></p> <p>However, in-line with the computations of the Commission, they have not considered the average of six months stranded capacity correctly, and FTCCI submits that it should be 113.79 instead of 113.89 MW. The Stranded capacity computation is as under:</p>	<ul style="list-style-type: none"> <li>• The Additional Surcharge is computed for H1 of FY 2024-25 based on the approved methodology in O.P No 23 of 2020 along with the directions issued in the AS order for H1 &amp; H2 of FY 2023-24 by Hon’ble TSERC.</li> <li>• The TSDISCOMs have submitted the time block wise data of Availability capacity, Energy Scheduled and Standard capacity to the Hon’ble TSERC and also hosted in the DISCOMs website.</li> </ul>

**Stranded Capacity for Six Months (April to Sep 23)**

<b>Particular (in MW)</b>	<b>Apr -23</b>	<b>May -23</b>	<b>Jun -23</b>	<b>Jul- 23</b>	<b>Aug -23</b>	<b>Sep- 23</b>	<b>Ave rage</b>
Available capacity	1037 9.33	1038 0.16	974 8.2 4	986 6.7 5	1016 2.65	1013 8.30	<b>1011 2.57</b>
Scheduled Capacity	8040 .48	7211 .34	746 6.3 4	714 3.3 9	8086 .57	7690 .15	<b>7606 .38</b>
Gross(Deficit )/Surplus	2338 .85	3168 .82	228 1.9 1	272 3.3 6	2076 .09	2448 .16	<b>2506 .20</b>
Short-Term Purchases Capacity	1690 .78	381. 48	984 .30	147 6.0 1	2328 .07	1814 .91	<b>1445 .92</b>
(Deficit)/Surplus after netting of Short-Term Purchases	1228 .23	2822 .88	152 9.0 6	149 3.8 2	420. 18	1140 .75	<b>1439 .15</b>
OA Scheduled Capacity	136. 44	150. 59	147 .41	163 .81	132. 29	139. 38	<b>144. 99</b>
<b>Stranded Capacity</b>	101. 84	147. 70	142 .18	139 .74	72.1 7	79.1 4	<b>113. 79</b>

**2. Fixed Charges for Stranded Capacity**

TSDISCOMs have claimed the fixed charges paid as Rs.5948.42 crore for the period from April'23 to Sep'23 and accordingly, the average fixed charges as Rs.0.59 crore/MW.

FTCCI would like to submit that, the TSDICOMS have not provided any documentary evidence for the Rs. 5948.42 Crore fixed charges paid.

However, on carefully examining the balance sheets of Q1 & Q2 of FY 23, FTCCI observed that the Fixed charges paid are

- The stake holders considered only the audited accounts of TSSPDCL and evaluated the Fixed Charges paid as Rs.4174.13 instead of considering both DISCOMs (TSSPDCL, TSNPDCL) audited accounts for evaluating the Fixed Charges which amounts to Rs. 5948.42 Cr.
- Thus the Fixed charges incurred per MW works out to Rs. 0.59 crore/MW.
- There shall be an yearly statutory audit report confirming the financials including costs and revenues of the Discoms and the same shall be submitted after the due process of completion of

just Rs. 4174.13 Crore.

The relevant extracts are as under:

*SOUTHERN POWER DISTRIBUTION COMPANY OF TELANGANA*

**23 - POWER PURCHASE COST**

Particulars	Q2 of 2023-24	Q1 of 2023-24
	Rs. In Crore	Rs. In Crore
Purchase of Power - Fixed Cost	2,049.96	2,124.17
Purchase of Power - Variable Cost	5,265.08	4,980.39
Transmission Charges	973.97	1,112.33
Other Power Purchase Costs	61.53	32.62
<b>Total</b>	<b>8,350.54</b>	<b>8,249.51</b>

**24 - EMPLOYEE BENEFIT EXPENSE**

As per Note 23 of the Financial Accounts, the Power Purchase Costs for H1 are as under:

Note 23- Power Purchase Cost	Q1	Q2	Total (H1=Q1+Q2)
<b>Fixed Cost</b>	<b>2124.17</b>	<b>2049.96</b>	<b>4174.13</b>
Variable	4980.39	5265.08	10245.47
<b>Transmission</b>	<b>1112.33</b>	<b>973.97</b>	<b>2086.3</b>
other	32.62	61.53	94.15
Total Power Purchase Cost	8249.51	8350.54	16600.05

Accordingly, as per the financial accounts, FTCCI submits that the fixed charges paid as Rs.5948.42 crore for the period from April'23 to Sep'23. And, the average fixed charges as Rs.0.41 crore/MW.

statutory and C&AG Audit to the Hon'ble Commission.

**3. TRANSMISSION CHARGES AND ACTUAL ENERGY SCHEDULED**

TSDISCOMs have claimed the Transmission charges paid as Rs. 2908.67 crore for the period from April'23 to Sep'23.

- The stake holders considered only the audited accounts of TSSPDCL and evaluated the Transmission Charges & energy scheduled instead of considering both DISCOMs (TSSPDCL, TSNPDCL) audited accounts for evaluation which amounts transmission charges of Rs. 2908.67 and energy scheduled is



And the energy schedule as 39399.63 MUs. Accordingly, Transmission charges per unit as Rs. 0.74/kWh.

Again, FTCCI submits that as per Note 23 of the Financial Accounts, the actual transmission charges paid by the TSDISCOMs are 2086.3 and this might also include the short-term transmission charges as well. Hence, the TSDISCOMs need to submit a detailed break-up of the transmission charges paid, which is not part of the petition.

Further, as regards the Energy Schedule, there is no documentary evidence provided (except a simple excel sheet), and the balance sheet also is empty. The TSDISCOMs need to submit the detailed reconciliation for the same.

Relevant extracts of Financial Accounts are as under:

30. Quantitative Information			
Particulars	Q2 of 2023-24	Q1 of 2023-24	Q2 of
Energy Input ( Discom ) ( KWH in MU )		13,076.87	
Sale of Energy (KWH in MUs)		12,204.76	

39399.63 MU.

- Thus the transmission charges per unit works out to Rs. 0.74/kWh.

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**4. DISTRIBUTION CHARGES**

TSDISCOMs have provided the computation of the Distribution cost as under:

Table 4-2: Distribution Charges considered		
Half (½) of the Distribution cost as per fourth MYT Distribution Tariff Order read with its amendment order dt 01.03.2021 by considering ARR less NTI.	(a)	4649.81
Actual scheduled capacity for H2 FY 2022-23	(b)	39399.63

- The Distribution Charges for H1 of FY 2024-25 were considered based on the half of the approved Distribution charges for FY 2023-24 as per wheeling tariff order for 4<sup>th</sup> Control period. However, the percentage of other than LT distribution cost is considered as per the AS order for H2 of FY 2023-24 by Hon'ble TSERC due to non availability.

Total Distribution charges as per Tariff Order	(c)=a/b	1.180 2
Distribution charges other than LT (i.e., 11 kV and 33 kV) as per MYT Distribution Tariff Order read with its amendment order	(d)	-
Percentage of other than LT distribution cost (i.e., for 11 kV and 33 kV) in total distribution cost as per MYT Distribution Tariff Order	(e)=( $\frac{1}{2}$ xd)/a	17.00 50
<b>Distribution charges as per Tariff Order considered by Commission for Additional Surcharge calculation</b>	<b>(f)=e*c</b>	<b>0.20</b>

**FTCCI submits that the TSDICOMs have considered the same % (17.0050%) as approved by the Commission is Order for H2 of FY2022-23, however, the Distribution Charges and % for 11 kV & 33 KV ought to change for FY 2024-25.**

**5. Overall Computation of Additional Charges for H1**

FTCCI submits that the TSDISCOMs have done multiple errors while computations of Additional Surcharge and submit the computation as under:

Additional Surcharge		Unit	As per TSDISCOMs	As per FTCI	Remarks
{A}	Long term available capacity	MW	10112.97	10112.97	
{B}	Capacity stranded due to open access	MW	113.89	113.79	As per Commission's computation
{C}	Fixed Charges	Rs. crore	5948.42	4174.13	As per Q1+Q2

- The stake holder omitted the audited accounts of TSNPDCL and evaluated the AS for H1 of FY 2024-25 as Rs.0.39/kWh by considering only TSSPDCL data.
- Hence, the TSDISCOMs request to approve the AS proposals of TSDISCOMs @ Rs.1.95/kWh being filed before the Hon'ble TSERC which includes the data pertaining to both the DISCOMs.

	paid				Accounts
$\{D\}=\{C\} \div \{A\}$	Fixed Charges per MW	Rs. crore/MW	0.59	0.41	
$\{E\}=\{D\} \times \{B\}$	Fixed Charges for stranded capacity	Rs. crore	66.99	46.97	
$\{F\}$	Transmission charges paid	Rs. crore	2908.67	2086.3	As per Q1+Q2 Accounts
$\{G\}$	Actual Energy scheduled	MU	39399.63	39399.63	No documentary reconciliation provided
$\{H\}=\{F\} \div \{G\}$	Transmission charges per unit	Rs./kWh	0.74	0.53	
I	Distribution charges as per Tariff Order	Rs./kWh	0.20	0.20	
$\{J\}=\{H\} + \{I\}$	Total transmission and distribution charges per unit	Rs./kWh	0.94	0.73	
$\{K\}$	Energy consumed by open access consumers from the	MU	1678.38	1678.38	No documentary evidence and reconciliation



	DISCOMs				provided
{L}={K}x{J}	Transmission and distribution charges to payable by open access consumers	Rs. crore	157.59	122.56	
{M}	Demand charges recovered by the DISCOM from open access consumers	Rs. crore	155.57	155.57	No documentary evidence and reconciliation provided
{N}={M}-{L}	Demand charges to be adjusted	Rs. crore	-2.02	33.01	
{O}={E}-{N}	Net stranded charges recoverable	Rs. crore	69.01	13.95	
{P}	Open access sales	MU	354.75	354.75	
{Q}={O}÷{P}	<b>Additional Surcharge computed</b>	<b>Rs./kWh</b>	<b>1.95</b>	<b>0.39</b>	
<p>Hence, FTCCI submits, that based on the Audited Figures provided for Q1 &amp; Q2, considering the actual Fixed Costs and Transmission Costs paid by the TSDICOMs, and considering all other parameters same, even though, necessary prudence is required in the computation of the same.</p> <p>The additional surcharge for H1 of FY 2024-25 works out to be</p>					

<p><b>Rs. 0.39/kWh, much lower than what TSDISCOMs have submitted.</b></p> <p><b>Hence, FTCCI, on behalf of all the industries requests the Hon`ble Commission, that in line with the Electricity Amendment Rules 2024, the Hon`ble Commission should cap the additional surcharge to per unit fixed cost.</b></p>	
<p><b>PRAYERS</b></p> <p>FTCCI most respectfully prays that the Hon`ble Commission:</p> <p>A. Consider the above Objection Statement filed by FTCCI;</p> <p>B. May Conduct a Prudence check over the Fixed Charges Paid and Demand Charges recoveries from Open Access Consumers;</p> <p>C. May direct the Discoms to provide a reconciliation with the audited accounts and the Fixed cost component of power purchase and the Transmission Charges may be accordingly allowed subject to prudence check;</p> <p>D. May disallow the claim of Additional surcharge due to Discrepancies in computation and absence of reconciliation statement with audited accounts for the claim proposed by the Petitioners;</p> <p>E. Consider the methodology/approach/computation to work out the Additional Surcharge, if any, attributable to the open-access consumers as submitted by FTCCI;</p> <p>F. May approve Additional Surcharge as computed by FTCCI;</p> <p>G. May cap the additional surcharge to either per unit fixed cost, in line with the Electricity (amendment) Rules 2024.</p> <p>H. Pass necessary orders as may be deemed appropriate in the facts and circumstances of the case in the interest of competition, as has been enshrined in the Electricity Act</p>	<ul style="list-style-type: none"> <li>• TS Discoms have responded to the item-wise objections made by the objector, in the above-mentioned sections, and would request the Hon`ble Commission to consider the computations done by Discoms, considering the justifications expressed on the same.</li> </ul>



### 3. Response to The South Indian Cement Manufacturers' Association (SICMA)

S.No	Summary of Objections / Suggestions	Response of the Licensee
1	<p>E. At the outset, SICMA submits that given the rising costs of electricity and green imperatives for the industries under ESG by SEBI as well, Open Access should be facilitated for the industries, which in turn will help the grid as well, because the Industrial consumers have a flatter and mostly a fixed load curve and consumption pattern, which enables better capacity utilization and comparatively low Cost of Service for the Utilities. They also subsidize a lot of consumers for the utilities.</p> <p>It is pertinent to mention here that all consumers availing open access through a captive generating plant are exempted from any surcharge in terms Clause 39(2)(d)(ii) of the Act.</p> <p>However, the levy of an Additional surcharge further deters industrial consumers from availing Open access.</p> <p>However, a proposal to levy an additional surcharge as high as Rs. 1.95/kWh is exorbitant and unjust. SICMA strongly objects to the claim of Additional Surcharge from the Open Access consumers during H1 of FY 2024-25 and prays that the same may be rejected in line, with the interest of justice and equity.</p>	<ul style="list-style-type: none"> <li>• Sub-section (2) of Section 42 of the Electricity Act 2003 mentions that –  <i>“Provided that 1[such open access shall be allowed on payment of a surcharge] in addition to the charges for wheeling as may be determined by the State Commission:”</i></li> <li>• Further, Sub-section (4) of Section 42 also highlights the need of additional surcharge by stating: <i>“4) Where the State Commission permits a consumer or class of consumers to receive supply of electricity from a person other than the distribution licensee of his area of supply, such consumer shall be liable to pay an additional surcharge on the charges of wheeling, as may be specified by the State Commission, to meet the fixed cost of such distribution licensee arising out of his obligation to supply.”</i></li> <li>• Further, the National Tariff Policy (NTP) Notified by Ministry of Power on 28th January 2016 has the following provision on the Additional Surcharge – <i>“The additional surcharge for obligation to supply as per section 42(4) of the Act should become applicable only if it is conclusively demonstrated that the obligation of a licensee, <b>in terms of existing power purchase commitments, has been and continues to be stranded</b>, or there is an unavoidable obligation and incidence to bear fixed costs consequent to such a contract. The fixed costs related to network assets would be recovered through wheeling charges”.</i></li> <li>• Hence, TSDISCOMs filed petition for determination of AS applicable for OA consumers as per the above legal provisions.</li> </ul>

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F. Further, SICMA would like to draw the attention of the Hon'ble Commission towards the impact of additional surcharge in the state.

**Additional Surcharge for TSDISCOMs**

	Unit	AS H1 2022- 23	AS H2 2022-23	AS H1 2023-24	AS H2 2023 -24	As H1 2024 -25
Open access Sales	MU	645.90	370.34	213.29	132. 30	354. 75
<b>Claimed by TSDISCOM s</b>	<b>Rs/k Wh</b>	<b>4.06</b>	<b>6.81</b>	<b>9.86</b>	<b>3.43</b>	<b>1.95</b>
Computed by Commission	Rs/kW h	3.48	1.38	0.39	1.98	
<b>Approved by Commission</b>	<b>Rs/k Wh</b>	<b>1.15 (33%)</b>	<b>1.38</b>	<b>0.39</b>	<b>1.98</b>	

It can be observed in the above table, that there is a decreasing trend in Open Access Sales and an increasing trend in Additional surcharge, which means it's a deterrent to Open Access.

**Another trend that can be seen is that each H1, the TSDISCOMs Claim an exorbitant high value of additional surcharge, which can be attributed to many factors such as, wrong computations, wrong numbers, intent etc. Each year, the Hon'ble Commission has reduced the claimed figures of Additional surcharge by more than 50%. This shows that TSDISCOMS either submitted the wrong computations intentionally or are not following the methodology prescribed by the Hon'ble Commission.**

SICMA urges the Hon'ble Commission that the data shown by TSDISCOMs needs to be verified rigorously, to avoid any

- The TSDISCOMs claimed the AS year on year based on the methodology approved by the Hon'ble Commission. The Hon'ble TSERC in its order for H1 of FY 2022-23 has stated the following:

*"TSDiscoms are entitled to the Additional Surcharge computed as above but at the same time such Additional Surcharge, being significantly higher than the present level of Additional Surcharge, could hinder the promotion of competition that the Electricity Act, 2003 advocates. Therefore, in the interest of all the stakeholders, the Commission decides to allow Additional Surcharge of Rs.1.15/kWh (i.e., ~ 33% of Rs.3.48/kWh)"*

- Further the Hon'ble Commission has issued directions in the orders for AS for H1 & H2 of FY 2023-24 to implement the modifications made in the orders.
- The Hon'ble TSERC has determined the AS for H2 of FY 2021-22 and H1 of FY 2022-23 and allowed the AS of 40% and 33% of approved only. As a result the TSDISCOMs have lost the revenue from AS entitled to.
- Hence, the contention of the objector that TSDISCOMS either submitted the wrong computations intentionally or are not following the methodology prescribed by the Hon'ble Commission is strictly denied.



	loading of the inefficiency of Discom on state Consumers in the form of Additional Surcharge.	
3	<p>G. SICMA further submits that as Hon`ble Commission, in Order dated 22.3.2022 during the approval of H1 of FY 2022-23, decided as under:</p> <p><i>Quote</i>  <i>"The preamble of the Electricity Act, 2003 emphasises, amongst others, "for taking measures conducive to development of electricity industry, promoting competition therein, protecting interest of consumers and rationalisation of electricity tariffs". The Commission has to do a balancing act in fulfilment of the mandate of the Electricity Act, 2003.</i></p> <p><i>TSDiscoms are entitled to the Additional Surcharge computed as above but at the same time such Additional Surcharge, being significantly higher than the present level of Additional Surcharge, could hinder the promotion of competition that the Electricity Act, 2003 advocates. Therefore, in the interest of all the stakeholders, the Commission decides to allow Additional Surcharge of Rs.1.15/kWh (i.e., ~ 33% of Rs.3.48/kWh)."</i></p> <p><i>Unquote</i>  SICMA submits that in line with the Hon`ble Commission`s view above, and in line with the Electricity Rules 2022, wherein Section 13 defines 20% capping as follows:  <i>"The surcharge, determined by the State Commission under clause (a) of sub-section (1) of section 86 of the Electricity Act, 2003 shall not exceed twenty percent of the average cost of Supply",</i> <b>there must be a capping on Additional Surcharge to promote open access and protect the interest of all the stakeholders involved.</b></p>	<ul style="list-style-type: none"> <li>As identified by the policymakers through the mandates of Electricity Act 2003, Electricity Amendment Rules, 2022 and Electricity Amendment Rules, 2024 limiting additional surcharge would result in licensees having to bear excessive fixed costs associated with PPAs signed for long-term durations (25 years) on account of stranded capacity due to the switching of existing consumers. The additional surcharge helps in assuaging the Discom`s financial worries. Removing of such charges would put Discoms under significant financial duress.</li> <li>The additional surcharge compensates Discoms against the payments towards fixed payments for stranded capacity and reduction or ceiling on additional surcharge will directly impact financials of Discoms.</li> <li>TS Discoms does not find any merit in the proposal as it does not have any basis for such ceiling for additional surcharge.</li> <li>The promotion of Open Access cannot be done at cost of Discoms. Any such proposal should have incentive mandated by the Central or State Government to compensate the Discoms against any potential financial losses/implications.</li> <li>The Discoms must not be subjected to business risks and financial losses by being forced to incentivize open access consumers through reduction of various charges. Discoms should not be made to bear brunt of promoting open access as it seems to be the case with this proposal.</li> <li>Given the various reasons, this proposal shall be dropped without any further consideration.</li> <li>The additional surcharge compensate Discoms against the payments towards fixed payments for stranded capacity and reduction or ceiling on additional surcharge will directly impact financials of Discoms.</li> <li>Given the various reasons, this proposal should be dropped without any further consideration.</li> </ul>
4	H. SICMA further submits that as per the <b>Electricity (Amendment) Rules, 2024, dated 10th January, 2024,</b>	<ul style="list-style-type: none"> <li>The TSDISCOMs have complied with the directives issued by the Hon`ble Commission in the orders of AS for H1&amp; H2 of FY</li> </ul>

wherein the Central Government further amended the Electricity Rules, 2005. The following clauses have been made with respect to Additional Surcharge.

*“(3) Additional Surcharge.–*

***The additional surcharge levied on any Open Access Consumer shall not be more than the per unit fixed cost of power purchase of the distribution licensee concerned:***

*Provided that for a person availing General Network Access or Open Access, the additional surcharge shall be linearly reduced from the value in the year in which General Network Access or Open Access was granted so that, if it is continued to be availed by this person, the additional surcharge shall get eliminated within four years from the date of grant of General Network Access or Open Access:*

***Provided further that the additional surcharge shall not be applicable for Open Access Consumer to the extent of contract demand being maintained with the distribution licensees:***

**Hence, SICMA, on behalf of all the Industries requests the Hon`ble Commission, that in line with the Electricity Amendment Rules, the Hon`ble Commission should cap the additional surcharge to per unit fixed cost.**

**Comments on Calculation of Additional Surcharge for H1 of FY 2024-25:**

The Hon`ble Commission had given directives to the discoms in the previous order as under:

*“TSDISCOMs are directed to incorporate the following in their future Additional Surcharge filings –*

*a) to reflect the stranded capacity after netting of short-term purchases and sale of surplus power by TSDISCOMs, if any, in the corresponding time-block.*

*b) to reflect the distribution charges for HT network (other than LT network) i.e., 11 kV and 33 kV.*

2023-24 and made filings accordingly.



	<p><i>New Directive: TSDISCOMs are directed to incorporate the following in their future Additional Surcharge filings – c) to consider total demand charges recovered for HT network only i.e., by excluding LT network cost recovery towards demand charges recovered by TSDISCOMs from the open access consumers.”</i></p>	
	<p>SICMA would like to Comment on each component of computation done by the TSDISCOMS.</p> <p><b>2. LONG TERM AVAILABILITY AND CAPACITY STRANDED DUE TO OPEN ACCESS</b></p> <p>The TSDISCOMS has followed the Commission’s directive to net off short-term purchases and sale of surplus power. Further, TSDISCOMs have taken average of the 15-minute time block data day-wise, month-wise and thereafter for 6 months” period.</p> <p>However, as per the approved methodology, intermittent averages are not to be done.</p> <p><b>It is submitted that, the TSDICOMS have not submitted any audited document in respect of the time-block-wise capacity &amp; energy scheduled and stranded, just the excel, but no reconciliation has been submitted of the same with the quarterly accounts.</b></p> <p>However, in-line with the computations of the Commission, they have not considered the average of six months stranded capacity correctly, and SICMA submits that it should be 113.79 instead of 113.89 MW. The Stranded capacity computation is as under:</p>	<ul style="list-style-type: none"> <li>• The Additional Surcharge is computed for H1 of FY 2024-25 based on the approved methodology in O.P No 23 of 2020 along with the directions issued in the AS order for H1 &amp; H2 of FY 2023-24 by Hon’ble TSERC.</li> <li>• The TSDISCOMs have submitted the time block wise data of Availability capacity, Energy Scheduled and Standard capacity to the Hon’ble TSERC and also hosted in the DISCOMs website.</li> </ul>

**Stranded Capacity for Six Months (April to Sep 23)**

<b>Particular (in MW)</b>	<b>Apr -23</b>	<b>May -23</b>	<b>Jun -23</b>	<b>Jul- 23</b>	<b>Aug -23</b>	<b>Sep- 23</b>	<b>Ave rage</b>
Available capacity	1037 9.33	1038 0.16	974 8.2 4	986 6.7 5	1016 2.65	1013 8.30	<b>1011 2.57</b>
Scheduled Capacity	8040 .48	7211 .34	746 6.3 4	714 3.3 9	8086 .57	7690 .15	<b>7606 .38</b>
Gross(Deficit )/Surplus	2338 .85	3168 .82	228 1.9 1	272 3.3 6	2076 .09	2448 .16	<b>2506 .20</b>
Short-Term Purchases Capacity	1690 .78	381. 48	984 .30	147 6.0 1	2328 .07	1814 .91	<b>1445 .92</b>
(Deficit)/Surplus after netting of Short-Term Purchases	1228 .23	2822 .88	152 9.0 6	149 3.8 2	420. 18	1140 .75	<b>1439 .15</b>
OA Scheduled Capacity	136. 44	150. 59	147 .41	163 .81	132. 29	139. 38	<b>144. 99</b>
<b>Stranded Capacity</b>	<b>101. 84</b>	<b>147. 70</b>	<b>142 .18</b>	<b>139 .74</b>	<b>72.1 7</b>	<b>79.1 4</b>	<b>113. 79</b>

**6. Fixed Charges for Stranded Capacity**

TSDISCOMs have claimed the fixed charges paid as Rs.5948.42 crore for the period from April'23 to Sep'23 and accordingly, the average fixed charges as Rs.0.59 crore/MW. SICMA would like to submit that, the TSDICOMS have not provided any documentary evidence for the Rs. 5948.42 Crore fixed charges paid. However, on carefully examining the balance sheets of Q1 & Q2 of FY 23, SICMA observed that the Fixed charges paid are

- The stake holders considered only the audited accounts of TSSPDCL and evaluated the Fixed Charges paid as Rs.4174.13 instead of considering both DISCOMs (TSSPDCL, TSNPDCL) audited accounts for evaluating the Fixed Charges which amounts to Rs. 5948.42 Cr.
- Thus the Fixed charges incurred per MW works out to Rs. 0.59 crore/MW.
- There shall be an yearly statutory audit report confirming the financials including costs and revenues of the Discoms and the same shall be submitted after the due process of completion of



just Rs. 4174.13 Crore.

The relevant extracts are as under:

*SOUTHERN POWER DISTRIBUTION COMPANY OF TELANGANA*

**23 - POWER PURCHASE COST**

Particulars	Q2 of 2023-24	Q1 of 2023-24
	Rs. In Crore	Rs. In Crore
Purchase of Power - Fixed Cost	2,049.96	2,124.17
Purchase of Power - Variable Cost	5,265.08	4,980.39
Transmission Charges	973.97	1,112.33
Other Power Purchase Costs	61.53	32.62
<b>Total</b>	<b>8,350.54</b>	<b>8,249.51</b>

**24 - EMPLOYEE BENEFIT EXPENSE**

As per Note 23 of the Financial Accounts, the Power Purchase Costs for H1 are as under:

Note 23- Power Purchase Cost	Q1	Q2	Total (H1=Q1+Q2)
<b>Fixed Cost</b>	<b>2124.17</b>	<b>2049.96</b>	<b>4174.13</b>
Variable	4980.39	5265.08	10245.47
<b>Transmission</b>	<b>1112.33</b>	<b>973.97</b>	<b>2086.3</b>
other	32.62	61.53	94.15
<b>Total Power Purchase Cost</b>	<b>8249.51</b>	<b>8350.54</b>	<b>16600.05</b>

Accordingly, as per the financial accounts, SICMA submits that the fixed charges paid as Rs.5948.42 crore for the period from April'23 to Sep'23. And, the average fixed charges as Rs.0.41 crore/MW.

statutory and C&AG Audit to the Hon'ble Commission.

**7. TRANSMISSION CHARGES AND ACTUAL ENERGY SCHEDULED**

TSDISCOMs have claimed the Transmission charges paid as Rs. 2908.67 crore for the period from April'23 to Sep'23.

- The stake holders considered only the audited accounts of TSSPDCL and evaluated the Transmission Charges & energy scheduled instead of considering both DISCOMs (TSSPDCL, TSNPDCL) audited accounts for evaluation which amounts transmission charges of Rs. 2908.67 and energy scheduled is

And the energy schedule as 39399.63 MUs. Accordingly, Transmission charges per unit as Rs. 0.74/kWh.

Again, SICMA submits that as per Note 23 of the Financial Accounts, the actual transmission charges paid by the TSDISCOMs are 2086.3 and this might also include the short-term transmission charges as well. Hence, the TSDISCOMs need to submit a detailed break-up of the transmission charges paid, which is not part of the petition.

Further, as regards the Energy Schedule, there is no documentary evidence provided (except a simple excel sheet), and the balance sheet also is empty. The TSDISCOMs need to submit the detailed reconciliation for the same.

Relevant extracts of Financial Accounts are as under:

30. Quantitative Information

Particulars	Q2 of 2023-24	Q1 of 2023-24	Q2 of
Energy Input ( Discom ) ( KWH in MU )		13,076.87	
Sale of Energy (KWH in MUs)		12,204.76	

39399.63 MU.

- Thus the transmission charges per unit works out to Rs. 0.74/kWh.

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8. DISTRIBUTION CHARGES

TSDISCOMs have provided the computation of the Distribution cost as under:

Table 4-2: Distribution Charges considered		
Half (½) of the Distribution cost as per fourth MYT Distribution Tariff Order read with its amendment order dt 01.03.2021 by considering ARR less NTI.	(a)	4649.81
Actual scheduled capacity for H2 FY 2022-23	(b)	39399.63

- The Distribution Charges for H1 of FY 2024-25 were considered based on the half of the approved Distribution charges for FY 2023-24 as per wheeling tariff order for 4<sup>th</sup> Control period. However, the percentage of other than LT distribution cost is considered as per the AS order for H2 of FY 2023-24 by Hon'ble TSERC due to non availability.



Total Distribution charges as per Tariff Order	(c)=a/b	1.180 2
Distribution charges other than LT (i.e., 11 kV and 33 kV) as per MYT Distribution Tariff Order read with its amendment order	(d)	-
Percentage of other than LT distribution cost (i.e., for 11 kV and 33 kV) in total distribution cost as per MYT Distribution Tariff Order	(e)=( $\frac{1}{2}$ xd)/a	17.00 50
<b>Distribution charges as per Tariff Order considered by Commission for Additional Surcharge calculation</b>	(f)=e*c	<b>0.20</b>

**SICMA submits that the TSDICOMs have considered the same % (17.0050%) as approved by the Commission is Order for H2 of FY2022-23, however, the Distribution Charges and % for 11 kV & 33 KV ought to change for FY 2024-25.**

**9. Overall Computation of Additional Charges for H1**

SICMA submits that the TSDISCOMs have done multiple errors while computations of Additional Surcharge and submit the computation as under:

Additional Surcharge		Unit	As per TSDISCOMs	As per SICMA	Remarks
{A}	Long term available capacity	MW	10112.97	10112.97	
{B}	Capacity stranded due to open access	MW	113.89	113.79	As per Commission's computation
{C}	Fixed Charges	Rs. crore	5948.42	4174.13	As per Q1+Q2

- The stake holder omitted the audited accounts of TSNPDCL and evaluated the AS for H1 of FY 2024-25 as Rs.0.39/kWh by considering only TSSPDCL data.
- Hence, the TSDISCOMs request to approve the AS proposals of TSDISCOMs @ Rs.1.95/kWh being filed before the Hon'ble TSERC which includes the data pertaining to both the DISCOMs.

	paid				Accounts
$\{D\}=\{C\} \div \{A\}$	Fixed Charges per MW	Rs. crore/ MW	0.59	0.41	
$\{E\}=\{D\} \times \{B\}$	Fixed Charges for stranded capacity	Rs. crore	66.99	46.97	
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$\{G\}$	Actual Energy scheduled	MU	39399.63	39399.63	No documentary reconciliation provided
$\{H\}=\{F\} \div \{G\}$	Transmission charges per unit	Rs./k Wh	0.74	0.53	
I	Distribution charges as per Tariff Order	Rs./k Wh	0.20	0.20	
$\{J\}=\{H\} + \{I\}$	Total transmission and distribution charges per unit	Rs./k Wh	0.94	0.73	
$\{K\}$	Energy consumed by open access consumers from the	MU	1678.38	1678.38	No documentary evidence and reconciliation



	DISCOMs				provided
{L}={K} x{J}	Transmission and distribution charges to payable by open access consumers	Rs. crore	157.59	122.56	
{M}	Demand charges recovered by the DISCOM from open access consumers	Rs. crore	155.57	155.57	No documentary evidence and reconciliation provided
{N}={M} - {L}	Demand charges to be adjusted	Rs. crore	-2.02	33.01	
{O}={E} - {N}	Net stranded charges recoverable	Rs. crore	69.01	13.95	
{P}	Open access sales	MU	354.75	354.75	
{Q}={O} ÷ {P}	<b>Additional Surcharge computed</b>	<b>Rs./k Wh</b>	<b>1.95</b>	<b>0.39</b>	
<p>Hence, SICMA submits, that based on the Audited Figures provided for Q1 &amp; Q2, considering the actual Fixed Costs and Transmission Costs paid by the TSDICOMs, and considering all other parameters same, even though, necessary prudence is required in the computation of the same.</p> <p>The additional surcharge for H1 of FY 2024-25 works out to be</p>					

<p><b>Rs. 0.39/kWh, much lower than what TSDISCOMs have submitted.</b></p> <p><b>Hence, SICMA, on behalf of all the industries requests the Hon`ble Commission, that in line with the Electricity Amendment Rules 2024, the Hon`ble Commission should cap the additional surcharge to per unit fixed cost.</b></p>	
<p><b>PRAYERS</b></p> <p>SICMA most respectfully prays that the Hon`ble Commission:</p> <p>A. Consider the above Objection Statement filed by SICMA;</p> <p>B. May Conduct a Prudence check over the Fixed Charges Paid and Demand Charges recoveries from Open Access Consumers;</p> <p>C. May direct the Discoms to provide a reconciliation with the audited accounts and the Fixed cost component of power purchase and the Transmission Charges may be accordingly allowed subject to prudence check;</p> <p>D. May disallow the claim of Additional surcharge due to Discrepancies in computation and absence of reconciliation statement with audited accounts for the claim proposed by the Petitioners;</p> <p>E. Consider the methodology/approach/computation to work out the Additional Surcharge, if any, attributable to the open-access consumers as submitted by SICMA;</p> <p>F. May approve Additional Surcharge as computed by SICMA;</p> <p>G. May cap the additional surcharge to either per unit fixed cost, in line with the Electricity (amendment) Rules 2024.</p> <p>H. Pass necessary orders as may be deemed appropriate in the facts and circumstances of the case in the interest of competition, as has been enshrined in the Electricity Act</p>	<ul style="list-style-type: none"> <li>• TS Discoms have responded to the item-wise objections made by the objector, in the above-mentioned sections, and would request the Hon`ble Commission to consider the computations done by Discoms, considering the justifications expressed on the same.</li> </ul>



**4. Response to Telangana Solar Open Access Developers Association(TSOADA)**

S.No	Summary of Objections / Suggestions	Response of the Licensee
1	<p>With reference to the public notice, inviting suggestions and objections on the subject proposals, we are submitting the following points for the consideration of Hon'ble Commission. Insofar as the electricity generated from renewable sources of energy is concerned, the provisions of the Electricity Act'03 contained in the preamble, section 61 (h), and 81(1)(e) requiring promotion of such sources of energy must be given due consideration.</p> <p><b>It is beyond the general ability to understand how the Utility assets are continuously getting stranded and the damages claimed are in northward in a scenario where OA sales are southward.</b></p> <p>It should be noted that as per NTP 2016 (at Para 8.5.4), the licensees should conclusively demonstrate the assets are stranded because of Open Access Consumption and there should be an unavoidable obligation and incidence to bear fixed costs. However, in case of solar bi-lateral open access, the power plants were given permissions by DISCOMs during 2010-2016 and plants were commissioned during 2012-2017. So DISCOM's were well informed about this solar open access capacity in the state. In addition, as per clause 10.5 of regulation 2 of 2006, Generation from solar is a deemed to be scheduled.</p> <p>The generation assets getting stranded for the licensees could be due to improper power procurement plan of the licensees and due to ad-hoc power purchases on power exchanges by consumers (PXIL or IEX) and not in any way related to the consumers consuming power from solar developers through bi-lateral open access, as this consumption is well known, in advance from must run status of solar renewable energy source, to the utilities as the approval for long term open access was granted only by the very same DISCOMS, and hence they could have made procurement plans accordingly.</p> <p>Therefore, it is conclusively proved that the stranded capacity was not due to solar bilateral open access transactions. Hence, request the Hon'ble Commission to not impose additional surcharges for all for</p>	<ul style="list-style-type: none"> <li>• Sub-section (2) of Section 42 of the Electricity Act 2003 mentions that –  <i>“Provided that 1[such open access shall be allowed on payment of a surcharge] in addition to the charges for wheeling as may be determined by the State Commission:”</i></li> <li>• Further, Sub-section (4) of Section 42 also highlights the need of additional surcharge by stating:  <i>“4) Where the State Commission permits a consumer or class of consumers to receive supply of electricity from a person other than the distribution licensee of his area of supply, such consumer shall be liable to pay an additional surcharge on the charges of wheeling, as may be specified by the State Commission, to meet the fixed cost of such distribution licensee arising out of his obligation to supply.”</i></li> <li>• Hence the Act identifies the need for compensating distribution licensees by levying additional surcharge in case consumers switches to alternate supplies under open access.</li> <li>• The generation of power from the RE sources are not uniform and are highly variable from block to block during all days. However, the energy drawn by the Bi-lateral open access users from solar developers is not in proportion to the actual injection of power from the respective plants. This has led to the fluctuations of demand drawn from the TSDISCOMs at certain instances which resulted in backing down of power plants to maintain grid stability.</li> <li>• Thus, the RE solar developers and their users are also responsible for stranded capacity of power plants with which the TSDISCOMs have tied up with.</li> </ul>



	Solar bi-lateral open access transactions.	
2	<p>As a matter of fact, our submissions on applicability of AS on intra state long term solar open access generators were upheld by the Ministry of Power, Central government through The Electricity (Amendment) Rules, 2024, Dated: 10.01.2024. In exercise of the powers conferred by Section 176 of the Electricity Act, 2003 (36 of 2003), the Central Government made The Electricity (Amendment) Rules, 2024, Published in the Gazette on 10.01.2024.</p> <p>The relevant section of the said rules dealing with "Additional Surcharge" states is extracted below for quick reference of this honorable commission:</p> <p>"(22) (3) Additional Surcharge. - The additional surcharge levied on any Open Access Consumer shall not be more than the per unit fixed cost of power purchase of the distribution licensee concerned:</p> <p>Provided that for a person availing General Network Access or Open Access, the additional surcharge shall be linearly reduced from the value in the year in which General Network Access or Open Access was granted so that, if it is continued to be availed by this person, the additional surcharge shall get eliminated within four years from the date of grant of General Network ACCess or Open Access:</p> <p>Provided further that the additional surcharge shall not be applicable for Open Access Consumer to the extent of contract demand being maintained with the distribution licensees:</p> <p>Provided also that the additional surcharge shall be applicable only for the Open Access Consumers who are or have been consumers of the concerned Distribution licensee.</p> <p>Explanation.- For the purpose of this rule, General Network Access and Temporary-GNA shall have the same meaning as defined in the Central Electricity Regulatory Commission (Connectivity and General Network</p>	<ul style="list-style-type: none"> <li>• The Electricity (Amendment) Rules, 2024 issued by the Ministry of Power is against the mandates of the Electricity Act, 2003.</li> <li>• The Electricity Act 2003 identifies the need for compensating distribution licensees by levying additional surcharge in case a consumer switches to alternate supplies under open access.</li> <li>• Sub-section (2) of Section 42 of the Electricity Act 2003 mentions that – <ul style="list-style-type: none"> <li>“Provided that 1[such open access shall be allowed on payment of a surcharge] in addition to the charges for wheeling as may be determined by the State Commission:”</li> </ul> </li> <li>• Further, Sub-section (4) of Section 42 also highlights the need of additional surcharge by stating: <ul style="list-style-type: none"> <li>“4) Where the State Commission permits a consumer or class of consumers to receive supply of electricity from a person other than the distribution licensee of his area of supply, such consumer shall be liable to pay an additional surcharge on the charges of wheeling, as may be specified by the State Commission, to meet the fixed cost of such distribution licensee arising out of his obligation to supply.”</li> </ul> </li> <li>• As identified by the policymakers through the mandates of Electricity Amendment Rules, 2024, removing additional surcharge would result in licensees having to bear excessive fixed costs associated with PPA signed for long-term durations (25 years) on account of stranded capacity due to the switching of existing consumers. The additional surcharge helps in assuaging the Discom financial worries. Removing of such charges would put Discom under significant financial duress.</li> </ul>



	<p>Access to the inter-State Transmission System) Regulations, 2022 as amended from time to time."</p> <p>That, as per this proviso the "Additional Surcharge" shall not be levied after completion of 4 (four) years from the date of being granted Open Access. It is to submit to this honorable commission that this proviso has the operational effect from the date of their publication in the Official Gazette i.e. from 10-01-2024.</p>	<ul style="list-style-type: none"> <li>• The promotion of Open Access cannot be done at cost of Discoms. Any such proposal should have incentive mandated by the Central or State Government to compensate the Discoms against any potential financial losses/implications.</li> <li>• The Discoms must not be subjected to business risks and financial losses by being forced to incentivize open access consumers through reduction of various charges. Discoms should not be made to bear brunt of promoting open access as it seems to be the case with this proposal.</li> </ul>
<p><b>3</b></p>	<p>Therefore, in the interest of avoiding the litigations, we pray this honorable commission to give effect to the said provisions in the current AS order.</p> <p>(1) To exempt solar projects, where 4 years are lapsed from the date of being first granted open access.  (2) To limit the additional surcharge levy on any Open Access Consumer to per the unit fixed cost of power purchase of the distribution licensee concerned.</p>	<ul style="list-style-type: none"> <li>• Given the various reasons, this proposal should be dropped without any further consideration.</li> </ul>

### 5. Response to Sai Adithya Green Energy Pvt.Ltd

S.No	Summary of Objections / Suggestions	Response of the Licensee
1	<p>With reference to the public notice, inviting suggestions and objections on the subject proposals, we are submitting the following points for the consideration of Hon'ble Commission. Insofar as the electricity generated from renewable sources of energy is concerned, the provisions of the Electricity Act'03 contained in the preamble, section 61 (h), and 81(1)(e) requiring promotion of such sources of energy must be given due consideration.</p> <p style="text-align: center;"><b>It is beyond the general ability to understand how the Utility assets are continuously getting stranded and the damages claimed are in northward in a scenario where OA sales are southward.</b></p> <p>It should be noted that as per NTP 2016 (at Para 8.5.4), the licensees should conclusively demonstrate the assets are stranded because of Open Access Consumption and there should be an unavoidable obligation and incidence to bear fixed costs. However, in case of solar bi-lateral open access, the power plants were given permissions by DISCOMs during 2010-2016 and plants were commissioned during 2012-2017. So DISCOM's were well informed about this solar open access capacity in the state. In addition, as per clause 10.5 of regulation 2 of 2006, Generation from solar is a deemed to be scheduled.</p> <p>The generation assets getting stranded for the licensees could be due to improper power procurement plan of the licensees and due to ad-hoc power purchases on power exchanges by consumers (PXIL or IEX) and not in any way related to the consumers consuming power from solar developers through bi-lateral open access, as this consumption is well known, in advance from must run status of solar renewable energy source, to the utilities as the approval for long term open access was granted only by the very same DISCOMS, and hence they could have made procurement plans accordingly.</p> <p>Therefore, it is conclusively proved that the stranded capacity was not due to solar bilateral open access transactions. Hence, request the Hon'ble Commission to not impose additional surcharges for all for Solar bi-lateral open access transactions.</p>	<ul style="list-style-type: none"> <li>• Sub-section (2) of Section 42 of the Electricity Act 2003 mentions that –  <i>“Provided that 1[such open access shall be allowed on payment of a surcharge] in addition to the charges for wheeling as may be determined by the State Commission.”</i></li> <li>• Further, Sub-section (4) of Section 42 also highlights the need of additional surcharge by stating:  <i>“4) Where the State Commission permits a consumer or class of consumers to receive supply of electricity from a person other than the distribution licensee of his area of supply, such consumer shall be liable to pay an additional surcharge on the charges of wheeling, as may be specified by the State Commission, to meet the fixed cost of such distribution licensee arising out of his obligation to supply.”</i></li> <li>• Hence the Act identifies the need for compensating distribution licensees by levying additional surcharge in case consumers switches to alternate supplies under open access.</li> <li>• The generation of power from the RE sources are not uniform and are highly variable from block to block during all days. However, the energy drawn by the Bi-lateral open access users from solar developers is not in proportion to the actual injection of power from the respective plants. This has led to the fluctuations of demand drawn from the TSDISCOMs at certain instances which resulted in backing down of power plants to maintain grid stability.</li> <li>• Thus, the RE solar developers and their users are also responsible for stranded capacity of power plants with which the TSDSICOMs have tied up with.</li> </ul>



<p>2</p>	<p>As a matter of fact, our submissions on applicability of AS on intra state long term solar open access generators were upheld by the Ministry of Power, Central government through The Electricity (Amendment) Rules, 2024, Dated: 10.01.2024. In exercise of the powers conferred by Section 176 of the Electricity Act, 2003 (36 of 2003), the Central Government made The Electricity (Amendment) Rules, 2024, Published in the Gazette on 10.01.2024.</p> <p>The relevant section of the said rules dealing with "Additional Surcharge" states is extracted below for quick reference of this honorable commission:</p> <p>"(22) (3) Additional Surcharge. - The additional surcharge levied on any Open Access Consumer shall not be more than the per unit fixed cost of power purchase of the distribution licensee concerned:</p> <p>Provided that for a person availing General Network Access or Open Access, the additional surcharge shall be linearly reduced from the value in the year in which General Network Access or Open Access was granted so that, if it is continued to be availed by this person, the additional surcharge shall get eliminated within four years from the date of grant of General Network ACCess or Open Access:</p> <p>Provided further that the additional surcharge shall not be applicable for Open Access Consumer to the extent of contract demand being maintained with the distribution licensees:</p> <p>Provided also that the additional surcharge shall be applicable only for the Open Access Consumers who are or have been consumers of the concerned Distribution licensee.</p> <p>Explanation.- For the purpose of this rule, General Network Access and Temporary-GNA shall have the same meaning as defined in the Central Electricity Regulatory Commission (Connectivity and General Network Access to the inter-State Transmission System) Regulations, 2022 as amended from time to time."</p>	<ul style="list-style-type: none"> <li>• The Electricity (Amendment) Rules, 2024 issued by the Ministry of Power is against the mandates of the Electricity Act, 2003.</li> <li>• The Electricity Act 2003 identifies the need for compensating distribution licensees by levying additional surcharge in case a consumer switches to alternate supplies under open access.</li> <li>• Sub-section (2) of Section 42 of the Electricity Act 2003 mentions that –       <p style="margin-left: 20px;"><i>“Provided that 1[such open access shall be allowed on payment of a surcharge] in addition to the charges for wheeling as may be determined by the State Commission:”</i></p> </li> <li>• Further, Sub-section (4) of Section 42 also highlights the need of additional surcharge by stating:       <p style="margin-left: 20px;"><i>“4) Where the State Commission permits a consumer or class of consumers to receive supply of electricity from a person other than the distribution licensee of his area of supply, such consumer shall be liable to pay an additional surcharge on the charges of wheeling, as may be specified by the State Commission, to meet the fixed cost of such distribution licensee arising out of his obligation to supply.”</i></p> </li> <li>• As identified by the policymakers through the mandates of Electricity Amendment Rules, 2024, removing additional surcharge would result in licensees having to bear excessive fixed costs associated with PPA signed for long-term durations (25 years) on account of stranded capacity due to the switching of existing consumers. The additional surcharge helps in assuaging the Discom financial worries. Removing of such charges would put Discom under significant financial duress.</li> <li>• The promotion of Open Access cannot be done at cost of</li> </ul>
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	<p>That, as per this proviso the "Additional Surcharge" shall not be levied after completion of 4 (four) years from the date of being granted Open Access. It is to submit to this honorable commission that this proviso has the operational effect from the date of their publication in the Official Gazette i.e. from 10-01-2024.</p>	<p>Discoms. Any such proposal should have incentive mandated by the Central or State Government to compensate the Discoms against any potential financial losses/implications.</p> <ul style="list-style-type: none"> <li>• The Discoms must not be subjected to business risks and financial losses by being forced to incentivize open access consumers through reduction of various charges. Discoms should not be made to bear brunt of promoting open access as it seems to be the case with this proposal.</li> </ul>
<p>3</p>	<p>Therefore, in the interest of avoiding the litigations, we pray this honorable commission to give effect to the said provisions in the current AS order.</p> <p>(1) To exempt solar projects, where 4 years are lapsed from the date of being first granted open access.</p> <p>(2) To limit the additional surcharge levy on any Open Access Consumer to per the unit fixed cost of power purchase of the distribution licensee concerned.</p>	<ul style="list-style-type: none"> <li>• Given the various reasons, this proposal should be dropped without any further consideration.</li> </ul>



## 6. Response to Arhyama Solar Power Pvt.Ltd

S.No	Summary of Objections / Suggestions	Response of the Licensee
1	<p>With reference to the public notice, inviting suggestions and objections on the subject proposals, we are submitting the following points for the consideration of Hon'ble Commission. Insofar as the electricity generated from renewable sources of energy is concerned, the provisions of the Electricity Act'03 contained in the preamble, section 61 (h), and 81(1)(e) requiring promotion of such sources of energy must be given due consideration.</p> <p style="text-align: center;"><b>It is beyond the general ability to understand how the Utility assets are continuously getting stranded and the damages claimed are in northward in a scenario where OA sales are southward.</b></p> <p>It should be noted that as per NTP 2016 (at Para 8.5.4), the licensees should conclusively demonstrate the assets are stranded because of Open Access Consumption and there should be an unavoidable obligation and incidence to bear fixed costs. However, in case of solar bi-lateral open access, the power plants were given permissions by DISCOMs during 2010-2016 and plants were commissioned during 2012-2017. So DISCOM's were well informed about this solar open access capacity in the state. In addition, as per clause 10.5 of regulation 2 of 2006, Generation from solar is a deemed to be scheduled.</p> <p>The generation assets getting stranded for the licensees could be due to improper power procurement plan of the licensees and due to ad-hoc power purchases on power exchanges by consumers (PXIL or IEX) and not in any way related to the consumers consuming power from solar developers through bi-lateral open access, as this consumption is well known, in advance from must run status of solar renewable energy source, to the utilities as the approval for long term open access was granted only by the very same DISCOMS, and hence they could have made procurement plans accordingly.</p> <p>Therefore, it is conclusively proved that the stranded capacity was not due to solar bilateral open access transactions. Hence, request the Hon'ble Commission to not impose additional surcharges for all for</p>	<ul style="list-style-type: none"> <li>• Sub-section (2) of Section 42 of the Electricity Act 2003 mentions that –  <i>“Provided that 1[such open access shall be allowed on payment of a surcharge] in addition to the charges for wheeling as may be determined by the State Commission.”</i></li> <li>• Further, Sub-section (4) of Section 42 also highlights the need of additional surcharge by stating:  <i>“4) Where the State Commission permits a consumer or class of consumers to receive supply of electricity from a person other than the distribution licensee of his area of supply, such consumer shall be liable to pay an additional surcharge on the charges of wheeling, as may be specified by the State Commission, to meet the fixed cost of such distribution licensee arising out of his obligation to supply.”</i></li> <li>• Hence the Act identifies the need for compensating distribution licensees by levying additional surcharge in case consumers switches to alternate supplies under open access.</li> <li>• The generation of power from the RE sources are not uniform and are highly variable from block to block during all days. However, the energy drawn by the Bi-lateral open access users from solar developers is not in proportion to the actual injection of power from the respective plants. This has led to the fluctuations of demand drawn from the TSDISCOMs at certain instances which resulted in backing down of power plants to maintain grid stability.</li> <li>• Thus, the RE solar developers and their users are also responsible for stranded capacity of power plants with which the TSDSICOMs have tied up with.</li> </ul>



	Solar bi-lateral open access transactions.	
2	<p>As a matter of fact, our submissions on applicability of AS on intra state long term solar open access generators were upheld by the Ministry of Power, Central government through The Electricity (Amendment) Rules, 2024, Dated: 10.01.2024. In exercise of the powers conferred by Section 176 of the Electricity Act, 2003 (36 of 2003), the Central Government made The Electricity (Amendment) Rules, 2024, Published in the Gazette on 10.01.2024.</p> <p>The relevant section of the said rules dealing with "Additional Surcharge" states is extracted below for quick reference of this honorable commission:</p> <p>"(22) (3) Additional Surcharge. - The additional surcharge levied on any Open Access Consumer shall not be more than the per unit fixed cost of power purchase of the distribution licensee concerned:</p> <p>Provided that for a person availing General Network Access or Open Access, the additional surcharge shall be linearly reduced from the value in the year in which General Network Access or Open Access was granted so that, if it is continued to be availed by this person, the additional surcharge shall get eliminated within four years from the date of grant of General Network ACCESS or Open Access:</p> <p>Provided further that the additional surcharge shall not be applicable for Open Access Consumer to the extent of contract demand being maintained with the distribution licensees:</p> <p>Provided also that the additional surcharge shall be applicable only for the Open Access Consumers who are or have been consumers of the concerned Distribution licensee.</p> <p>Explanation.- For the purpose of this rule, General Network Access and Temporary-GNA shall have the same meaning as defined in the Central Electricity Regulatory Commission (Connectivity and General Network</p>	<ul style="list-style-type: none"> <li>• The Electricity (Amendment) Rules, 2024 issued by the Ministry of Power is against the mandates of the Electricity Act, 2003.</li> <li>• The Electricity Act 2003 identifies the need for compensating distribution licensees by levying additional surcharge in case a consumer switches to alternate supplies under open access.</li> <li>• Sub-section (2) of Section 42 of the Electricity Act 2003 mentions that – <ul style="list-style-type: none"> <li>“Provided that [such open access shall be allowed on payment of a surcharge] in addition to the charges for wheeling as may be determined by the State Commission:”</li> </ul> </li> <li>• Further, Sub-section (4) of Section 42 also highlights the need of additional surcharge by stating: <ul style="list-style-type: none"> <li>“4) Where the State Commission permits a consumer or class of consumers to receive supply of electricity from a person other than the distribution licensee of his area of supply, such consumer shall be liable to pay an additional surcharge on the charges of wheeling, as may be specified by the State Commission, to meet the fixed cost of such distribution licensee arising out of his obligation to supply.”</li> </ul> </li> <li>• As identified by the policymakers through the mandates of Electricity Amendment Rules, 2024, removing additional surcharge would result in licensees having to bear excessive fixed costs associated with PPA signed for long-term durations (25 years) on account of stranded capacity due to the switching of existing consumers. The additional surcharge helps in assuaging the Discom financial worries. Removing of such charges would put Discom under significant financial duress.</li> </ul>



	<p>Access to the inter-State Transmission System) Regulations, 2022 as amended from time to time."</p> <p>That, as per this proviso the "Additional Surcharge" shall not be levied after completion of 4 (four) years from the date of being granted Open Access. It is to submit to this honorable commission that this proviso has the operational effect from the date of their publication in the Official Gazette i.e. from 10-01-2024.</p>	<ul style="list-style-type: none"> <li>• The promotion of Open Access cannot be done at cost of Discoms. Any such proposal should have incentive mandated by the Central or State Government to compensate the Discoms against any potential financial losses/implications.</li> <li>• The Discoms must not be subjected to business risks and financial losses by being forced to incentivize open access consumers through reduction of various charges. Discoms should not be made to bear brunt of promoting open access as it seems to be the case with this proposal.</li> </ul>
<p><b>3</b></p>	<p>Therefore, in the interest of avoiding the litigations, we pray this honorable commission to give effect to the said provisions in the current AS order.</p> <p>(1) To exempt solar projects, where 4 years are lapsed from the date of being first granted open access.</p> <p>(2) To limit the additional surcharge levy on any Open Access Consumer to per the unit fixed cost of power purchase of the distribution licensee concerned.</p>	<ul style="list-style-type: none"> <li>• Given the various reasons, this proposal should be dropped without any further consideration.</li> </ul>

**7. Response to Enersol Infra Pvt.Ltd**

S.No	Summary of Objections / Suggestions	Response of the Licensee
1	<p>The Respondent respectfully submits:</p> <ol style="list-style-type: none"> <li>1. That the whole of both the applications filed by the Applicants are identical. The Applicants are separate distribution licensees and so there should be differences in their data.</li> <li>2. That, Para 1 of the application does not require a reply as it merely states the section 42(4) of the Electricity Act, 2003'</li> <li>3. That, Para 2 of the application does not require a reply as it merely states the regulation 17.1(iv) of Regulation No. 2 of 2005 adopted by the Hon'ble Telangana State Electricity Regulatory Commission, hereinafter, the Hon'ble TSERC, vide Regulation I of 2014.</li> <li>4. That, Para 3 of the application does not require a reply as it merely states the clause 8.5.4 of the National Tariff Policy 2016 dated 28.01.2016, hereinafter, the NTP-2016.</li> <li>5. That, Para 4 of the application does not require a reply as it merely states the order of the Hon'ble TSERC vide its order in the O.P.No.23 of 2020 dated 18.09.2020.</li> <li>6. That, Para 5 of the application does not require a reply as it merely states that the applicant was directed to file their assessment of Additional Surcharge for the first and second halves of the FY2024-2025 within their corresponding due dates.</li> </ol>	<ul style="list-style-type: none"> <li>• The Additional Surcharge is computed for H1 of FY 2024-25 based on the approved methodology in O.P No 23 of 2020 along with the directions issued in the AS order for H1 &amp; H2 of FY 2023-24 by Hon'ble TSERC. The Additional Surcharge is calculated for the state as a whole and hence the data for both DISCOMs is considered for calculating the same.</li> </ul>
2	<ol style="list-style-type: none"> <li>7. That, in reply to Para 6 of the application, the basis of purchasing power under "Short-Term Purchases Capacity" be provided to the Respondent. Further, the "scheduled Capacity" is significantly lower than the "Available Capacity" for all months of the first half of FY2024-2025 and so the reasons for purchasing power in all these months is not clear.</li> </ol>	<ul style="list-style-type: none"> <li>• The stranded capacity for calculating the Additional Surcharge is derived by considering the 15-minute time-block data of available capacity and scheduled capacity of all generating stations having long-term PPAs with TSDISCOMs.</li> <li>• During the 15-minute time blocks when the requirement exceeds the availability, the Discoms opt for power purchase from short-term sources. Even if the average scheduled capacity is lower than the average available capacity for the month during the 15-minute time blocks and hence need arises for short-term purchases.</li> </ul>
3	<ol style="list-style-type: none"> <li>8. That, in reply to Para 6 of the application, the basis/formula of</li> </ol>	<ul style="list-style-type: none"> <li>• TS Discoms have calculated the net stranded capacity as per</li> </ul>



	arriving at "(Deficit)/Surplus after netting of Short-Term Purchases" be provided to the Respondent. It is also not evident from the table provided in Para 6.	the directives issued by Hon'ble TSERC in the AS order for H1 & H2 of FY 2023-24, by netting of short-term purchases and sale of surplus power by TSDISCOMs, if any, in the corresponding 15 minute time-block.
	9. That, in reply to Para 6 of the application, the "Audited data ' used to arrive at the "OA Scheduled Capacity" and "stranded Capacity" be provided to the Respondent or be made publicly available on the website of the Applicant.	<ul style="list-style-type: none"> <li>• The quarterly accounts for Q1 &amp; Q2 of FY 2023-24 of TS Discoms are available in the respective websites of TS Discoms.</li> <li>• There shall be a yearly statutory audit report confirming the financials including costs and revenues of the TSDISCOMs and the same will be submitted after the due process of completion of statutory and C&amp;AG Audit to the Commission.</li> </ul>
	10. That, in reply to Para 6 of the application, the "Audited data" used to arrive at the "fixed charges paid for H1 of FY2023-24" of Rs. 5948'42 Crores be provided to the Respondent or be made publicly available on the website of the Applicant.	
	11. That, in reply to Para 6 of the application, the "Audited data" used to arrive at the "transmission charges paid by the Licensees for H1 of FY2023-24" of Rs. 2908.67 Crores be provided to the Respondent or be made publicly available on the website of the Applicant.	
	12. That, in reply to Para 6 of the application, the "Audited data" used to arrive at the "Actual Energy Scheduled" of 39399.63 MU be provided to the Respondent or be made publicly available on the website of the Applicant.	
	13. That, in reply to Para 6 of the application, the "Audited data" used to arrive at the "Energy Consumed by OA Consumers from the DISCOMs" of 1678.38 MU be provided to the Respondent or be made publicly available on the website of the Applicant.	
	14. That, in reply to Para 6 of the application, the "Audited data" used to arrive at the "Demand Charges recovered by the DISCOMSs from OA Consumers" of Rs. 155.57 Crores be provided to the Respondent or be made publicly available on the website of the Applicant.	
	15. That, in reply to Para 6 of the application, the "Audited data" used to arrive at the "Open Access Sales" of 354.75 MU be provided to the Respondent or be made publicly available on the website of the Applicant.	
	16. That, in reply to Para 7 of the application, the Hon'ble TSERC, before according its approval, ensure that all the stakeholders	



	<p>have had reasonable opportunity to study the "Audited data" used by the Applicant in arriving at the Additional Surcharge for H1 of FY2024 -2025.</p>	<p>Discoms are already available in the respective websites of TS Discoms. Sufficient time was already provided to the consumers to study/ analyze the petitions of TS Discoms.</p>
	<p>17. That, in reply to Para 8 of the application, the Hon'ble TSERC, may please make available the data of the Transmission Corporation of Telangana Limited, hereinafter, the TSTRANSCO, that have been used to arrive at the Additional Surcharge for H1 of FY2024-2025.</p>	<p>TS Discoms have considered the actual of TSTRANSCO related charges in the petitions for determination of Additional Surcharge for H1 of FY 2024-25.</p>
	<p>18. That the Central Government vide G.S.R.36(E) dated 10.01.2024, amended the Electricity Rules, 2005, called the Electricity (Amendment) Rules, 2024 which came into force on 10.01.2024. Accordingly, the newly inserted Rule 22(3) dealing with "Additional Surcharge" states:</p> <p>"(3) Additional Surcharge.- The additional surcharge levied on any Open Access Consumer shall not be more than the per unit fixed cost of power purchase of the distribution licensee concerned:</p> <p>Provided that for q person availing General Network Access or Open Access, the additional surcharge shall be linearly reduced from the value in the year in which General Network Access or Open Access was granted so that, d it is continued to be availed by this person, the additional surcharge shall get eliminated within four years from the date of grant of General Network Access or Open Access:</p> <p>Provided further that the additional surcharge shall not be applicable for Open Access Consumer to the extent of contract demand being maintained with the distribution licensees :</p> <p>Provided also that the additional surcharge shall be applicable only for the Open Access Consumers who are or have been consumers of the concerned Distribuion licensee.</p> <p>Explanation.- For the purpose of this rule, General Network</p>	<ul style="list-style-type: none"> <li>• The Electricity (Amendment) Rules, 2024 issued by the Ministry of Power is against the mandates of the Electricity Act, 2003.</li> <li>• The Electricity Act 2003 identifies the need for compensating distribution licensees by levying additional surcharge in case a consumer switches to alternate supplies under open access.</li> <li>• Sub-section (2) of Section 42 of the Electricity Act 2003 mentions that –</li> </ul> <p><i>“Provided that 1[such open access shall be allowed on payment of a surcharge] in addition to the charges for wheeling as may be determined by the State Commission:”</i></p> <ul style="list-style-type: none"> <li>• Further, Sub-section (4) of Section 42 also highlights the need of additional surcharge by stating:</li> <li>• <i>“4) Where the State Commission permits a consumer or class of consumers to receive supply of electricity from a person other than the distribution licensee of his area of supply, such consumer shall be liable to pay an additional surcharge on the charges of wheeling, as may be specified by the State Commission, to meet the fixed cost of such distribution licensee arising out of his obligation to supply.”</i></li> <li>• As identified by the policymakers through the mandates of Electricity Amendment Rules, 2024, removing additional surcharge would result in licensees having to bear excessive</li> </ul>



	<p>Access and Temporary-GNA shall have the same meaning as defined in the Central Electricity Regulatory Commission (Connectivity and General Network Access to the inter-State Transmission System) Regulations, 2022 as amended from time to time."</p>	<p>fixed costs associated with PPA signed for long-term durations (25 years) on account of stranded capacity due to the switching of existing consumers. The additional surcharge helps in assuaging the Discom financial worries. Removing of such charges would put Discom under significant financial duress.</p>
	<p>19. That, as per the first proviso to the aforementioned newly inserted rule, the "Additional Surcharge" shall not be levied after completion of 4 (four) years from the date of being granted Open Access.</p>	<ul style="list-style-type: none"> <li>• The promotion of Open Access cannot be done at cost of Discoms. Any such proposal should have incentive mandated by the Central or State Government to compensate the Discoms against any potential financial losses/implications.</li> </ul>
	<p>20. That, as per the second proviso to the aforementioned newly inserted rule, the "Additional Surcharge" shall not be applicable to an Open Access Consumer to the extent of contract demand being maintained with the distribution licensee. Thus, the "Additional Surcharge" is applicable only to the extent of power produced by the generating company from who the Open Access Consumer is purchasing power.</p>	<ul style="list-style-type: none"> <li>• The Discoms must not be subjected to business risks and financial losses by being forced to incentivize open access consumers through reduction of various charges. Discoms should not be made to bear brunt of promoting open access as it seems to be the case with this proposal.</li> <li>• Given the various reasons, this proposal should be dropped without any further consideration.</li> </ul>
	<p>21. That, clause 8.5.1 of the NTP-2016 states that the "Cross-subsidy surcharge" and "Additional surcharge" shall not be onerous and shall not foster elimination of competition in the generation and supply of power directly to open access consumers.</p>	<p>The Hon'ble TSERC has determined the AS for H2 of FY 2021-22 and H1 of FY 2022-23 and allowed the AS of 40% and 33% of approved only. As a result the TSDISCOMs have lost the revenue from AS entitled to.</p>

### 8. Response to Ushodaya Enterprises Private Limited

S.No	Summary of Objections / Suggestions	Response of the Licensee
1	<p>We humbly submit the following objections/representations in respect of the above subject:</p> <p>At the outset, we submit that the basis for levying additional surcharge, for which the Discoms replied on "Audited Data", is not publicly available and therefore, the whole exercise is not transparent. We humbly request the Hon'ble Commission to direct the Discoms to share the said data for our better understanding. We also request the Hon'ble Commission to allow us further representation based on the additional data, once it is provided to us.</p> <p>1. Vide ref (2) cited, Central Government made Electricity (promoting Renewable Energy through Green Energy Open Access) Rules, 2022 in exercise of the powers conferred by sub section (i) read with clause (2) of sub section (2) of section 176 of the Electricity Act, 2003 (Act 36 of 2003). Rule 5(1) of the said rules stipulates that 'appropriate Commission may, if necessary, amend the relevant regulations made by it and such regulations shall be consistent with these rules'</p>	<ul style="list-style-type: none"> <li>• The Quarterly reports for Q1 &amp; Q2 of FY 2023-24 for TS Discoms are available in their respective websites.</li> <li>• There shall be an yearly statutory audit report confirming the financials including costs and revenues of the Discoms and the same shall be submitted after the due process of completion of statutory and C&amp;AG Audit to the Hon'ble Commission.</li> </ul>
2	<p>2. While the said Electricity Rules were published in The Gazette of India on 06.06.2022 duly exempting renewable / solar consumers from levy of additional surcharge (AS), DISCOMs have been levying AS on consumers consuming Electricity from such green sources on the pretext that they are awaiting Hon'ble commission orders.</p>	<ul style="list-style-type: none"> <li>• The Electricity Act 2003 identifies the need for compensating distribution licensees by levying additional surcharge in case a consumer switches to alternate supplies under open access.</li> <li>• Sub-section (2) of Section 42 of the Electricity Act 2003 mentions that –</li> </ul>
3	<p>3. <b>Vide ref (4) cited, commission expressed following view:</b></p> <p>"The Commission takes note of the submission of the stake holder on the applicability of ASS on Green Energy Open Access Consumers as per the Electricity (Promoting Renewable Energy through Green Energy Open Access) Rules, 2022. In terms of Rule 5(1) of the said Rules, 2022 the Commission is in the process of amending the relevant regulations"</p> <p>We humbly submit that the inordinate delay in initiating necessary amendments to the regulations, in line with the</p>	<p><i>"Provided that 1[such open access shall be allowed on payment of a surcharge] in addition to the charges for wheeling as may be determined by the State Commission:"</i></p> <ul style="list-style-type: none"> <li>• Further, Sub-section (4) of Section 42 also highlights the need of additional surcharge by stating:</li> </ul> <p><i>"4) Where the State Commission permits a consumer or class of consumers to receive supply of electricity from a person</i></p>



	Central Government Rules, is resulting in heavy burden to the renewable energy producers.	
	4. <b>Vide ref (5) cited</b> , we have further requested your good office to expedite the process as delays in making amendments would cause irreparable damage to the green generators and further adding up to existing litigations with DISCOMs.	<i>other than the distribution licensee of his area of supply, such consumer shall be liable to pay an additional surcharge on the charges of wheeling, as may be specified by the State Commission, to meet the fixed cost of such distribution licensee arising out of his obligation to supply.”</i>
	5. We submit that the very concept of open access for green energy developers is sought to be altered or diluted subsequently in the form of amendments by levying additional banking charges, restrictions on usage, limiting the banking to one month etc, thereby defeating the very objective of promoting renewable energy.	<ul style="list-style-type: none"> <li>• The various Rules cannot supersede the Electricity Act 2003 passed by the parliament, and hence without appropriate modifications in 2003 Act, such new rules may not have legislative backing.</li> </ul>
	6. All the infrastructure for setting up solar power plant including the transmission lines to the pooling substation, installation of ABT Meters, SCADA and other maintenance facilities at the location, are set up at a huge cost by ourselves, by borrowing loans from Banks.	<ul style="list-style-type: none"> <li>• The promotion of Open Access cannot be done at cost of Discoms. Any such proposal should have incentive mandated by the Central or State Government to compensate the Discoms against any potential financial losses/implications.</li> </ul>
	7. We are already paying wheeling charges, cross subsidy charges, additional surcharge etc. after incurring transmission and Wheeling losses. The whole exercise of imposing additional surcharge is a complete disincentive to green energy producers, at a time when electricity demand / consumption is picking up and the country is moving ahead to implement global commitments to reduce carbon footprint.	<ul style="list-style-type: none"> <li>• The Discoms must not be subjected to business risks and financial losses by being forced to incentivize open access consumers through reduction of various charges. Discoms should not be made to bear brunt of promoting open access as it seems to be the case with this proposal.</li> </ul>
	8. TSDISCOMS have made proposals for levy of ASS for H1 of FY 2024-25 without any exemption to solar green projects, contrary with Electricity Rules 2022 dated:06.06.2022	<ul style="list-style-type: none"> <li>• Given the various reasons, this proposal should be dropped without any further consideration.</li> </ul>
	9. Moreover, without prejudice to the above , the whole change in the methodology by TSDISCOMs is arbitrary and is an exercise of profit making at the cost of the renewable energy producers	<ul style="list-style-type: none"> <li>• The TS Discoms have proposed the levy of Additional Surcharge as per the provisions of the Electricity Act 2003 and as per the methodology and directions given by Hon'ble TSERC in the previous AS Order for H1 &amp; H2 of FY 2022-23 and H1 &amp; H2 of FY 2023-24 and requested to approve the same.</li> </ul>
	10. Therefore, we request the Hon'ble Commission to pass orders exempting solar projects in this current OP, till the time the Commission amends the relevant regulations	
	11. We further request you to give us an opportunity to present oral arguments before the Commission.	