

Dated: 26.02.2024



To  
The Secretary,  
Telangana State Electricity Regulatory Commission,  
Singareni Bhavan, Red Hills,  
Hyderabad.

Sir,

Sub:- Submission of Tentative Explanation to your notice dated 02.02.2024—  
Request to furnish information sought by us is awaited – Regarding.

- Ref:-
1. Your notice dated 02.02.2024.
  2. Order of the Honourable Supreme Court in SLP (C) No. 14047-14066/2019 dated 07.11.2023.
  3. Order in OP No. 76/2015 dated 27.03.2015 relating to Cross Subsidy Surcharge.
  4. Our request letter dated 14.02.2024.

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Please refer to our request letter 4<sup>th</sup> cited, where in we have sought for some information as regards your proposal to pass orders with regard to Cross Subsidy Surcharge for the year 2015-16. However, we have not received any information from you regarding our request. However, as the hearing is fixed on 28.02.2024 by the Commission, we are submitting our tentative explanations reserving our right to file additional explanation after receipt of the information as sought by us.





Regd. Office : 4-1-970, C-309, 3rd Floor, Upasana Building, Ahuja Estate, Abids Road, Hyd-1.  
 Factory : Survey No. 105/105A, Nandigaon (V & M), N.H.44, Kothur Bypass Road, R.R. Dist. T.S.-509 228  
 CIN No. : U27109TG2004PTC043804 E-mail : aryamsteels@yahoo.com

2. We are H.T. consumer of T.S.S.P.D.C.L. availing power at 33 KV voltage level. We are also open access consumers purchasing power through Indian Electricity Exchange. Hitherto, the T.S.S.P.D.C.L. submitted proposals as per statutory audited data for approval of Cross Subsidy Surcharge for the financial year 2015-16 in respect of T.S.S.P.D.C.L. Open Access consumers. The said proposals were submitted basing on the revenue requirement of the T.S.S.P.D.C.L. by duly taking into consideration the average utilization, original power purchase, wheeling charges and applicable loss. Accordingly, the T.S.S.P.D.C.L. sought permission of the Regulatory Commission to collect 30 paise per unit from H.T. Category 33 KV consumers with industrial segregated load. The proposals were submitted in accordance with the formula enunciated in National Tariff Policy, 2006.

3. However, in deviation of the proposals submitted by the T.S.S.P.D.C.L., the Telangana State Electricity Regulatory Commission fixed the Cross Subsidy Surcharge for the year 2015-16 are based on the very National Tariff Policy Formula specified in Par 8.5 of the National Tariff Policy application to the year 2006. The reasons stated in the order of the Commission that the erstwhile A.P.E.R.C. adopted embedded cost methodology for determination of Cross Subsidy Surcharge for the financial year 2006-07. The said fixation was challenged in an appellate tribunal for electricity by M/s R.V.K. Energies Private Limited and others. The Appellate Tribunal passed orders to the effect that the Cross Subsidy Surcharge shall be calculated as per the formula mentioned in the National Tariff Policy.

4. Before High Court, the honorable Commission has not filed any counter. The T.S.S.P.D.C.L. filed counter justifying the action of the Commission, deviation from the audited figures of T.S.S.P.D.C.L. are at the instance of the State Government. The State Government does not have any power to meddle with the power of the Regulatory Commission to fix the Cross Subsidy Surcharge by sub-planting the audited figures submitted by the Distribution Companies under the scheme of the Act.

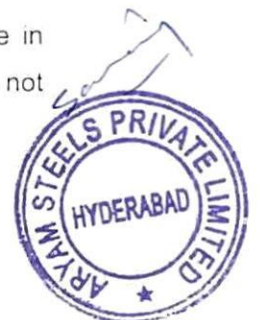


5. The A.P.E.R.C. and also licensees of undivided State of Andhra Pradesh to which T.S.S.P.D.C.L. is a successor licensee, one such licensee filed Civil appeal No. 4936-4041/2007. Further that the Honourable Supreme Court passed interim order dated 05.05.2008 stating that the operation of all the appellate tribunal and also that the interim order of the Honourable Supreme Court is operational and the same is sub-judice.

6. The Honourable Commission proceeded on the premise that the calculation of the Cross Subsidy Surcharge on the embedded cost methodology is higher than the Cross Subsidy Surcharge fixed basing on the National Tariff Policy Formula. In this regard, we wish to bring to your notice that if the T.S.S.P.D.C.L. asked the Honourable Commission to fix the Cross Subsidy Surcharge basing on the embedded cost methodology, the above situation would have arisen. But it is not so in the present case. It is a specific proposal of the T.S.S.P.D.C.L. that as per National Tariff Policy formula the rate comes to 30 paise per unit for consumers like us. Further, it is well within the power and ambit of the concerned distribution company to work out the leviable charges to meet its budgetary requirement, since it has to compete with the private generating companies in the matter of supply of power.

7. We duly bring to your notice that the Honourable Commission is bereft of any power to fix the Cross Subsidy Surcharge more than computed and sought by the concerned distribution companies. Such an exercise of power surely goes beyond the scope and object of powers conferred on the Commission under the A.P. (Electricity) Reforms Act, 1998 and Electricity Act, 2003.

8. More so, the Commission cannot act upon the adjusted figures as furnished by the State Government for the purpose of deviating figures submitted by the T.S.S.P.D.C.L. It is rather surprising to note that after disposal of the matter by the Honourable Supreme Court, the T.S.S.P.D.C.L. never approached the Regulatory Commission seeking to revise the Cross Subsidy Surcharge in contravention of its proposals. Obviously it shows that the T.S.S.P.D.C.L. does not any more want to burden its consumers.





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9. Further, it is surprising to note that in its order dated 27.03.2015, the Honourable Commission fixed the Cross Subsidy Surcharge payable by the consumers like us at Rs. 1.29 Ps. per unit. But, however, in the notice it is mentioned by you that the Honourable Commission wants to fix the Cross Subsidy Surcharge at Rs. 1.32 Ps. per unit. It is relevant to mention here that in the absence of any proposal by the Distribution Companies, the Honourable Commission lacks power any jurisdiction to proceed any further in the matter. Unless once again the State Government change the figures the above situation does not arise. The Electricity Act, 2003 is a consumer friendly enactment and it specifically obligates the Commission to see that the Cross Subsidy Surcharge is reduced.

Thanking you,

Yours faithfully,  
For Aryam Steels Private Limited

A handwritten signature in blue ink, appearing to read "S. Srinivas", is written over a horizontal line.

Authorized Signatory

