### SOUTHERNPOWER DISTRIBUTION COMPANY OF TELANGANA LTD.



## **RESPONSES TO OBJECTIONS / SUGGESTIONS**

On

## **Determination of Additional Surcharge for H2 of FY 2022-23**

### **INDEX**

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1. <u>Jo</u>	<b>gendra Behera,</b> CRO &VP - Market Economics & Regulatory	r, IEX, E-mail: <u>iex-ra@iexindia.com</u>
S.No	Summary of Objections / Suggestions	Response of the Licensee
1	The State Distribution Companies of Telangana i.e. TSSPDCL & 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. 6.81/ unit for H2 of FY 2022-23. The proposed ASC is too high to be reflective of the stranded obligations of the Distribution Companies and if imposed may lead to disproportionately high recoveries. IEX comments in the subject petition are as under.	
2	<ul> <li>Distribution charge of LT system ought not to be considered</li> <li>2.1. As per regulation 8 of the Terms and Conditions of Open Access to Intra-State Transmission and Distribution Regulation 2005, the Hon'ble Commission has allowed open access to consumers with contracted capacity more than 1 MW. Consequently, it can be inferred that no consumers utilizing the facility of Open Access are connected to LT network.</li> <li>2.2.Discoms in the present petition have claimed per unit Distribution Cost at Rs. 1.05/ unit. It is observed that the per unit distribution cost computed in the petitions include the cost associated with LT network also which is contrary to the regulations laid down by the Hon'ble Commission as OA consumers are only utilizing HT network.</li> <li>2.3.The OA consumers would not have incurred the said distribution cost @Rs. 1.05/unit even if they had consumed from the Discom. Instead, they would have incurred only 30% of the</li> </ul>	The licensee has computed the per unit Distribution cost in consonance with the commission's order in OP No.23 of 2020 dated 18.09.2020 and orders for AS for FY17- 18 dated 13.12.2017 and AS for FY18-19 dated 27.03.2018. The Hon'ble Commission considered the approved Distribution cost of FY16-17 i.e., Rs. 3,658.15 Cr. and of FY17-18 i.e., Rs. 4,295.84 Cr. in arriving at the per unit distribution cost of Rs.0.71 per unit and Rs. 0.82 per unit in the orders for AS for FY17-18 and AS for FY18-19 respectively. In a similar way, the licensee has considered the approved distribution cost of FY 2021- 22 by the Hon'ble Commission in arriving at the per unit distribution cost of Rs.1.05 per unit in the present AS H2 FY 23 filings.

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	total distribution cost based on the voltage wise cost approved by	
	the Hon'ble Commission vide Order dated 29.04.2020 in terms of	
	ARR determination for the wheeling business for 4th Control	
-	period (FY 19-20 to FY 23-24). Therefore, imposition of full	
Ċ	distribution cost including that of LT system would not be	
j	justifiable.	
3 I	ISTS & STU transmission Charges considered for computation of	The Hon'ble Commission in its order in OP No.23 of
A	Additional Surcharge ought to include the refund (adjustment) of	2020 (pg 12) opined that the methodology of AS
C	corresponding charges to Discom/STU	computation was approved in the Order dated
		13.12.2017 in I.A.Nos.22&23 of 2017 in
3	3.1. The Discoms have, for the computation of per unit	O.P.Nos.22&23 of 2016 respectively (AS Order for
t	transmission charges, considered the inter-state, intra-state	FY17-18) and the same have attained finality. The
t	transmission charges and SLDC charges. We submit that the same	Commission while determining AS for H1 for FY2022-
r	may result in overburdening of ISTS & STU charges on the	23 have also considered the ISTS transmission charges.
	consumers for the following reasons:	
	C C	Hence, the licensee considered the transmission charges
3	3.1.1. The inter-state transmission cost is on account of the	i.e., both intra & interstate transmission charges for
t	transmission charges being paid by the Discom for long/medium	computing per unit transmission charge in conformity
t	term access to the ISTS system. Such charges to be paid by the	with the aforementioned order
I	Discom are notified by NLDC.	
	·	Moreover, the Hon'ble Commission also considered the
3	3.1.2. Any consumer availing open access to the ISTS system also	same for computing the per unit transmission charge in
I I	pays its ISTS cost for the power procured through open access, the	its order for determination of AS for FY 2018-19, H2
l	benefit of which accrues to the state in reduction of their POC	for FY 2021-22 and H1 for FY 2022-23.
C	charges. This reduction is due to the following clause 11 (3) of the	
	<b>CERC</b> (Sharing of Inter-State Transmission Charges and Losses)	Further, there is no rationality in considering intra state
	Regulations, 2020-21.	transmission charges alone, as the Discoms have long
		term power purchase commitments with both intra and
]	Transmission charges for Short Term Open Access (3)	inter-state generators thereby utilizing the intra and inter
1	Transmission charges for Short Term Open Access paid by an	state transmission corridors. And, further the backing
	embedded intra-State entity during a month shall be reimbursed in	down of generation is not limited to intrastate generators
t	the following billing month to the State in which such entity is	alone. Hence, the transmission charges that are

located.	considered in totality are justified in arriving at per unit
	transmission charge
3.1.3. Similarly, the embedded consumers pay STU charges on all	
open access transactions.	TS Discoms understands that the ISTS cost paid by the
3.1.4. It is in view of the above that inclusion of ISTS & STU	consumer availing ISTS system, benefits in reduction of
charges again for computation of Additional Surcharge as claimed	POC charges for the state. However, the same benefits
by the Petitioner, will lead to double levy of the same charge on	have been passed on to the consumer through APR filed
open access consumers. Thus, we request the Hon'ble Commission	by TS TRANSCO.
to re-consider its view on allowing inclusion of ISTS & STU	
charges in the ASC.	
In addition to the above, the Hon'ble Commission is requested to	
conduct the required prudence of the fixed costs claimed for H2-	
FY 22-23 while finalizing the Additional Surcharge to be levied on	
open access consumers.	

.No		Summ	ary of Obje	ctions / Sug	gestions		<b>Response of the Licensee</b>
1	Relevant facts on the contents of the petition:         It is respectfully submitted that        Approved methodology for computation of Additional Surcharge.					No comments	
2	Suggestions:         No:1:         It is respectfully submitted that this Hon'ble Commission has considered the Fixed cost figures filed by the TSSPDCL for approval of Tariff for the Financial Year 2022-23. The same is extracted for kind ready reference of the Hon'ble Commission hereunder:-						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&23 of 2017 in O.P.Nos.22&23 of 2016 respectively (AS Order for FY17-18) and the same have attained finality. The Commission while determining AS for H1 for FY2022-23 considered the Fixed costs as per the actual figures for H1 of corresponding provious year
	Source	Quantum MU	Fixed Cost Rs. Crore	Variable Cost Rs. Crore	Other Cost Rs. Crore	Total Rs. Crore	for H1 of corresponding previous year. Hence, the licensee considered the Fixed cost paid a
	TSGenco	MU 22015.90	Rs. Crore 4964.12	CostRs.Crore5336.87		Crore 11312.81	for H1 of corresponding previous year.
		MU	Rs. Crore	Cost Rs. Crore	Rs. Crore	Crore	for H1 of corresponding previous year. Hence, the licensee considered the Fixed cost paid a per the actuals for H2 of FY 2021-22 for computin
	TSGenco	MU 22015.90	Rs. Crore 4964.12	Cost Crore         Rs.           5336.87         3852.95           4313.32	Rs. Crore 1011.82	Crore 11312.81	for H1 of corresponding previous year. Hence, the licensee considered the Fixed cost paid a per the actuals for H2 of FY 2021-22 for computin Fixed charges per MW in conformity wit aforementioned order.
	TSGenco CGS	MU 22015.90 13756.92	Rs. Crore           4964.12           1871.10	Cost Crore         Rs.           5336.87         3852.95	Rs. Crore 1011.82 0.00	Crore 11312.81 5724.04	<ul> <li>for H1 of corresponding previous year.</li> <li>Hence, the licensee considered the Fixed cost paid a per the actuals for H2 of FY 2021-22 for computin Fixed charges per MW in conformity wit aforementioned order.</li> <li>Having said that, the computation done by the objector</li> </ul>
	TSGenco CGS Others	MU 22015.90 13756.92 17329.18	Rs. Crore           4964.12           1871.10           3246.59	Cost Crore         Rs.           5336.87         3852.95           4313.32	Rs. Crore           1011.82           0.00           46.00	Crore 11312.81 5724.04 7605.92	for H1 of corresponding previous year. Hence, the licensee considered the Fixed cost paid a per the actuals for H2 of FY 2021-22 for computin Fixed charges per MW in conformity with aforementioned order.
	TSGenco CGS Others NCE D-D	MU 22015.90 13756.92 17329.18	Rs. Crore           4964.12           1871.10           3246.59	Cost Crore         Rs.           5336.87         3852.95           4313.32         3161.69	Rs. Crore           1011.82           0.00           46.00	Crore 11312.81 5724.04 7605.92	<ul> <li>for H1 of corresponding previous year.</li> <li>Hence, the licensee considered the Fixed cost paid a per the actuals for H2 of FY 2021-22 for computin Fixed charges per MW in conformity with aforementioned order.</li> <li>Having said that, the computation done by the objector for arriving at a rate for 6 months, is incorrect (i.e.</li> </ul>

	59373.16 MU (55299.07 + 4074.07). Accordingly, the Fixed cost per KWH will work out to Rs. 1.70 per KWH for 12 months, for 6 months it will be Rs. 0.85 per KWH. The calculation is as follows:-	
	Rs. 10081.80 crores / 59373.16 MU X 10 = Rs. 1.70 per KWH.	
	This fact to be considered to arrive the fixed cost of TSSPDCL	
	while approving the Additional Surcharge for the period from October, 2022 to March, 2023.	
3	It is submitted that as prescribed in Clause 8.5 of Tariff Policy Resolution dated 28.1.2016 the surcharge and additional surcharge shall not exceed 20% of the tariff applicable to the category of consumer seeking open access.	TS Discoms believe that the capping limit of 20% of tariff applicable to category of consumer, as prescribed in the National Tariff Policy Resolution 28.1.2016, applies to Cross-subsidy Surcharge only, and doesn't hold good for Additional Surcharge.
	Accordingly, the present tariff of HT (I) (A) Category of 33 KV consumer is Rs. 7.15 per KWH. Thus the 20% of applicable tariff will be Rs. 1.43 per KWH. This condition to be considered while approving the Additional Surcharge for the period from October, 2022 to March, 2023.	
4	NO. 2:	The suggestion comes under the purview of Hon'ble Commission.
	The State Commission conferred with powers to determine Additional Surcharge on the charges of wheeling as prescribed in Section 42 (4) of Electricity Act, 2003. The same is to be considered	The Hon'ble Commission in its order in OP No.23 of 2020dated 18.09.2020 and latest AS order for H1 of FY 2022-23 dated 22.03.2022 have adhered to the Section
5	<b><u>NO. 3:</u></b> The State Commission conferred with power to determine Wheeling Charges and Surcharge thereon to be levied on open access consumer for whom permission is granted Under Section 42 of Electricity Act, 2003 as prescribed in Section 86 (l) (a) of Electricity Act, 2003.	42 (4) of Electricity Act, 2003.

	The same is to be considered	
6	Objections:	The Hon'ble Commission in its order in OP No.23 of
	<u>No. 1:</u>	2020 (pg 12) opined that the methodology of AS
	It is submitted that the petitioner has considered the figures of the period October, 2021 to March, 2022 for computing the Additional Surcharge to be determined for the period from October, 2022 to March, 2023 is not correct and in violation of the approval or this Hon'ble Commission of para No. 52 of order dated 18.9.2020 passed in O.P. No. 23 of 2020 hence the figures of the period from October, 2022 to March, 2023 to be considered filed by the Generating Stations and Open Access Consumers.	computation was approved in the Order dated 13.12.2017 in I.A.Nos.22&23 of 2017 in O.P.Nos.22&23 of 2016 respectively (AS Order for FY17-18) and the same have attained finality. The Commission while determining AS for H1 for FY 2022- 23, considered the actual figures of H1 of corresponding previous year. Hence, the licensee considered the actual figures i.e.,
		actuals of H1 of FY 2021-22 in conformity with the aforementioned order.
	We also request to furnish a copy of requisition filed by the generating station wise showing the details of proposed available capacity, scheduled capacity, fixed payable to them during the relevant period and open Access consumer wise along with the details of quantity proposed to be consumed by them from open access source to enable us to determine the stranded capacity as prescribed in para No. 52 (a) (iii) of order dated 18.9.2020 passed in O.P. No. 23 of 2020 by this Hon'ble Commission. We also request to furnish the detail break up of each component wise figures to be considered in Sl. No. A to Q of Methodology for Computation of Additional Surcharge.	The petitioners had submitted the related data (including 15 min-time block data of actual availabilities and schedules) and workings in computation of AS for H2 of FY22-23 to the Hon'ble Commission and the same is placed on the Discoms' and TSERC websites as well.
7	No.2:	The Hon'ble Commission in its order in OP No.23 of
		2020 (pg 12) opined that the methodology of AS
	It is respectfully submitted that the Petitioner in the Sl. No. (O) of computation taken the wrong figures of Rs. 252.06 crores i.e.,	computation was approved in the Order dated 13.12.2017 in I.A.Nos.22&23 of 2017 in

	difference of (E) – (N).	O.P.Nos.22&23 of 2016 respectively (AS Order for
	(E) is Rs. 108.05 crores and (N) is Rs144.01 crores thus the	FY17-18).
	difference will be Rs35.51 crores. Hence, the figure of (O) should	
	be corrected to Rs35.51 crores.	As per the approved TSERC methodology, the Demand
		charges to be adjusted (N) is the amount to be recovered
	In view of this correction the Respondents are entitled for refund	and hence it is represented using the negative sign
	of Rs. 0.96 per KWH during the H2 period of Financial Year 2022-	(Rs144.01 Cr.) due to under recovery of fixed cost.
	23 i.e., Rs35.51 Crores / 370.34 MU X 10 = Rs. 0.96 per KWH.	To device the total Net Strended shares measured
	In store of the channel stated for the Demonstrate survey to this	To derive the total Net Stranded charges recoverable
	In view of the above stated facts, the Respondent pray to this	(O), the Fixed Charges for Stranded capacity ( $E = Rs$ .
	Hon'ble Commission;	108.05 Cr.) has to be added to Rs. 144.01 Cr. i.e. O = E - N
	to pass an order for Refund ofRs. 0.96 per KWH of Additional	0 = 12 - 10 = 108.05 - (-144.01) = 252.06
	Surcharge during the period H2 of Financial Year 2022-23 i.e.,	Therefore, the Net Stranded charges recoverable $(O)$
	from October, 2022 to March, 2023; and pass such that order or	arrives at INR 252.06 Cr.
	orders as may deem fit by this Hon'ble Commission under the	
	circumstances of the petition in the interest of justice.	Hence, the question of refund doesn't arise as stated by
		the Objector.
	Other grounds if any will be filed during proposed hearing to be	
	held on 24.8.2022.	
8	<b>OPPORTUNITY DURING HEARIG TO BE HELD 0N 24.8.2022</b>	No Comments
	It is respectfully submitted that we may be provided an	
	opportunity for arguing our grounds during hearing scheduled on	
	24.8.2022 at I I AM at Court Hall, 5 <sup>th</sup> Floor, Singareni Bhavan, Red	
	Hills. Hyderabad - 500 004.	
	In this regard we hereby authorise Ms. Nishtha, Advocate situated	
	at 2-2-1105/4/A/F, Indranagar, Tilaknagar, Hyderabad — 500 044	
	Cell No. 70362 05211 to attend, argue on our behalf during above said hearing.	

	<ol> <li>V Manikanth, General Manager-Projects, Penna Cement Industries Limited, Lakshmi Nivas705, Road#3, Banjara Hills, Hyderabad Telangana — 500 034</li> </ol>				
S.No	Summary of Objections / Suggestions	Response of the Licensee			
1.	No Link in Additional Surcharge & Open Access Volume: 1.1 The National Tariff Policy, 2016 emphasizes upon the objective of promoting open access while ensuring that charges and conditions levied for such open access do not make it un- competitive. The relevant clauses of the Tariff Policy, are extracted as under:	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&23 of 2017 in O.P.Nos.22&23 of 2016 respectively (AS Order for FY17-18) and the same have attained finality. The Commission while determining AS for H1 2022-23 have also considered the same methodology.			
	"8.5 Cross-subsidy surcharge and additional surcharge for open access	Hence, the licensee derived the Additional Surcharge for H2 of FY 2022-23 in consonance with the			
	8.5.1 National Electricity Policy lays down that the amount of cross-subsidy surcharge and the additional surcharge to be levied from consumers who are permitted open access should not be so onerous that it eliminates competition which is intended to be fostered in generation and supply of power directly to the consumers through open access.	methodology from the aforementioned order.			
	······				
	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 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				

	<ul> <li>through wheeling charges."</li> <li>1.2 The above highlighted section of the National Tariff Policy that additional surcharge is applicable only when the existing power purchase commitments has been and continues to be stranded due to open access. It is understood here that any increase or decrease in the open access volume in the state will accordingly lead to increase or decrease of the Additional Surcharge. The graph below shows the open access volume in the past years (as submitted by Discom) and additional surcharge approved by the Hon'ble Commission.</li> <li>1.3 It can be observed additional surcharge for H2 of FY 21-22 is 0.96 &amp;H1 of FY 22-23 is 1.15. Despite of continuous decrease in open access volume in the past years the additional surcharge is continuously increasing, which is contradictory to the National Tariff Policy and definitely not in the interest of State Consumers.</li> </ul>	
2.	Levy of Distribution charges for the whole System 2.1 Discom in the present petition has considered the per unit Distribution charges at Rs. 1.05/ unit which is for the whole Distribution Network including cost associated with LT network which is not being utilized by the Industrial or OA Consumers. 2.2 The concerned issue is not new to the Hon'ble Commission and was also raised in the previous Additional Surcharge petition, wherein the Hon'ble Commission denied the objection stating that the Distribution Charges are beingconsidered as per the	The licensee has computed the per unit Distribution cost in consonance with the commission's order in OP No.23 of 2020 dated 18.09.2020 and orders for AS for FY17-18 dated 13.12.2017 and AS for FY18- 19 dated 27.03.2018. The Hon'ble Commission considered the approved Distribution cost of FY16-17 i.e., Rs. 3,658.15 Cr. and ofFY17-18 i.e., Rs. 4,295.84 Cr. in arriving at the per unit distribution cost of Rs.0.71 per unit and Rs. 0.82 per unit in the orders for AS for FY17-18 and AS for FY18-19 respectively. In a similar way,

methodology approved vide Telangana State Electricity RegulatoryCommission order dated 18.09.20202.3 However, the past order of ASC for HI FY 2022-23, no rationale was provided for levy of charges associated with LT network as a part of Additional Surcharge to be paid by the HT consumers.	the licensee has considered the approved distribution cost of FY 2021-22 by the Hon'ble Commission in arriving at the per unit distribution cost of Rs.1.05 per unit in the present AS H2 FY 23 filings.
<ul> <li>2.4 It seems that the Hon'ble Commission has allowed the Discom to recover charges associated with LT network twice firstly from existing LT consumers through tariff and from HT consumers by way of Additional Surcharge.</li> <li>2.5 Owing to above incorrect consideration of wheeling charges for the system as a whole, we re-submit our objection on the matter as mentioned above for the kind reference of the Hon'ble Commission.</li> </ul>	The Objection comes under the purview of Hon'ble commission. TS Discoms state that the distribution cost per unit is arrived by considering the total distribution cost and total power purchase quantum, which is as per the methodology approved by the Hon'ble Commission. TS Discoms would adhere to the instructions of the Hon'ble Commission, regarding the methodology for
<ul> <li>2.5.1 ARR and Wheeling Tariffs for Distribution Business for FY 2019-20 to FY 2023-2024; Tariff Order dated: The Hon'ble Commission in the Wheeling Tariff Order has computed voltage wise wheeling charges for LT category, 11 kV category and 33 kV category, wherein due to the eligibility criteria of the Open Access Consumers they are only connected at 11 kV and above. The distribution cost for 11 kV consumer is merely 30% of total distribution cost (claimed by Discom) based on the voltage wise cost approved by the Hon'ble Commission vide Order dated 29.04.2020 in terms of ARR determination for the wheeling business for 4th Control period (FY 19-20 to FY 23-24).</li> <li>2.7 TheDiscom in the present petition has claimed Distribution Charges @Rs. 1.05/ unit for computation of Additional Surcharge,</li> </ul>	determination of Additional Surcharge.

	which is for Distribution Network as a whole without bifurcation among LT, 11 kV and 33 kV category. The Hon'ble Commission by allowing such methodology is approving Additional Surcharge contradictory its own Tariff Orders.	
3.	2.8 We also submit that as per regulation 8 of the Terms and Conditions of Open Access to Intra-State Transmission and Distribution Regulation 2005, the Hon'ble Commission has allowed open access to consumers with contracted capacity more than 1 MW. Therefore, consumers availing Open Access are utilizing the facility of Open Access are connected to HT/EHT network only.	TS Discoms state that the distribution cost per unit is arrived by considering the total distribution cost and total power purchase quantum, which is as per the methodology approved by the Hon'ble Commission. TS Discoms would adhere to the instructions of the Hon'ble Commission, regarding the methodology for determination of Additional Surcharge.
	2.9 Thus, the OA consumers could not have incurred the said distribution cost @Rs. 1.05/unit claimed by the Discom or distribution cost @Rs. 0.87/ unit as approved by the Hon'ble Commission in the previous Order No. 61 and 62 of 2021 dated 22.03.2022 even if they had utilised the Discom Network (HT network).	Having said that, the computation done by the objector for arriving at a rate of Rs. 0.36 per unit, is incorrect (i.e. considering a portion(30%) of total distribution charges per unit rate).
	2.10 It is therefore submitted that consideration of payable distribution charges @Rs. 1.08/unit is resulting in loading the LT system cost on OA consumers and burdening them disproportionately against the Tariff Order issued by the Hon'ble Commission. The said charges as per the ARR Order dated 29.04.2020 would be around <u>Rs. 0.36/unit or the actual cost incurred by them for HT&gt; 11 kV consumers</u> .	
4.	Open Access Charges more than the Average Cost of Supply a. The Discom in the present Petition has proposed Additional	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

b. The H Tariff O Cost of S Order th Commiss	rder for Supply f hat the sion for l	Commi r FY 2 for eac Cost HT (In	ssion in An 2022-23 dat h category. of Suppl dustrial Ca	ted 30.03.2022 It is observed y approved tegory) 33 kV	the Retail Supply 2 has determined d from the Tariff by the Hon'ble and 132 kV is far proposed by the	Commission while determining AS for H1 f FY2022-23 have also considered the sam methodology.
<ul> <li>c. It seems that the Discom by way of such proposal is making mockery of the procedure approved by the Hon'ble Commission for computation of Additional Surcharge. Further, the total of Additional Surcharge (proposed), CSS and wheeling charges (approved vide Tariff order for FY 2022-24) is coming out to be more than the Cost of Supply of all the HT categories.</li> <li>d. The table below shows a comparison of Average Cost of Supply approved by the Hon'ble Commission vis-å-vis the Open Access Charges for all the HT categories eligible for OA.</li> </ul>						There is no defined capping on Additional Surcharge in the approved methodology. Having said that, Hon'ble Commission in its Orders dated 24.12.2021 and 22.03.2022, had recognized the importance of promoting competition as enshrined in the Electricity Act, and had duly limited the final approved Additional Surcharge, in the interest of all the stakeholders.
In Rs./ unit HT	ACoS	CSS (i)	Wheeling charges * (ii)	Additional Surcharges (iii)	Total Charges (iv) = (i)	TS Discoms would abide by the orders passed by the Hon'ble Commission, regarding the determination Additional Surcharge.
Industry		, , ,			+(ii)+(iii)	
11 kV	7.90	1.97	0.51	6.81	9.29	
33 kV 132 kV	5.77 5.05	1.74 1.70	0.06	6.81 6.81	8.61 8.51	
<ul> <li>132 KV   5.05   1.70   0.00   0.81   8.51</li> <li>* Wheeling Charges determined at 85% Load Factor. Charges considered for TSSPDCL</li> <li>e. From the above table it is clear that by making the present</li> </ul>						

	consumers, and also against the encourage Disco Consumers. f. Further, it is Surcharge Prop weighted average	exhibiting a m right to open ac om to over rec necessary to n osal of the Dis ge Power Purc	playing its apath ockery of the ent ockery of the ent occess to a consume cover revenue fro mention here tha scom is more th hase Cost appro or FY 2022-23 dat		
	Rs. unit	TSSPDCL	TSNPDCL	Additional Surcharges (proposed)	
	Wtd Avg Power Purchase Cost	4.50	4.46	6.81	
	allow such prop	osals which are	<b>▲</b>	necessary steps to ure and does not f such petitions	
5.	reducing demand a. TSSPDCL has charges, consid charges and SLI Additional Surch the Hon'ble Co intra-state tran working out the	d charges paid l as, for the complered the inter DC charges. The harge Orders of mmission has smission charg ASC for corres		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&23 of 2017 in O.P.Nos.22&23 of 2016 respectively (AS Order for FY17-18) and the same have attained finality. The Commission while determining AS for H1 for 2022-23 and H2 for FY 2021-22 have also considered the ISTS. Hence, the licensee considered the transmission	
			its order dated 2018-19, the Hon		charges i.e., both intra & interstate transmission

<u>considered only the intra-state transmission charge for computing</u> <u>per unit transmission charge</u> which we believe was the correct approach owing to the following reasons:	charges for computing per unit transmission charge in conformity with the aforementioned order.
iInter-state transmission cost is on account of the transmission charges being paid by the Discom for long/medium term access to the ISTS system. Such charges to be paid by the Discom are notified by NLDC.	Further, there is no rationality in considering intra state transmission charges alone, as the Discoms have long term power purchase commitments with both intra and inter-state generators thereby utilizing the intra and inter state transmission corridors. And,
ii.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 in reduction of their POC charges.	further the 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
This reduction is due to the following clause 11 (3) of the CERC (Sharing of Inter-State Transmission Charges and Losses) Regulations, 2020-	Its to be clarified that in the referred order i.e., determination of ASC for FY 2018-19 dated 27.03.2018, the Hon'ble Commission considered
"11. Transmission charges for Short Term Open Access	both intra & interstate transmission charges for computing per unit transmission charge.
(3) Transmission charges for Short Term Open Access paid by an embedded intra-State entity during a month shall be reimbursed	TS Discoms understands that the ISTS cost paid by
in the following billing month to the State in which such entity is located. "	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
iii. It is in view of the above that inclusion of ISTS 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.	through APR filed by TS TRANSCO.
iv. The submission of the Discom that said benefit is passed in ARR to consumers is not justifiable since the impact of double levy of ISTS charges would already make OA unviable for	

6.	consumers. c. Thus, we request the Hon'ble Commission to re-consider its view on allowing inclusion of ISTS charges in the ASC. Mechanism of Determination of Fixed Cost of Power Purchase a. The Discom in the ASC Petition has proposed fixedcharges paid at Rs. 6063.77 Cr for long term available capacity of 8546.53 arriving at Rs. 0. 71 Cr/ MW for second half of FY 2021-22. The Hon'ble Commission in the Order No. for O.P. No. 61 & 62 of 2021 for determination of Additional Surcharge dated 22.03.2022 has approved the fixed charges paid at Rs. 6004.53 Cr for long term available capacity of 9227.98 MW arriving at Rs. 0.65 Cr/ MW for first half of FY 2021-22. b. We have observed huge increase in fixed cost from H1 of FY 2021-22 to H2 of FY 2021-22 with decrease in the total available capacity. Further, the Discoms have proposed Interest on Pension bonds of Rs. 805 Cr in H2 of FY 2021-22 whereas the Hon'ble	TS Discoms state that the increase in the fixed costs from H1 of FY 22 to H2 of FY 22, is approximately Rs. 60 Cr. (~0.99%). The licensee has considered the Fixed cost paid as per the actuals of H2 of FY 2021- 22 for computing Fixed charges per MW in conformity with the previous TSERC orders on Additional Surcharge determination. It is to be clarified that the interest on pension bonds of Rs. 805 Crs. in H2 of FY 2021-22 is as per the actual claims made by the generators, where as the amount of Rs. 342 Cr. was approved by Hon'ble Commission for FY 2018-19, which has a time
	Commission approved Interest on Pension bonds of Rs. 342 Cr which is an increase of more than 200% in the Interest on Pension Bonds.	period gap of 3 years.
7.	c. As per the GOI PRAAPTI Portal total power procurement dues of Telangana Discom has increased from Rs. 12914 Cr at the start of Oct 2021 to Rs. 15341 Cr at the end of March 2022. Further, Telangana Discoms have paid only 6% of the amount against the current dues. The table below shows the monthly billed amount and amount paid by the Discom for power procurement as per PRAAPTI Portal.	The Hon'ble Commission in its order in OP No.23 of 2020opined that the methodology of AS computation was approved in the Order dated 13.12.2017 in I.A.Nos.22&23 of 2017 in O.P.Nos.22&23 of 2016 respectively (AS Order for FY17-18) and the same have attained finality.The Commission while determining AS for H1 2022-23 and H2 FY 2021-22 have also considered the actual fixed charges payable by the Discoms.

						1		
		Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Eurthon there is no retionality in considering actual
	Amount Billed to Discom	1212.1	1830.45	1281.94	1414.26	1509.87	1266.84	Further, there is no rationality in considering actual fixed charges paid, as the Discoms are liable to make
	Amount Paid By Discom Against Current Dues	107	103	97	28	64	146	the power purchase payments to the generators for the relevant period.
	<ul> <li>d. It can be observed from the above table that the Discom is collecting the electricity tariff and additional surcharge for payment of power purchase bills however, but it is not clearing the present dues.</li> <li>e. The Hon'ble Commission may review the approach and consider the actual fixed charges paid for that period while computing the Additional Surcharge. The Hon'ble Commission is also requested to direct the Discom to provide breakup of fixed charges components considered so as to confirm that no charge on account of delayed payment surcharge or change in law or any other non-fixed cost is considered.</li> </ul>					barge for t clearing bach and <u>iod</u> while mission is b of fixed charge on	TS Discoms are continuously making efforts to improve its financial condition and make the power purchase payments on a timely basis, to its generators. The licensees have already provided the complete breakup of individual fixed cost of each generating station that has been considered in the determination of AS for H2 FY 23.TS Discoms would adhere to the instructions of the Hon'ble Commission for any further requirement of additional information.	
8.	Demand charges consumers a. TheDiscom in 179.85 Cr as dem MUS of Energy Discoms in H2 of The Hon'ble Con of 2021 for do 22.03.2022 appro- demand charges Energy consumed of FY 2021-22, wh	the AS and cha consu FY 202 nmissio etermin oved es from ( 1 by op	C Petiti arges fro umed by 21-22, w n in the ation o stimated OA con en acces	on has o om OA c y open hich con Order 1 of Addi recove sumers s consu	estimated onsumer access nes out t No. for ( tional S ry of R against mers fro	d recove rs agains consum to be Rs. O. P. No Surchars Rs. 186.9 1785.41 om Disco	ery of Rs. st 1993.20 ers from 0.90/unit. . 61 & 62 ge dated 00 Cr as MUS of	The Hon'ble Commission in its order in OP No.23 of 2020 opined that the methodology of AS computation was approved in the Order dated 13.12.2017 in I.A.Nos.22&23 of 2017 in O.P.Nos.22&23 of 2016 respectively (AS Order for FY17-18) and the same have attained finality. The Commission while determining AS for H1 2022-23 and H2 FY 2021-22 have also considered the actual demand charges recovered from OA consumers.

t that there was no change in the Tariff for has estimated reduced fixed cost reconsumers leading to increase in Addit	
dditional Surcharge Orders of the Ho be observed that the estimated fixed com is shown to be continuously decre in Additional Surcharge. The table h fixed cost recovery and per unit of fixed Hon'ble Commission in the past Addit	From the table given by the petitioner, the first 2 columns (FY 18, FY 19) refer to full year data o Energy Consumed by OA consumers from Discon (MU) and Demand charges recovered by DISCOM from OA consumers (Crs), while the rest are for hal year period (H2 FY 22, H1 FY 23, H2 FY 22). So comparison is not appropriate.
ASC ASC Order ASC Order ASC er FY Order H2 FY 21- H1 FY 22- Petition FY 18-19 22 23 FY 22-2	Also, it is to be clarified that the methodolog approved by the Hon'ble Commission, ensures the pass-through of any under recovery of demand charges, while determining the Additional Surcharge
2.17 27.03.18 24.12.21 22.03.22	Such under recovery is due to the increase in T&I
9.78 1448.97 1590.8 1785.407 1993.20	charges to be paid (due to increase in per-unit rat and/or increase in energy consumed from Discom) o decrease in the actual demand charges recovered.
.54 223.22 185.6 186.8991 179.950	
1.54 1.16 1.04 0.90	The Objection comes under the numinous of Hen'h
change in Tariff eeds to be verified by the Commission to a iciency of the Discom on consumers by w ge.	<ul><li>The Objection comes under the purview of Hon'bl Commission.</li><li>TS Discoms would adhere to the instructions of th Hon'ble Commission for any further requirement or</li></ul>
iciency of the Discom on consumers by w	

view on allowing levy of expenses on account of Discom inefficiency for computation of ASC.	TS Discoms would abide by the orders passed by the
f. Further, we request to re-examine the formula for Additional surcharge to rationalize the same in accordance with Electricity Act of bringing the cross subsidy & additional surcharges to NIL over a period of time.	Hon'ble Commission, regarding the determination of

4. The Federation of TelanganaChambers of Commerce and Industry(FTCCI), Federation House,

Federation Marg, 11-6-841, Red Hills, Hyderabad 500004, email: info@ftcci.in

5. <u>SICMA</u>, 3<sup>rd</sup> Floor, 36 square, Plot No. 481, Road No. 36, Jubilee Hills, Hyderabad 500034 email: ceo@sicma.in

S.No	Summary of Objections / Suggestions	Response of the Licensee
1	1.1 Additional Surcharge for H2 of FY 2022-23 claimed by the Discoms is uncompetitive	The Hon'ble Commission in its order in OP No.23 of 2020 (pg 12) opined that the methodology of AS
	<ul> <li>a. It is submitted that the Additional Surcharge Rate of Rs.</li> <li>6.81/unit in the instant petition is highly uncompetitive as compared to other states.</li> <li>b. Furthermore, it is submitted that the Hon'ble Commission, in its Order dated 24.12.2021, in O.P.s No. 48, 49, 50 and 51 of 2021 &amp; I.A.s No. 21, 22, 23 and 24 of 2021 pertaining to Additional Surcharge for H1 and H2 of FY 2021-22 for Telangana Discoms</li> </ul>	computation was approved in the Order dated 13.12.2017 in I.A.Nos.22&23 of 2017 in O.P.Nos.22&23 of 2016 respectively (AS Order for FY17-18) and the same have attained finality. The Commission while determining AS for H1 2022-23 have also considered the same methodology. Hence, the licensee has derived the Additional Surcharge for H2 of FY 2022-23 in consonancewith
	had recognized the importance of promoting competition as enshrined in the Electricity Act, and had duly limited the final approved Additional Surcharge, in the interest of all of the stakeholders. The relevant extract of the Order is reproduced below:	the methodology from the aforementioned order. Having said that, Hon'ble Commission in its Orders dated 24.12.2021 and 22.03.2022, had recognized the
	<u>"4.2.9 As per the above computations, the AS for H2 of FY 2021-</u> 22works out to Rs.2.38 / kWh. The preamble of the Electricity Act, 2003emphasises, amongst others, taking measures conducive todevelopment of electricity industry, promoting competition	importance of promoting competition as enshrined in the Electricity Act, and had duly limited the final approved Additional Surcharge, in the interest of all the stakeholders.
	therein, protection of interest of consumers and rationalisation of electricity tariffs, as the objectives. The Commission has to do a balancing actin fulfilment of the mandate of the Electricity Act, 2003. The DISCOMs are entitled to the AS computed as above but at the same time such AS, being significantly higher than the present levels of AS, could hinder the very competition that the Electricity	TS Discoms would abide by the orders passed by the Hon'ble Commission, regarding the determination of Additional Surcharge.

	Act, 2003 advocates. Therefore, in the interest of all the stakeholders,	
	the Commissiondecides to allow AS of Rs.0.96/kWh (~40% of	
	<u>Rs.2.38 / kWh)."</u>	
	(Emphasis supplied)	
	A similar approach is followed in Order dated 22.03.2022 passed	
	by Hon'ble Commission with regards to O.P. No 61 & 62 for H1	
	of 2022-23. The relevant extract is reproduced below:	
	4.1.10 As per the above computations, the Additional Surcharge	
	forH1 of FY 2022-23 works out to Rs.3.48/kWh. The preamble of	
	theElectricity Act, 2003 emphasises, amongst others, "for	
	takingmeasures conducive to development of electricity	
	industry, promoting competition therein, protecting interest of	
	consumers andrationalisation of electricity tariffs". The Commission	
	has to do abalancing act in fulfilment of the mandate of the	
	Electricity Act, 2003.TSDiscoms are entitled to the Additional	
	Surcharge computed asabove but at the same time such Additional	
	Surcharge, beingsignificantly 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, theCommission decides to allow Additional	
	Surcharge of Rs.1.15/kWh(i.e., ~ 33% of Rs.3.48/kWh).	
	<u>(Emphasis supplied)</u>	
	c) Hence the Objector humbly prays that the Hon'ble Commission	
	may allow only a competitive additional surcharge after a through	
	prudence check.	
2	1.2 Distribution cost	The licensee has computed the per unit Distribution
	a. The Petitioners have submitted the Distribution Cost per unit at	cost in consonance with the commission's order in
	a. The remotion lave submitted the Distribution Cost per unit at	OP No.23 of 2020 dated 18.09.2020 and orders for

the rate of Rs.1.05/unit assuming the Distribution ARR for LT as well as HT Consumers.	AS for FY17-18 dated 13.12.2017 and AS for FY18 19 dated 27.03.2018.
<ul> <li>b. But, it is humbly submitted that this is an incorrect approach and rather the distribution cost be attributed to only HT consumer. As per the applicable APERC Terms and Conditions of Open Access to Intra-State Transmission and Distribution Network Regulation No. 2 of 2005 (Clause 8: Phasing of Open Access), the Hon'ble Commission allowed the open access to consumers having contracted capacity of 1 MW or more than 1 MW.</li> <li>c. Hence, adhering to the regulation, it can clearly be derived that</li> </ul>	The Hon'ble Commission considered the approve Distribution cost of FY16-17 i.e., Rs. 3,658.15 C and ofFY17-18 i.e., Rs. 4,295.84 Cr. in arriving a the per unit distribution cost of Rs.0.71 per unit an Rs. 0.82 per unit in the orders for AS for FY17-1 and AS for FY18-19 respectively. In a similar way the licensee has considered the approved distributio cost of FY 2021-22 by the Hon'ble Commission i arriving at the per unit distribution cost of Rs.1.0 per unit in the present AS H2 FY 23 filings.
<ul><li>c. Hence, autering to the regulation, it can clearly be derived that the mentioned distribution cost is for open access consumer connected at 11 KV and above. Accordingly, the loading of distribution cost on the LT consumer is not allowable.</li><li>d. It is humbly submitted that the Objector has considered the</li></ul>	TS Discoms state that the distribution cost per unit arrived by considering the total distribution cost an total power purchase quantum, which is as per th
Distribution Cost per unit at the rate of Rs. 0.23/unit (for 33 kV) as approved in the RST order dated 23.03.2022 for FY 2022-23 against the petitioner's claim of Rs. 1.05/unit.The same from the RST order dated 23.03.2022 is reproduced below:	methodology approved by the Hon'ble Commission TS Discoms would adhere to the instructions of th Hon'ble Commission, regarding the methodology for determination of Additional Surcharge.
ANNEXURE 14: CALCULATION OF VOLTAGE WISE DISTRIBUTION CHARGES FOR FY 2022-23ParticularsTSSPDCLTSNPDCLCharge (Rs./kVA/month)Rs./kWhCharge (Rs./kVA/month)11 kV231.520.64346.3433 kV231.520.64346.34132 kVand116.510.20116.510.20116.510.20	TS Discomsbelieve that the consideration of only 3 kV network charges for arriving at distribution cosper unit is inaccurate and not appropriate.
The same methodology has been followed in the last Hon'ble Commission order dated 22.03.2022 w.r.t H1 of FY 2022-23. The	

	relevant extract is re	eproduced below:		
			the distribution charges	
	Rs.1.08/kWh by cons	idering the total di	stribution cost of Rs.7363.4	3.41
	crore as approved for	or FY 2021-22 in t	ated	
	01.03.2021 and divid	ing the same by the	power purchase quantum	m of
	68225.31 MU, purpe	orted to be for who	ole year of FY 2021-22. <u>T</u>	<u>The</u>
	<b>Retail Supply Tariff</b>	<u>fs determined in th</u>	eCommission's Order dat	ated
	27.03.2018 were cont	tinued for FY 20212	22 in the absence of separa	<u>rate</u>
	Orders on determin	ation of ARR for	FY2021-22. Therefore, t	<u>the</u>
	distribution cost an	nd the quantum of	of energyshall have to	be
	considered as per the	Order dated 27.03.	<u>2018.</u>	
		,		<i>.</i> .
	· · · · · · · · · · · · · · · · · · ·		rked out the distribution	
	0	•	g the total distribution co	
		-	ame by the power purcha	
	-	a MU, the same a	s approved in Order date	ated
	27.03.2018.			
	e. The Hon'ble is th	erefore requested	to consider the distribution	tion
		—	for the computation	
	Additional Surcharg		1	
		-		_
	Particulars	Petitioner's	Objector's	
		Claim	Assessment as per	
I			RST Order dt.	
	Distribution Cost	Rs. 1.01/ kWh	23.03.2022	-
		KS. 1.01/ KWN	Rs. 0.23/ kWh	
3	1.3 Inter-State trans	mission abarras ar	d SI DC abarras	The Hon'ble Commission in its order in OP No.23 o
	- 1.5 IIIIer-State Irans	mission charges an	IU SLIDU CHAFYES	

a. As per the consistent methodology of the Hon'ble Commission,	computation was approved in the Order dated
in the case of transmission charges, only intra-state transmission	13.12.2017 in I.A.Nos.22&23 of 2017 in
charge ought to be considered for the determination of Additional	O.P.Nos.22&23 of 2016 respectively (AS Order for
Surcharge since CERC (Sharing of Inter-State Transmission	FY17-18) and the same have attained finality. The
Charges and Losses) Regulations, 2020 provide for	Commission while determining AS for H1 2022-23 and H2 FY 2021-22 have also considered the ISTS.
reimbursement of such ISTS charges paid by the consumers	and 112 1 1 2021-22 have also considered the 1515.
availing STOA, back to the state where the entity is located.	Hence, the licensee considered the transmission
The relevant extract is reproduced below:	charges i.e., both intra & interstate transmission charges for computing per unit transmission charge in conformity with the aforementioned order.
"11. Transmission charges for Short Term Open Access	
(1) Short Term Open Access Rate (in paise/kWh) shall be published	Further, there is no rationality in considering intra
for each billing month by the Implementing Agency which shall be	state transmission charges alone, as the Discoms
calculated Statewise as under:	have long term power purchase commitments with both intra and inter-state generators thereby utilizing
Transmission charges of the State for the billing month (in rupees) /	the intra and inter-state generators thereby utilizing
(7200 X the quantum, in MW, of Long Term Access plus Medium	further the backing down of generation is not limited
Term Open Access of the State for the corresponding billing period)	to intrastate generators alone. Hence, the transmission charges that are considered in totality
(2) Transmission charges for Short Term Open Access shall be	are justified in arriving at per unit transmission
payable by generating stations and embedded entities located in the	charge
State, as per the last published Short Term Open Access Rate for the	TS Discoms understands that the ISTS cost paid by
State, along with other charges or fees as per Open Access	the consumer availing ISTS system, benefits in
Regulations, 2008 and the Transmission Deviation charges, if any,	reduction of POC charges for the state. However, the
as per these regulations.	same benefits have been passed on to the consumer through APR filed by TS TRANSCO.
(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	

	<i>located.</i> " b. Despite this, it is observed that the Petitioners have claimed inter-state transmission charges and SLDC charges, which is violative of the set principle.	
4		
	1.4 Discrepancies in the present computations While thoroughly analysing the present petitions, the Objector found some discrepancies in the computations done by the Petitioners. The following discrepancies is apparent and needs to be thoroughly examined:	The licensees have already provided the complete breakup of individual fixed cost of each generating station that has been considered in the determination of AS for H2 FY 23. TS Discoms would adhere to the instructions of the Hon'ble Commission for any
	The Petitioners have claimed Rs. 6063.77 Crores and Rs. 2080.86 Crores under the head of <u>Fixed charges paid</u> and <u>Transmission</u> <u>charges paid</u> respectively for TS Discoms without providing any clarity about Fixed charges paid towards NCE power procurement.	further requirement of additional information.
	The Objector while verifying the claims, has found that only TSSPDCL audited accounts are available in public domain for respective quarters. The relevant extracts are reproduced below: As per Q3 Audited Accounts for TSSPDCL	

23 - POWER PURCHASE COST	

9	For Q3 of 2021-22	For Q2 of 2021-22	For Q1 of 2021-22	For 2020-21	
Particulars	₹ (in Crore)	₹ (in Crore)	₹ (in Crore)	₹ (in Crore)	
Purchase of Power - Fixed Cost	2,858.52	7.60	2,049.01	8,035.47	
Purchase of Power - Variable Cost	2,870.18	6,270.77	3,390.63	13,662.47	
Transmission Charges	335.34	586.53	587.58	2,565.30	
Other Power Purchase Costs	(135.50)	24.00	14.33	(560.24)	
Total	5,928.54	6,888.90	6,041.55	23,703.06	

#### As per Q4 Audited Accounts TSSPDCL

23 - POWER PURCHASE COST

Particulars	For Q4 of 2021-22	For Q3 of 2021-22	For Q2 of 2021-22	For Q1 of 2021-22	For 2020-21
10110000	₹ (in Crore)	₹ (in Crore)	₹ (in Crore)	₹ (in Crore)	R (in Crore)
Purchase of Power - Fixed Cost	3,137.12	2,858.52	7.60	2,049.01	8,035.47
Purchase of Power - Variable Cost	3,669.77	2,870.18	6,270.77	3,390.63	13,662.47
Transmission Charges	1,561.58	335.34	586.53	587.58	2,565.36
Other Power Purchase Costs	163.49	(135.50)	24.00	14.33	(560.24)
Total	8,531.96	5,928.54	6,888.90	6,041.55	23,703.06

The Petitioners have not furnished a reconciliation statement for the same. Subsequently, in the absence of reconciliation statement and relevant audited accounts report, the veracity of the said claims of Petitioners could not be checked.

Additionally, the Objector humbly submits that the Actual Fixed Costs as a part of Actual Power Purchase Cost, ought to be subjected to strict prudence check in terms of Regulation 12 of the Tariff Regulations:

"12.1 The Distribution Licensee shall be allowed to recover the cost of power it procures, including from State generators, independent power producers, Central generating stations, non-conventional energy generators, and others, for supply to consumers, based on the Commission-approved Power Procurement Plan of the Distribution Licensee covering each year of the Control Period:

Provided that where the procurement is for sale to consumers

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&AG Audit to the Hon'ble Commission.

The Hon'ble Commission has passed order in OP No.23 of 2020 dated 18.09.2020 considering the actual cost commitments of the Discoms in arriving at the Additional Surcharge and hence, the Discoms has considered the actual figures in computation of AS that is appropriate.

permitted open access by the Nodal Agency under the Open Access Regulation or purchase for trading, the Distribution Licensee shall provide an Allocation Statement as referred to in clause 5 clearly specifying the costs that are attributable to the sales made to such consumers, utilities, etc.

12.2 Except in the case of Retail Supply Business insofar as for the first Control Period is concerned:

a. The Commission shall adopt the Sales Forecast, the Distribution loss trajectory and the Power Procurement Plan approved as part of the Resource Plan for the purpose of determining the Power Purchase Requirement of the Distribution Licensee for the Control Period;

b. The power procurement plan will not generally require any revisions during the Control Period, and the Commission-approved category-wise power procurement forecast shall be applied for estimating the Distribution Licensees' power procurement requirement for each year of the Control Period;

c. While approving the cost of power procurement, the Commission shall determine the quantum of electricity to be procured, consistent with the power procurement plan, from various sources of supply, in accordance with the principle of merit order schedule and dispatch, based on a ranking of-all approved sources of supply in the order of variable cost or price."

It is prayed that the Hon'ble Commission may direct the Discoms to provide a reconciliation with the audited accounts and the Fixed cost component of power purchase may be accordingly

	allowed subject to prudence check. The Objector, in the absence of a reconciliation statement, has considered the claims of the Petitioners for the computation.	
5	<ul> <li>1.5 Additional Surcharge for H2 of FY 2022-23 as per Objector's assessment</li> <li>Based on the data available, the Objector has computed the allowable Additional Surcharge for H2 of FY 2022-23, as follows:</li> <li>Additional Surcharge as per Objector's Assessment</li> </ul>	TS Discoms have responded to the item-wise objections made by the objector, in the abovementioned sections, and would request the Hon'ble Commission to consider the computations done by Discoms, considering the justifications shared on the same. Having said that, Hon'ble Commission in its Orders dated 24.12.2021 and 22.03.2022, had recognized the importance of promoting competition as enshrined in the Electricity Act, and had duly limited the final approved Additional Surcharge, in the interest of all the stakeholders. TS Discoms would abide by the orders passed by the Hon'ble Commission, regarding the determination of Additional Surcharge.

	Additional Surcharge	Unit	As per Objector's Assessment		
{A}	Long term available capacity	MW	8,546.53		
{B}	Capacity stranded due to open access	MW	152.29		
{C}	Fixed Charges paid	Rs. crore	6,063.77		
{D}={C}÷{A}	Fixed Charges per MW	Rs. crore/MW	0.71		
{E}={D}x{B}	Fixed Charges for stranded capacity	Rs. crore	108.05		
{F}	Transmission charges paid	Rs. crore	2,080.86		
{G}	Actual Energy scheduled	MU	36,015.42		
${H}={F}\div{G}$	Transmission charges per unit	Rs./kWh	0.58		
I	Distribution charges as per RST Order dt.23.03.2022	Rs./kWh	0.23		
$\{J\} = \{H\} + \{I\}$	Total transmission and distribution charges per unit	Rs./kWh	0.81		
{K}	Energy consumed by open access consumers from the DISCOM	MU	1,993.20		
	Additional Surcharge	Unit	As per Objector's Assessment		
{L}={K}x{J}	Transmission and distribution charges to be paid by open access consumers	Rs. crore	161.00		
{M}	Demand charges recovered by the DISCOM from open access consumers	Rs. crore	179.95		
{N}={M}-{L}	Demand charges to be adjusted	Rs. crore	18.95		
{O}={E}-{N}	Net stranded charges recoverable	Rs. crore	89.11		
{P}	Open access sales	MU	370.34		
{Q}={O}÷{P}	Additional Surcharge computed	Rs./kWh	2.41		
{R} = {Q}*33%	Proposed Capping on additional surcharge by 33 % as per approach in Order dated 22.03.2022 passed by Hon'ble Commission with regards to O.P. No 61 & 62 of 2021 for H1 of 2022-23	Rs./kWh	0.79		
Commission	tor most respectfully p may be pleased to:	·			TS Discoms have responded to the item-v objections made by the objector, in abovementioned sections, and would request Hon'ble Commission to consider the computati done by Discoms, considering the justificati
A. Consider	the above Objection Staten	nent file	d by the O	bjector;	shared on the same.

B. Consider the Distribution Cost as per RST Order dt.23.03.2022	
for FY 2022- 23 for the computation of Additional Surcharge;	
C. May allow the Transmission charges duly considering the	
<b>CERC</b> (Sharing of Inter-State Transmission Charges and Losses)	
Regulations, 2020;	
D. May direct the Discoms to provide a reconciliation with the	
audited accounts and the Fixed cost component of power purchase	
may be accordingly allowed subject to prudence check;	
E. 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;	
F. Consider the methodology/approach/computation to work out	
the Additional Surcharge, if any, attributable to the open access	
consumers as assessed by the Objector;	

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



# **RESPONSES TO OBJECTIONS / SUGGESTIONS**

On

**Determination of Additional Surcharge for H2 of FY 2022-23** 

#### **INDEX**

SI. No.	Name and Address of the Objector	
1.	Jogendra Behera, CRO &VP - Market Economics & Regulatory, IEX	1-3
2.	Vinod Kumar Agarwal, Managing Director, Salasar Iron & Steel (P) Ltd., Flat No. 101, 1 <sup>st</sup> Floor, Satya Sarovar Complex, High Court Road, Hyderabad — 500 002	4-7
3.	V Manikanth, General Manager-Projects, Penna Cement Industries Limited, Lakshmi Nivas705, Road #3, Banjara Hills, Hyderabad Telangana — 500 034	8-17
4.	<b>The Federation of Telangana Chambers of Commerce and Industry (FTCCI),</b> Federation House, Federation Marg, 11-6-841, Red Hills, Hyderabad 500004, email: info@ftcci.in	18-26
5.	SICMA, 3 <sup>rd</sup> Floor, 36 square, Plot No. 481, Road No. 36, Jubilee Hills, Hyderabad 500034 email: ceo@sicma.in	

### 1. Jogendra Behera, CRO & VP - Market Economics & Regulatory, IEX, E-mail: <u>iex-ra@iexindia.com</u>

S.No	Summary of Objections / Suggestions	Response of the Licensee
1	The State Distribution Companies of Telangana i.e. TSSPDCL &	No comments
	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. 6.81/ unit for H2 of FY 2022-23. The	
	proposed ASC is too high to be reflective of the stranded obligations	
	of the Distribution Companies and if imposed may lead to	
	disproportionately high recoveries. IEX comments in the subject	
	petition are as under.	
2	Distribution charge of LT system ought not to be considered	The licensee has computed the per unit Distribution
		cost in consonance with the commission's order in OP
	2.1. As per regulation 8 of the Terms and Conditions of Open Access	No.23 of 2020 dated 18.09.2020 and orders for AS for
	to Intra-State Transmission and Distribution Regulation 2005, the	FY17-18 dated 13.12.2017 and AS for FY18-19 dated
	Hon'ble Commission has allowed open access to consumers with	27.03.2018.
	contracted capacity more than 1 MW. Consequently, it can be	
	inferred that no consumers utilizing the facility of Open Access are	The Hon'ble Commission considered the approved
	connected to LT network.	Distribution cost of FY16-17 i.e., Rs. 3,658.15 Cr. and
		ofFY17-18 i.e., Rs. 4,295.84 Cr. in arriving at the per
	2.2.Discoms in the present petition have claimed per unit	unit distribution cost of Rs.0.71 per unit and Rs. 0.82
	Distribution Cost at Rs. 1.05/ unit. It is observed that the per unit	per unit in the orders for AS for FY17-18 and AS for
	distribution cost computed in the petitions include the cost	FY18-19 respectively. In a similar way, the licensee has
	associated with LT network also which is contrary to the regulations	considered the approved distribution cost of FY 2021-
	laid down by the Hon'ble Commission as OA consumers are only	22 by the Hon'ble Commission in arriving at the per
	utilizing HT network.	unit distribution cost of Rs.1.05 per unit in the present
		AS H2 FY 23 filings.

S.No	Summary of Objections / Suggestions	Response of the Licensee
	2.3.The OA consumers would not have incurred the said distribution	
	cost @Rs. 1.05/unit even if they had consumed from the Discom.	
	Instead, they would have incurred only 30% of the total distribution	
	cost based on the voltage wise cost approved by the Hon'ble	
	Commission vide Order dated 29.04.2020 in terms of ARR	
	determination for the wheeling business for 4th Control period (FY	
	19-20 to FY 23-24). Therefore, imposition of full distribution cost	
	including that of LT system would not be justifiable.	
3	ISTS & STU transmission Charges considered for computation of	The Hon'ble Commission in its order in OP No.23 o
	Additional Surcharge ought to include the refund (adjustment) of	2020 (pg 12) opined that the methodology of A
	corresponding charges to Discom/STU	computation was approved in the Order date
		13.12.2017 in I.A.Nos.22&23 of 2017 in O.P.Nos.22&2
	<b>3.1.</b> The Discoms have, for the computation of per unit transmission	of 2016 respectively (AS Order for FY17-18) and th
	charges, considered the inter-state, intra-state transmission charges	same have attained finality. The Commission whil
	and SLDC charges. We submit that the same may result in	determining AS for H1 for FY2022-23have als
	overburdening of ISTS & STU charges on the consumers for the following reasons:	considered the ISTS transmission charges.
	3.1.1. The inter-state transmission cost is on account of the	Hence, the licensee considered the transmissio
	transmission charges being paid by the Discom for long/medium	charges i.e., both intra & interstate transmissio
	term access to the ISTS system. Such charges to be paid by the	charges for computing per unit transmission charge i
	Discom are notified by NLDC.	conformity with the aforementioned order
	3.1.2. Any consumer availing open access to the ISTS system also	Moreover, the Hon'ble Commission also considered th
	pays its ISTS cost for the power procured through open access, the	same for computing the per unit transmission charge i
	benefit of which accrues to the state in reduction of their POC	its order for determination of AS for FY 2018-19, H2 for
	charges. This reduction is due to the following clause 11 (3) of the	FY 2021-22 and H1 for FY 2022-23.
	CERC (Sharing of Inter-State Transmission Charges and Losses)	
	Regulations, 2020-21.	

S.No	Summary of Objections / Suggestions	Response of the Licensee
	Transmission charges for Short Term Open Access (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.	Further, there is no rationality in considering intra state transmission charges alone, as the Discoms have long term power purchase commitments with both intra and inter-state generators thereby utilizing the intra and inter-state transmission corridors. And, further the backing down of generation is not limited to intrastate
	<ul><li>3.1.3. Similarly, the embedded consumers pay STU charges on all open access transactions.</li><li>3.1.4. It is in view of the above that inclusion of ISTS &amp; STU charges again for computation of Additional Surcharge as claimed by the</li></ul>	generators alone. Hence, the transmission charges that are considered in totality are justified in arriving at per unit transmission charge
	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 & STU charges in the ASC.	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.
	In addition to the above, the Hon'ble Commission is requested to conduct the required prudence of the fixed costs claimed for H2- FY 22-23 while finalizing the Additional Surcharge to be levied on open access consumers.	

2. <u>Vinod Kumar Agarwal</u>, Managing Director, Salasar Iron & Steel (P) Ltd., Flat No. 101, 1 <sup>st</sup> Floor, Satya Sarovar Complex, High Court Road, Hyderabad — 500 002

S.No		Summa	ary of Objec	tions / Sugg	estions		Response of the Licensee
1	Relevant facts on the contents of the petition: It is respectfully submitted that 						No comments
2	Suggestion <u>No:1:</u> It is respective considered Tariff for the	s: ectfully sub the Fixed co he Financial	ost figures f Year 2022-	iled by the T	SSPDCL for ne is extract	nission has approval of ted for kind	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&23 of 2017 in O.P.Nos.22&23 of 2016 respectively (AS Order for FY17-18) and the same have attained finality. The Commission while determining AS for H1 for FY2022-23considered the Fixed costs as per the actual figures for H1 of corresponding previous year.
	Source	Quantum MU	Fixed Cost Rs. Crore	Variable Cost Rs. Crore	Other Cost Rs. Crore	Total Rs. Crore	Hence, the licensee considered the Fixed cost paid as per the actuals for H2 of FY 2021-22 for computing
	TSGenco	22015.90	4964.12	5336.87	1011.82	11312.81	Fixed charges per MW in conformity with aforementioned order.
	CGS	13756.92	1871.10	3852.95	0.00	5724.04	Having said that, the computation done by the objector
	Others	17329.18	3246.59	4313.32	46.00	7605.92	for arriving at a rate for 6 months, is incorrect (i.e.
	NCE	6271.16	0.00	3161.69	0.00	3161.69	considering half of 12 months per unit rate).
	D-D purchase			0.00			
	D-D sale	-4074.07		-1393.26		-139326	
	Total	55299.08	10081.80	15271.57	1057.82	26411.20	

S.No	Summary of Objections / Suggestions	Response of the Licensee
	It is pertinent to note that the TSSPDCL has claimed the Fixed Cost for the Financial Year 2022-23 of Rs. 10081.80 crores for 59373.16 MU (55299.07 + 4074.07). Accordingly, the Fixed cost per KWH will work out to Rs. 1.70 per KWH for 12 months, for 6 months it will be Rs. 0.85 per KWH.	
	The calculation is as follows:- Rs. 10081.80 crores / 59373.16 MU X 10 = Rs. 1.70 per KWH.	
	This fact to be considered to arrive the fixed cost of TSSPDCL while approving the Additional Surcharge for the period from October, 2022 to March, 2023.	
3	It is submitted that as prescribed in Clause 8.5 of Tariff Policy Resolution dated 28.1.2016 the surcharge and additional surcharge shall not exceed 20% of the tariff applicable to the category of consumer seeking open access.	TS Discoms believe that the capping limit of 20% of tariff applicable to category of consumer, as prescribed in the National Tariff Policy Resolution 28.1.2016, applies to Cross-subsidy Surcharge only, and doesn't hold good for Additional Surcharge.
	Accordingly, the present tariff of HT (I) (A) Category of 33 KV consumer is Rs. 7.15 per KWH. Thus the 20% of applicable tariff will be Rs. 1.43 per KWH. This condition to be considered while approving the Additional Surcharge for the period from October, 2022 to March, 2023.	
4	<u>NO. 2:</u>	The suggestion comes under the purview of Hon'ble Commission.
	The State Commission conferred with powers to determine Additional Surcharge on the charges of wheeling as prescribed in Section 42 (4) of Electricity Act, 2003. The same is to be considered	The Hon'ble Commission in its order in OP No.23 of 2020dated 18.09.2020 and latest AS order for H1 of FY 2022-23 dated 22.03.2022 have adhered to the Section 42 (4) of Electricity Act, 2003.

S.No	Summary of Objections / Suggestions	Response of the Licensee
5	NO. 3: The State Commission conferred with power to determine Wheeling Charges and Surcharge thereon to be levied on open access consumer for whom permission is granted Under Section 42 of Electricity Act, 2003 as prescribed in Section 86 (I) (a) of Electricity Act, 2003. The same is to be considered	
6	Objections: <u>No. 1:</u>	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
	It is submitted that the petitioner has considered the figures of the period October, 2021 to March, 2022 for computing the Additional Surcharge to be determined for the period from October, 2022 to March, 2023 is not correct and in violation of the approval or this Hon'ble Commission of para No. 52 of order dated 18.9.2020 passed in O.P. No. 23 of 2020 hence the figures of the period from October, 2022 to March, 2023 to be considered filed by the Generating Stations and Open Access Consumers.	<ul> <li>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 for FY 2022-23, considered the actual figures of H1 of corresponding previous year.</li> <li>Hence, the licensee considered the actual figures i.e., actuals of H1 of FY 2021-22 in conformity with the aforementioned order.</li> </ul>
	We also request to furnish a copy of requisition filed by the generating station wise showing the details of proposed available capacity, scheduled capacity, fixed payable to them during the relevant period and open Access consumer wise along with the details of quantity proposed to be consumed by them from open access source to enable us to determine the stranded capacity as prescribed in para No. 52 (a) (iii) of order dated 18.9.2020 passed in O.P. No. 23 of 2020 by this Hon'ble Commission. We also request to furnish the detail break up of each component wise figures to be considered in SI. No. A to Q of Methodology for	The petitioners had submitted the related data (including 15 min-time block data of actual availabilities and schedules) and workings in computation of AS for H2 of FY22-23 to the Hon'ble Commission and the same is placed on the Discoms' and TSERC websites as well.

S.No	Summary of Objections / Suggestions	Response of the Licensee
	Computation of Additional Surcharge.	
7	No.2:	The Hon'ble Commission in its order in OP No.23 of
	It is respectfully submitted that the Petitioner in the Sl. No. (O) of	2020 (pg 12) opined that the methodology of AS
	computation taken the wrong figures of Rs. 252.06 crores i.e.,	computation was approved in the Order dated
	difference of (E) – (N).	13.12.2017 in I.A.Nos.22&23 of 2017 in O.P.Nos.22&23
	(E) is Rs. 108.05 crores and (N) is Rs144.01 crores thus the	of 2016 respectively (AS Order for FY17-18).
	difference will be Rs35.51 crores. Hence, the figure of (O) should	As per the approved TSERC methodology, the Demand
	be corrected to Rs35.51 crores.	charges to be adjusted (N) is the amount to be
	In view of this correction the Respondents are entitled for refund of	recovered and hence it is represented using the
	Rs. 0.96 per KWH during the H2 period of Financial Year 2022-23 i.e.,	negative sign (Rs144.01 Cr.) due to under recovery of
	Rs35.51 Crores / 370.34 MU X 10 = Rs. 0.96 per KWH.	fixed cost.
	In view of the above stated facts, the Respondent pray to this	To derive the total Net Stranded charges recoverable
	Hon'ble Commission;	(O), the Fixed Charges for Stranded capacity (E = Rs.
	to pass an order for Refund of Rs. 0.96 per KWH of Additional	108.05 Cr.) has to be added to Rs. 144.01 Cr. i.e.
	Surcharge during the period H2 of Financial Year 2022-23 i.e., from	O = E - N
	October, 2022 to March, 2023; and pass such that order or orders as	= 108.05 - (-144.01) = 252.06
	may deem fit by this Hon'ble Commission under the circumstances of	Therefore, the Net Stranded charges recoverable (O)
	the petition in the interest of justice.	arrives at INR 252.06 Cr.
	Other grounds if any will be filed during proposed hearing to be held	Hence, the question of refund doesn't arise as stated
	on 24.8.2022.	by the Objector.
8	<b>OPPORTUNITY DURING HEARIG TO BE HELD ON 24.8.2022</b>	No Comments
	It is respectfully submitted that we may be provided an opportunity	
	for arguing our grounds during hearing scheduled on 24.8.2022 at I l	
	AM at Court Hall, 5 <sup>th</sup> Floor, Singareni Bhavan, Red Hills. Hyderabad -	
	500 004.	
	In this regard we hereby authorise Ms. Nishtha, Advocate situated at	
	2-2-1105/4/A/F, Indranagar, Tilaknagar, Hyderabad — 500 044 Cell	
	No. 70362 05211 to attend, argue on our behalf during above said hearing.	

**3.** <u>V Manikanth,</u> General Manager-Projects, Penna Cement Industries Limited, Lakshmi Nivas705, Road#3, Banjara Hills, Hyderabad Telangana — 500 034

S.No	Summary of Objections / Suggestions	Response of the Licensee
1.	No Link in Additional Surcharge & Open Access Volume:	The Hon'ble Commission in its order in OP No.23 of 2020 (pg 12) opined that the methodology of AS computation
	1.1 The National Tariff Policy, 2016 emphasizes upon the objective	was approved in the Order dated 13.12.2017 ir
	of promoting open access while ensuring that charges and	
	conditions levied for such open access do not make it un-	respectively (AS Order for FY17-18) and the same have
	competitive. The relevant clauses of the Tariff Policy, are extracted	attained finality. The Commission while determining As
	as under:	for H1 2022-23 have also considered the same
	"8.5 Cross-subsidy surcharge and additional surcharge for open	methodology.
	access	
	8.5.1 National Electricity Policy lays down that the amount of cross-	Hence, the licensee derived the Additional Surcharge fo
	subsidy surcharge and the additional surcharge to be levied from	H2 of FY 2022-23 in consonance with the methodolog
	consumers who are permitted open access should not be so onerous	from the aforementioned order.
	that it eliminates competition which is intended to be fostered in	
	generation and supply of power directly to the consumers through	
	open access.	
	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 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."	
	<b>1.2</b> The above highlighted section of the National Tariff Policy that	

S.No	Summary of Objections / Suggestions	Response of the Licensee
	additional surcharge is applicable only when the existing power	
	purchase commitments has been and continues to be stranded due	
	to open access. It is understood here that any increase or decrease	
	in the open access volume in the state will accordingly lead to	
	increase or decrease of the Additional Surcharge. The graph below	
	shows the open access volume in the past years (as submitted by	
	Discom) and additional surcharge approved by the Hon'ble Commission.	
	1.3 It can be observed additional surcharge for H2 of FY 21-22 is 0.96	
	&H1 of FY 22-23 is 1.15. Despite of continuous decrease in open	
	access volume in the past years the additional surcharge is	
	continuously increasing, which is contradictory to the National Tariff	
	Policy and definitely not in the interest of State Consumers.	
2.	Levy of Distribution charges for the whole System	The licensee has computed the per unit Distribution cost
	2.1 Discom in the present petition has considered the per unit	in consonance with the commission's order in OP No.23
	Distribution charges at Rs. 1.05/ unit which is for the whole	of 2020 dated 18.09.2020 and orders for AS for FY17-18
	Distribution Network including cost associated with LT network	dated 13.12.2017 and AS for FY18-19 dated 27.03.2018.
	which is not being utilized by the Industrial or OA Consumers.	
	2.2 The concerned issue is not new to the Hon'ble Commission and	The Hon'ble Commission considered the approved
	was also raised in the previous Additional Surcharge petition,	Distribution cost of FY16-17 i.e., Rs. 3,658.15 Cr. and
	wherein the Hon'ble Commission denied the objection stating that	ofFY17-18 i.e., Rs. 4,295.84 Cr. in arriving at the per unit
	the Distribution Charges are being considered as per the	distribution cost of Rs.0.71 per unit and Rs. 0.82 per unit
	methodology approved vide Telangana State Electricity Regulatory	in the orders for AS for FY17-18 and AS for FY18-19
	Commission order dated 18.09.2020	respectively. In a similar way, the licensee has
	2.3 However, the past order of ASC for HI FY 2022-23, no rationale	considered the approved distribution cost of FY 2021-22
	was provided for levy of charges associated with LT network as a	by the Hon'ble Commission in arriving at the per unit
	part of Additional Surcharge to be paid by the HT consumers.	distribution cost of Rs.1.05 per unit in the present AS H2
	2.4 It seems that the Hon'ble Commission has allowed the Discom to	FY 23 filings.

S.No	Summary of Objections / Suggestions	Response of the Licensee
	recover charges associated with LT network twice firstly from existing LT consumers through tariff and from HT consumers by way of Additional Surcharge. 2.5 Owing to above incorrect consideration of wheeling charges for the system as a whole, we re-submit our objection on the matter as mentioned above for the kind reference of the Hon'ble Commission. 2.5.1 ARR and Wheeling Tariffs for Distribution Business for FY 2019- 20 to FY 2023-2024; Tariff Order dated: The Hon'ble Commission in the Wheeling Tariff Order has computed voltage wise wheeling charges for LT category, 11 kV category and 33 kV category, wherein due to the eligibility criteria of the Open Access Consumers they are only connected at 11 kV and above. The distribution cost for 11 kV consumer is merely 30% of total distribution cost (claimed by Discom) based on the voltage wise cost approved by the Hon'ble Commission vide Order dated 29.04.2020 in terms of ARR determination for the wheeling business for 4th Control period (FY 19-20 to FY 23-24). 2.7 TheDiscom in the present petition has claimed Distribution Charges @Rs. 1.05/ unit for computation of Additional Surcharge, which is for Distribution Network as a whole without bifurcation among LT, 11 kV and 33 kV category. The Hon'ble Commission by allowing such methodology is approving Additional Surcharge contradictory its own Tariff Orders.	The Objection comes under the purview of Hon'ble commission. TS Discoms state that the distribution cost per unit is arrived by considering the total distribution cost and total power purchase quantum, which is as per the methodology approved by the Hon'ble Commission. TS Discoms would adhere to the instructions of the
3.	2.8 We also submit that as per regulation 8 of the Terms and Conditions of Open Access to Intra-State Transmission and Distribution Regulation 2005, the Hon'ble Commission has allowed open access to consumers with contracted capacity more than 1 MW. Therefore, consumers availing Open Access are utilizing the	TS Discoms state that the distribution cost per unit is arrived by considering the total distribution cost and total power purchase quantum, which is as per the methodology approved by the Hon'ble Commission. TS Discoms would adhere to the instructions of the

S.No	Summary of Objections / Suggestions	Response of the Licensee
	facility of Open Access are connected to HT/EHT network only.	Hon'ble Commission, regarding the methodology for
	2.9 Thus, the OA consumers could not have incurred the said	determination of Additional Surcharge.
	distribution cost @Rs. 1.05/unit claimed by the Discom or	
	distribution cost @Rs. 0.87/ unit as approved by the Hon'ble	Having said that, the computation done by the objector
	Commission in the previous Order No. 61 and 62 of 2021 dated	for arriving at a rate of Rs. 0.36 per unit, is incorrect (i.e.
	22.03.2022 even if they had utilised the Discom Network (HT network).	considering a portion (30%) of total distribution charges per unit rate).
	2.10 It is therefore submitted that consideration of payable	
	distribution charges @Rs. 1.08/unit is resulting in loading the LT	
	system cost on OA consumers and burdening them	
	disproportionately against the Tariff Order issued by the Hon'ble	
	Commission. The said charges as per the ARR Order dated	
	29.04.2020 would be around <u>Rs. 0.36/unit or the actual cost</u>	
	incurred by them for HT> 11 kV consumers.	
4.	Open Access Charges more than the Average Cost of Supply	The Hon'ble Commission in its order in OP No.23 of 2020
	a. The Discom in the present Petition has proposed Additional	(pg 12) opined that the methodology of AS computation
	Surcharge @Rs. 6.81/ unit.	was approved in the Order dated 13.12.2017 in
	b. The Hon'ble Commission in Annexure 10 of the Retail Supply	I.A.Nos.22&23 of 2017 in O.P.Nos.22&23 of 2016
	Tariff Order for FY 2022-23 dated 30.03.2022 has determined Cost of	
	Supply for each category. It is observed from the Tariff Order that	attained finality. The Commission while determining AS
	the Cost of Supply approved by the Hon'ble Commission for HT	for H1 for FY 2022-23 have also considered the same
	(Industrial Category) 33 kV and 132 kV is far less than the Additional	methodology.
	Surcharge recovery proposed by the Discom.	
	c. It seems that the Discom by way of such proposal is making	Hence, the licensee has derived the Additional Surcharge
	mockery of the procedure approved by the Hon'ble Commission for	for H2 of FY 2022-23 in consonance with the
	computation of Additional Surcharge. Further, the total of	methodology from the aforementioned order.
	Additional Surcharge (proposed), CSS and wheeling charges	
	(approved vide Tariff order for FY 2022-24) is coming out to be more	There is no defined capping on Additional Surcharge in
	than the Cost of Supply of all the HT categories.	the approved methodology.

כ		Summa	ry of Objectic	ons / Suggestic	ons	Response of the Licensee
	d. The table below shows a comparison of Average Cost of Supply approved by the Hon'ble Commission vis-å-vis the Open Access				Having said that, Hon'ble Commission in its Orders dated	
	•••				24.12.2021 and 22.03.2022, had recognized the importance of promoting competition as enshrined in	
	Charges for al					
	In Rs./ ACoS unit		Wheeling charges *	•		the Electricity Act, and had duly limited the fina approved Additional Surcharge, in the interest of all the
	HT Industry	(i)	(ii)	(iii)		stakeholders.
	11 kV 7.9	1.97	0.51	6.81	9.29	TS Discoms would abide by the orders passed by the
	33 kV 5.7	1.74	0.06	6.81	8.61	Hon'ble Commission, regarding the determination of
	132 kV 5.0	1.70	0.00	6.81	8.51	Additional Surcharge.
	* Wheeling Ch	arges det	ermined at 8	5% Load Facto	or.	
	* Wheeling Charges determined at 85% Load Factor. Charges considered for TSSPDCL					
	e. From the proposal, the	bove ta Discon	ble it is clea n is display	, ing its apa	aking the presen thy towards the	
	e. From the proposal, the consumers, an against the r encourage Di Consumers. f. Further, it Surcharge Pr	bove ta Discon d exhibit ght to o com to com to is neces posal o rage Po	ble it is clea is display ing a mocker pen access over recove sary to mer the Discor wer Purchas	ying its apar by of the entire to a consume er revenue fin ntion here th m is more the se Cost appro-	thy towards the e process. It is also er rather this will rom Open Access at the Additiona nan 150% of the poved the Hon'ble	
	e. From the proposal, the consumers, an against the r encourage Di Consumers. f. Further, it Surcharge Pr weighted ave	bove ta Discon d exhibit ght to o com to com to is neces posal o rage Po	ble it is clean is display ing a mocker pen access over recover sary to mer the Discor wer Purchas order for FY 2	ying its apar by of the entire to a consume er revenue fin ntion here th m is more the se Cost appro-	thy towards the e process. It is also er rather this will rom Open Access at the Additiona nan 150% of the poved the Hon'ble	

S.No	Summary of Objections / Suggestions	Response of the Licensee
	g. The Hon'ble Commission is requested to take necessary steps to	
	allow such proposals which are rationale in nature and does not	
	allow to make mockery of the processes by way of such petitions	
5.	POC ISTS transmission Charges should not be considered for	The Hon'ble Commission in its order in OP No.23 of 202
	reducing demand charges paid by OA consumers:	(pg 12) opined that the methodology of AS computatio
	a. TSSPDCL has, for the computation of per unit transmission	was approved in the Order dated 13.12.2017 i
	charges, considered the inter-state, intra-state transmission charges	I.A.Nos.22&23 of 2017 in O.P.Nos.22&23 of 201
	and SLDC charges. The said claims are based on the past Additional	respectively (AS Order for FY17-18) and the same hav
	Surcharge Orders of the Hon'ble Commission, wherein the Hon'ble	attained finality. The Commission while determining A
	Commission has also included both the inter and intra-state	for H1 for 2022-23 and H2 for FY 2021-22 have als
	transmission charges in the stranded cost while working out the ASC	considered the ISTS.
	for corresponding periods.	
	b. As against the above, in its order dated 27.03.2018 for	Hence, the licensee considered the transmission charge
	determination of ASC for FY 2018-19, the Hon'ble Commission	i.e., both intra & interstate transmission charges for
	considered only the intra-state transmission charge for computing	computing per unit transmission charge in conformit
	per unit transmission charge which we believe was the correct	with the aforementioned order.
	approach owing to the following reasons:	
	i. Inter-state transmission cost is on account of the transmission	Further, there is no rationality in considering intra stat
	charges being paid by the Discom for long/medium term access to	transmission charges alone, as the Discoms have lon
	the ISTS system. Such charges to be paid by the Discom are	term power purchase commitments with both intra an
	notified by NLDC.	inter-state generators thereby utilizing the intra an
	ii. Any consumer availing open access to the ISTS system also pays	inter-state transmission corridors. And, further th
	its ISTS cost for the power procured through open access, the	backing down of generation is not limited to intrastat
	benefit of which accrues to the state in reduction of their POC	generators alone. Hence, the transmission charges that
	charges.	are considered in totality are justified in arriving at pe
	This reduction is due to the following clause 11 (3) of the CERC	unit transmission charge
	(Sharing of Inter-State Transmission Charges and Losses)	
	Regulations, 2020-	Its to be clarified that in the referred order i.e
	"11. Transmission charges for Short Term Open Access	determination of ASC for FY 2018-19 dated 27.03.2018

S.No	Summary of Objections / Suggestions	Response of the Licensee
	(3) Transmission charges for Short Term Open Access paid by an embedded intra-State entity during a month shall be reimbursed in	the Hon'ble Commission considered both intra & interstate transmission charges for computing per unit
	the following billing month to the State in which such entity is	transmission charge.
	located. " iii. It is in view of the above that inclusion of ISTS charges again for	TS Discoms understands that the ISTS cost paid by the
	computation of Additional Surcharge as claimed by the Petitioner, will lead to double levy of the same charge on open access consumers.	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
	iv. The submission of the Discom that said benefit is passed in ARR to consumers is not justifiable since the impact of double levy of	by TS TRANSCO.
	ISTS charges would already make OA unviable for consumers. c. Thus, we request the Hon'ble Commission to re-consider its view on allowing inclusion of ISTS charges in the ASC.	
6.	Mechanism of Determination of Fixed Cost of Power Purchase	
	a. The Discom in the ASC Petition has proposed fixed charges paid at	TS Discoms state that the increase in the fixed costs from
	Rs. 6063.77 Cr for long term available capacity of 8546.53 arriving at	H1 of FY 22 to H2 of FY 22, is approximately Rs. 60 Cr
	Rs. 0. 71 Cr/ MW for second half of FY 2021-22. The Hon'ble	(~0.99%). The licensee has considered the Fixed cos
	Commission in the Order No. for O.P. No. 61 & 62 of 2021 for	paid as per the actuals of H2 of FY 2021-22 fo
	determination of Additional Surcharge dated 22.03.2022 has	computing Fixed charges per MW in conformity with the
	approved the fixed charges paid at Rs. 6004.53 Cr for long term	previous TSERC orders on Additional Surcharge
	available capacity of 9227.98 MW arriving at Rs. 0.65 Cr/ MW for	determination.
	first half of FY 2021-22.	It is to be clarified that the interest on pension bonds o
	b. We have observed huge increase in fixed cost from H1 of FY 2021-	Rs. 805 Crs. in H2 of FY 2021-22 is as per the actua
	22 to H2 of FY 2021-22 with decrease in the total available capacity.	claims made by the generators, where as the amount o
	Further, the Discoms have proposed Interest on Pension bonds of	Rs. 342 Cr. was approved by Hon'ble Commission for F
	Rs. 805 Cr in H2 of FY 2021-22 whereas the Hon'ble Commission	2018-19, which has a time period gap of 3 years.
	approved Interest on Pension bonds of Rs. 342 Cr which is an increase of more than 200% in the Interest on Pension Bonds.	

S.No	Su	immary	of Objec	ctions / S	Suggestic	ons		Response of the Licensee			
7.	c. As per the GOI PRAAPTI Portal total power procurement dues of Telangana Discom has increased from Rs. 12914 Cr at the start of Oct 2021 to Rs. 15341 Cr at the end of March 2022. Further, Telangana Discoms have paid only 6% of the amount against the current dues. The table below shows the monthly billed amount and amount paid by the Discom for power procurement as per PRAAPTI Portal.							The Hon'ble Commission in its order in OP No.23 of 2020opined that the methodology of AS computation was approved in the Order dated 13.12.2017 in I.A.Nos.22&23 of 2017 in O.P.Nos.22&23 of 2016 respectively (AS Order for FY17-18) and the same have attained finality. The Commission while determining AS for H1 2022-23 and H2 FY 2021-22 have also considered			
		Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	the actual fixed charges payable by the Discoms.			
	Amount Billed to Discom	1212.1	1830.45	1281.94	1414.26	1509.87	1266.84				
	Amount Paid By Discom Against Current Dues	107	103	97	28	64	146	Further, there is no rationality in considering actual fi charges paid, as the Discoms are liable to make power purchase payments to the generators for			
	<ul> <li>d. It can be observed from the above table that the Discom is collecting the electricity tariff and additional surcharge for payment of power purchase bills however, but it is not clearing the present dues.</li> <li>e. The Hon'ble Commission may review the approach and consider the actual fixed charges paid for that period while computing the Additional Surcharge. The Hon'ble Commission is also requested to direct the Discom to provide breakup of fixed charges components considered so as to confirm that no charge on account of delayed payment surcharge or change in law or any other non-fixed cost is</li> </ul>						TS Discoms are continuously making efforts to improve its financial condition and make the power purchase payments on a timely basis, to its generators. The licensees have already provided the complete breakup of individual fixed cost of each generating station that has been considered in the determination of AS for H2 FY 23.TS Discoms would adhere to the instructions of the Hon'ble Commission for any further requirement of additional information.				
	considered.										

	Si	ummary o	of Objecti	ons / Sugg	Response of the Licensee		
1	in H2 of FY 202	21-22, wł	nich com	es out to	be Rs.0.9	0/unit. The	attained finality. The Commission while determining A
	Hon'ble Commiss	ion in the	e Order N	lo. for O. I	for H1 2022-23 and H2 FY 2021-22 have also considered		
	for determination	on of A	dditiona	Surchar	the actual demand charges recovered from O/		
	approved estima			-	-		
	from OA consum		•			•	
	open access cons	•			•,	•	
	comes out to be f				01 F1 202	.1-22, Willer	
		•					From the table sizes by the matitizers the first i
	b. Despite of the				•		From the table given by the petitioner, the first
	2021-22 the Disco					•	
	the OA consumer	-				-	Consumed by OA consumers from Discom (MU) and
	c. From the pa			-			-
	Commission it o	an be o	bserved	that the	estimated	fixed cost	consumers (Crs), while the rest are for half year period
	recovery of the	Discom i	s shown	to be co	ontinuously	decreasing	(H2 FY 22, H1 FY 23, H2 FY 22). So, comparison is no
	recovery of the leading to increas				•	•	• • • • • •
	leading to increa	se in Add	itional Su	urcharge. T	The table b	elow shows	appropriate.
	leading to increase the estimated fi	se in Add xed cost	itional Su recovery	urcharge. T / and per	۔ The table b unit of fi	elow shows xed cost as	appropriate. Also, it is to be clarified that the methodology approved
	leading to increa	se in Add xed cost ie Hon'b	itional Su recovery	urcharge. T / and per	۔ The table b unit of fi	elow shows xed cost as	appropriate. Also, it is to be clarified that the methodology approved
	leading to increat the estimated fi approved by th	se in Add xed cost ie Hon'b	itional Su recovery	Asc Order H2 FY 21-	The table b unit of fi the past	elow shows xed cost as Additional	appropriate. Also, it is to be clarified that the methodology approved by the Hon'ble Commission, ensures the pass-through o any under recovery of demand charges, while determining the Additional Surcharge. Such under
	leading to increat the estimated fi approved by th Surcharge orders	se in Add xed cost e Hon'b Asc order FY	itional Su recovery le Comn	Asc Order H2 FY 21-	The table b unit of fi the past	ASC Petition H2	appropriate. Also, it is to be clarified that the methodology approved by the Hon'ble Commission, ensures the pass-through of any under recovery of demand charges, while determining the Additional Surcharge. Such under recovery is due to the increase in T&D charges to be pair
	leading to increat the estimated fi approved by th Surcharge orders	se in Add xed cost e Hon'b Asc Order FY 17-18 13.12.17	ASC Grder FY 18-19 27.03.18	ASC Order H2 FY 21- 22 24.12.21	ASC Order H1 FY 22- 23 22.03.22	ASC Petition H2	appropriate. Also, it is to be clarified that the methodology approved by the Hon'ble Commission, ensures the pass-through of any under recovery of demand charges, while determining the Additional Surcharge. Such under recovery is due to the increase in T&D charges to be pair (due to increase in per-unit rate and/or increase in energy consumed from Discom) or decrease in the actual
	leading to increat the estimated fi approved by th Surcharge orders	se in Add xed cost ie Hon'b Asc order FY 17-18	itional Su recovery le Comn ASC Order FY 18-19	ASC Order H2 FY 21- 22	ASC Order H1 FY 22- 23	ASC Petition H2	appropriate. Also, it is to be clarified that the methodology approved by the Hon'ble Commission, ensures the pass-through of any under recovery of demand charges, while determining the Additional Surcharge. Such under recovery is due to the increase in T&D charges to be paid (due to increase in per-unit rate and/or increase in
	leading to increat the estimated fi approved by th Surcharge orders Order dated Energy consumers from DISCOM (MU) Demand charges recovered by	se in Add xed cost e Hon'b Asc Order FY 17-18 13.12.17	ASC Grder FY 18-19 27.03.18	ASC Order H2 FY 21- 22 24.12.21	ASC Order H1 FY 22- 23 22.03.22	ASC Petition H2 FY 22-23	appropriate. Also, it is to be clarified that the methodology approved by the Hon'ble Commission, ensures the pass-through of any under recovery of demand charges, while determining the Additional Surcharge. Such under recovery is due to the increase in T&D charges to be pair (due to increase in per-unit rate and/or increase in energy consumed from Discom) or decrease in the actual
	leading to increat the estimated fi approved by th Surcharge orders	se in Add xed cost e Hon'b Asc Order FY 17-18 13.12.17	ASC Grder FY 18-19 27.03.18	ASC Order H2 FY 21- 22 24.12.21	ASC Order H1 FY 22- 23 22.03.22	ASC Petition H2 FY 22-23	appropriate. Also, it is to be clarified that the methodology approved by the Hon'ble Commission, ensures the pass-through of any under recovery of demand charges, while determining the Additional Surcharge. Such under recovery is due to the increase in T&D charges to be paid (due to increase in per-unit rate and/or increase in energy consumed from Discom) or decrease in the actual demand charges recovered.
	leading to increat the estimated fi approved by th Surcharge orders Order dated Energy consumed by OA consumers from DISCOM (MU) Demand charges recovered by DISCOM from OA consumers (Rs. Cr) Per unit Charges	se in Add xed cost e Hon'b ASC Order FY 17-18 13.12.17 1209.78	ASC Order FY 18-19 27.03.18	ASC Order H2 FY 21- 22 24.12.21	ASC Order H1 FY 22- 23 22.03.22 1785.407	ASC Petition H2 FY 22-23	appropriate. Also, it is to be clarified that the methodology approved by the Hon'ble Commission, ensures the pass-through of any under recovery of demand charges, while determining the Additional Surcharge. Such under recovery is due to the increase in T&D charges to be pair (due to increase in per-unit rate and/or increase in energy consumed from Discom) or decrease in the actual
	leading to increat the estimated fi approved by th Surcharge orders Order dated Energy consumed by OA consumers from DISCOM (MU) Demand charges recovered by DISCOM from OA consumers (Rs. Cr)	se in Add xed cost e Hon'b ASC Order FY 17-18 13.12.17 1209.78	ASC Order FY 18-19 27.03.18	ASC Order H2 FY 21- 22 24.12.21	ASC Order H1 FY 22- 23 22.03.22 1785.407	ASC Petition H2 FY 22-23	<ul> <li>appropriate.</li> <li>Also, it is to be clarified that the methodology approved by the Hon'ble Commission, ensures the pass-through of any under recovery of demand charges, while determining the Additional Surcharge. Such under recovery is due to the increase in T&amp;D charges to be paid (due to increase in per-unit rate and/or increase in energy consumed from Discom) or decrease in the actual demand charges recovered.</li> <li>The Objection comes under the purview of Hon'ble</li> </ul>
	leading to increat the estimated fi approved by th Surcharge orders Order dated Energy consumed by OA consumers from DISCOM (MU) Demand charges recovered by DISCOM from OA consumers (Rs. Cr) Per unit Charges recovered from	se in Add xed cost e Hon'b ASC Order FY 17-18 13.12.17 1209.78	itional Su recovery le Comm Asc Order FY 18-19 27.03.18 1448.97 223.22	ASC Order H2 FY 21- 22 24.12.21	ASC Order H1 FY 22- 23 22.03.22 1785.407	ASC Petition H2 FY 22-23	<ul> <li>appropriate.</li> <li>Also, it is to be clarified that the methodology approved by the Hon'ble Commission, ensures the pass-through of any under recovery of demand charges, while determining the Additional Surcharge. Such under recovery is due to the increase in T&amp;D charges to be paid (due to increase in per-unit rate and/or increase in energy consumed from Discom) or decrease in the actual demand charges recovered.</li> <li>The Objection comes under the purview of Hon'ble</li> </ul>

S.No	Summary of Objections / Suggestions	Response of the Licensee
	Additional Surcharge.	
	e. Thus, we request the Hon'ble Commission to re-consider its view	TS Discoms would abide by the orders passed by the
	on allowing levy of expenses on account of Discom inefficiency for	Hon'ble Commission, regarding the determination of
	computation of ASC.	Additional Surcharge.
	f. Further, we request to re-examine the formula for Additional	
	surcharge to rationalize the same in accordance with Electricity Act	
	of bringing the cross subsidy & additional surcharges to NIL over a	
	period of time.	

## 4. <u>The Federation of TelanganaChambers of Commerce and Industry(FTCCI)</u>, Federation House, Federation Marg, 11-6-841, Red Hills, Hyderabad 500004, email: <u>info@ftcci.in</u>

and

5. <u>SICMA, 3<sup>rd</sup> Floor, 36 square, Plot No. 481, Road No. 36, Jubilee Hills, Hyderabad 500034 email: ceo@sicma.in</u>

S.No	Summary of Objections / Suggestions	Response of the Licensee
1	1.1 Additional Surcharge for H2 of FY 2022-23 claimed by the	The Hon'ble Commission in its order in OP No.23 of
	Discoms is uncompetitive	2020 (pg 12) opined that the methodology of AS
		computation was approved in the Order dated
	a. It is submitted that the Additional Surcharge Rate of Rs. 6.81/unit	13.12.2017 in I.A.Nos.22&23 of 2017 in
	in the instant petition is highly uncompetitive as compared to other	O.P.Nos.22&23 of 2016 respectively (AS Order for
	states.	FY17-18) and the same have attained finality. The
	b. Furthermore, it is submitted that the Hon'ble Commission, in its	Commission while determining AS for H1 2022-23
	Order dated 24.12.2021, in O.P.s No. 48, 49, 50 and 51 of 2021 &	have also considered the same methodology.
	I.A.s No. 21, 22, 23 and 24 of 2021 pertaining to Additional	
	Surcharge for H1 and H2 of FY 2021-22 for Telangana Discoms had	Hence, the licensee has derived the Additional
	recognized the importance of promoting competition as enshrined	Surcharge for H2 of FY 2022-23 in consonance with
	in the Electricity Act, and had duly limited the final approved	the methodology from the aforementioned order.
	Additional Surcharge, in the interest of all of the stakeholders. The	
	relevant extract of the Order is reproduced below:	Having said that, Hon'ble Commission in its Orders
	"4.2.9 As per the above computations, the AS for H2 of FY 2021-	dated 24.12.2021 and 22.03.2022, had recognized
	22works out to Rs.2.38 / kWh. The preamble of the Electricity Act,	the importance of promoting competition as
	2003emphasises, amongst others, taking measures conducive to	enshrined in the Electricity Act, and had duly limited
	development of electricity industry, promoting competition therein,	the final approved Additional Surcharge, in the
	protection of interest of consumers and rationalisation of electricity	interest of all the stakeholders.
	tariffs, as the objectives. The Commission has to do a balancing	
	actin fulfillment of the mandate of the Electricity Act, 2003. The	TS Discoms would abide by the orders passed by the

S.No	Summary of Objections / Suggestions	Response of the Licensee
	DISCOMs are entitled to the AS computed as above but at the same	Hon'ble Commission, regarding the determination
	time such AS, being significantly higher than the present levels of	of Additional Surcharge.
	AS, could hinder the very competition that the Electricity Act, 2003	
	advocates. Therefore, in the interest of all the stakeholders, the	
	Commission decides to allow AS of Rs.0.96/kWh (~40% of Rs.2.38 /	
	<u>kWh)."</u>	
	(Emphasis supplied)	
	A similar approach is followed in Order dated 22.03.2022 passed by	
	Hon'ble Commission with regards to O.P. No 61 & 62 for H1 of 2022-	
	23. The relevant extract is reproduced below:	
	4.1.10 As per the above computations, the Additional Surcharge	
	forH1 of FY 2022-23 works out to Rs.3.48/kWh. 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 fulfillment of the mandate of the Electricity Act,	
	2003.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	
	<u>of Rs.1.15/kWh(i.e., ~ 33% of Rs.3.48/kWh).</u>	
	(Emphasis supplied)	
	c) Hence the Objector humbly prays that the Hon'ble Commission	
	may allow only a competitive additional surcharge after a through prudence check.	

.No Summary of Objections / Suggestions	Response of the Licensee
2       1.2 Distribution cost         a. The Petitioners have submitted the Distribution Cost per unit at the rate of Rs.1.05/unit assuming the Distribution ARR for LT as well as HT Consumers.         b. But, it is humbly submitted that this is an incorrect approach and rather the distribution cost be attributed to only HT consumer. As per the applicable APERC Terms and Conditions of Open Access to Intra-State Transmission and Distribution Network Regulation No. 2 of 2005 (Clause 8: Phasing of Open Access), the Hon'ble Commission allowed the open access to consumers having contracted capacity of 1 MW or more than 1 MW.         c. Hence, adhering to the regulation, it can clearly be derived that the mentioned distribution cost is for open access consumer connected at 11 KV and above. Accordingly, the loading of distribution cost on the LT consumer is not allowable.         d. It is humbly submitted that the Objector has considered the Distribution Cost per unit at the rate of Rs. 0.23/unit (for 33 kV) as approved in the RST order dated 23.03.2022 for FY 2022-23 against the petitioner's claim of Rs. 1.05/unit. The same from the RST order dated 23.03.2022 is reproduced below:         ANEXURE 14: CALCULATION OF VOLTAGE WISE DISTRIBUTION CHARGES FOR FY 2022-23         The same methodology has been followed in the last Hon'ble Commission order dated 22.03.2022 w.r.t H1 of FY 2022-23. The	The licensee has computed the per unit Distribution cost in consonance with the commission's order in OP No.23 of 2020 dated 18.09.2020 and orders for AS for FY17-18 dated 13.12.2017 and AS for FY18-19 dated 27.03.2018. The Hon'ble Commission considered the approved Distribution cost of FY16-17 i.e., Rs. 3,658.15 Cr. and ofFY17-18 i.e., Rs. 4,295.84 Cr. in arriving at the per unit distribution cost of Rs.0.71 per unit and Rs. 0.82 per unit in the orders for AS for FY17-18 and AS fo FY18-19 respectively. In a similar way, the licensed has considered the approved distribution cost of FY 2021-22 by the Hon'ble Commission in arriving a the per unit distribution cost of Rs.1.05 per unit in the present AS H2 FY 23 filings. TS Discoms state that the distribution cost per unit is arrived by considering the total distribution cost and total power purchase quantum, which is as per the methodology approved by the Hon'ble Commission. TS Discoms would adhere to the instructions of the Hon'ble Commission, regarding the methodology for determination of Additional Surcharge. TS Discoms believe that the consideration of only 33 kV network charges for arriving at distribution cost per unit is inaccurate and not appropriate.

S.No	Sum	mary of Objection	ons / Suggestions	Response of the Licensee
	relevant extract is r	eproduced below	<i>N</i> :	
	4.1.5 The TS Disc	oms have claim	ed the distribution charges of	
	Rs.1.08/kWh by cor	nsidering the tota	al distribution cost of Rs.7363.41	
	crore as approved	for FY 2021-22	in the Amendment Order dated	
	01.03.2021 and divi	iding the same <b>b</b>	by the power purchase quantum	
	of 68225.31 MU, pu	irported to be fo	or whole year of FY 2021-22. <u>The</u>	
	<b>Retail Supply Tariff</b>	fs determined in	the Commission's Order dated	1
	27.03.2018 were co	ntinued for FY 20	02122 in the absence of separate	
	Orders on determi	ination of ARR	for FY2021-22. Therefore, the	
	distribution cost a	nd the quantur	<u>m of energy shall have to be</u>	
	considered as per th	ne Order dated 2	<u>7.03.2018.</u>	
	Therefore, the Com	mission has wor	ked out the distribution charges	
	of Rs.0.87/kWh b	y considering t	the total distribution cost of	
	Rs.5019.19 crore a	nd dividing the	same by the power purchase	
	quantum of 57631.	.27 MU, the san	ne as approved in Order dated	
	27.03.2018.			
	e. The Hon'ble is tl	herefore reques	ted to consider the distribution	
	cost as per Objector	r's Assessment fo	or the computation of Additional	
	Surcharge.	1		
	Particulars	Petitioner's	<b>Objector's Assessment as</b>	
		Claim	per RST Order dt.23.03.2022	
	Distribution Cost	Rs. 1.01/ kWh	Rs. 0.23/ kWh	
3	1.3 Inter-State trans	•	0	The Hon'ble Commission in its order in OP No.23 of
			gy of the Hon'ble Commission, in	
		•	, only intra-state transmission	
			the determination of Additional	
	-	•	nter-State Transmission Charges	
		· ·	vide for reimbursement of such	
	ISTS charges paid by	y the consumers	availing STOA, back to the state	Commission while determining AS for H1 2022-23

S.No	Summary of Objections / Suggestions	Response of the Licensee
	where the entity is located.	and H2 FY 2021-22 have also considered the ISTS.
	The relevant extract is reproduced below:	Hence, the licensee considered the transmission
	"11. Transmission charges for Short Term Open Access	charges i.e., both intra & interstate transmission
	(1) Short Term Open Access Rate (in paise/kWh) shall be published	charges for computing per unit transmission charge
	for each billing month by the Implementing Agency which shall be	in conformity with the aforementioned order.
	calculated State-wise as under:	
	Transmission charges of the State for the billing month (in rupees) /	Further, there is no rationality in considering intra
	(7200 X the quantum, in MW, of Long Term Access plus Medium	state transmission charges alone, as the Discoms
	Term Open Access of the State for the corresponding billing period)	have long term power purchase commitments with
		both intra and inter-state generators thereby
	(2) Transmission charges for Short Term Open Access shall be	utilizing the intra and inter-state transmission
	payable by generating stations and embedded entities located in	corridors. And, further the backing down of
	the State, as per the last published Short Term Open Access Rate for	generation is not limited to intrastate generators
	the State, along with other charges or fees as per Open Access	alone. Hence, the transmission charges that are
	Regulations, 2008 and the Transmission Deviation charges, if any,	considered in totality are justified in arriving at per
	as per these regulations.	unit transmission charge
	(3) Transmission charges for Short Term Open Access paid by an	
	embedded intra-State entity during a month shall be reimbursed in	TS Discoms understands that the ISTS cost paid by
	the following billing month to the State in which such entity is	the consumer availing ISTS system, benefits in
	located"	reduction of POC charges for the state. However,
		the same benefits have been passed on to the
	b. Despite this, it is observed that the Petitioners have claimed	consumer through APR filed by TS TRANSCO.
	inter-state transmission charges and SLDC charges, which is	
	violative of the set principle.	
4	1.4 Discrepancies in the present computations	
-	While thoroughly analysing the present petitions, the Objector	The licensees have already provided the complete
	found some discrepancies in the computations done by the	breakup of individual fixed cost of each generating
	Petitioners. The following discrepancies is apparent and needs to be	station that has been considered in the

D	Summary of C	Objections / Suggestions	Response of the Licensee
	thoroughly examined:		determination of AS for H2 FY 23. TS Discoms would
	The Petitioners have claimed	d Rs. 6063.77 Crores and Rs. 2080.86	adhere to the instructions of the Hon'ble
	Crores under the head of	Fixed charges paid and Transmission	Commission for any further requirement of
		r TS Discoms without providing any	additional information.
		aid towards NCE power procurement.	
		ng the claims, has found that only	
	2	are available in public domain for	
		•	
		vant extracts are reproduced below:	
	As per Q3 Audit	ted Accounts for TSSPDCL	
	Particulars	For Q3 of 2021-22 For Q2 of 2021-22 For Q1 of 2021-22 For 2020-21	
	Purchase of Power - Fixed Cost	₹ (in Crore)         ₹ (in Crore)         ₹ (in Crore)           2,858.52         7.60         2,049.01         8,035.47	
	Purchase of Power - Variable Cost	2,870.18 6,270.77 3,390.63 13,662.47	
	Transmission Charges	335.34 586.53 587.58 2,565.36	
	Other Power Purchase Costs	(135.50) 24.00 14.33 (560.24) 5,928.54 6,888.90 6,041.55 23,703.06	
	As per Q4 Auc 23 - POWER PURCHASE COST	For Q4 of         For Q3 of         For Q2 of         For Q1 of         For 2020-21	There shall be an yearly statutory audit report
	23 - POWER PURCHASE COST Particulars Purchase of Power - Fixed Cost Purchase of Power - Variable Cost Transmission Charges Other Power Purchase Costs Total	For Q4 of 2021-22         For Q3 of 2021-22         For Q2 of 2021-22         For Q1 of 2021-22         For 2020-21           ₹ (in Crore)           3,137.12         2,858.52         7.60         2,049.01         8,035.47           3,669.77         2,870.18         6,270.77         3,390.63         13,662.47           1,561.58         335.34         586.53         587.58         2,565.36           163.49         (135.50)         24.00         14.33         (560.24)           8,531.96         5,928.54         6,888.90         6,041.55         23,703.06	confirming the financials including costs and revenues of the Discoms and the same shall be submitted after the due process of completion of
	23 - POWER PURCHASE COST Particulars Purchase of Power - Fixed Cost Purchase of Power - Variable Cost Transmission Charges Other Power Purchase Costs Total The Petitioners have not fur	For Q4 of 2021-22         For Q3 of 2021-22         For Q2 of 2021-22         For Q1 of 2021-22         For 2020-21           ₹ (in Crore)           3,137.12         2,858.52         7.60         2,049.01         8,035.47           3,669.77         2,870.18         6,270.77         3,390.63         13,662.47           1,561.58         335.34         586.53         587.58         2,656.36           163.49         (135.50)         24.00         14.33         (560.24)	confirming the financials including costs and revenues of the Discoms and the same shall be submitted after the due process of completion o
	23 - POWER PURCHASE COST Particulars Purchase of Power - Fixed Cost Purchase of Power - Variable Cost Transmission Charges Other Power Purchase Costs Total The Petitioners have not fur the same. Subsequently, in t	$\begin{array}{ c c c c c c c c c c c c c c c c c c c$	confirming the financials including costs and revenues of the Discoms and the same shall be submitted after the due process of completion o statutory and C&AG Audit to the Hon'ble Commission.
	23 - POWER PURCHASE COST Particulars Purchase of Power - Fixed Cost Purchase of Power - Variable Cost Transmission Charges Other Power Purchase Costs Total The Petitioners have not fur the same. Subsequently, in t and relevant audited account of Petitioners could not be ch	$\begin{array}{ c c c c c c c c c c c c c c c c c c c$	confirming the financials including costs and revenues of the Discoms and the same shall be submitted after the due process of completion o statutory and C&AG Audit to the Hon'ble Commission.
	23-POWER PURCHASE COST Particulars Purchase of Power - Fixed Cost Purchase of Power - Variable Cost Transmission Charges Other Power Purchase Costs Total The Petitioners have not fur the same. Subsequently, in t and relevant audited account of Petitioners could not be ch Additionally, the Objector h	$\begin{array}{ c c c c c c c c c c c c c c c c c c c$	confirming the financials including costs and revenues of the Discoms and the same shall be submitted after the due process of completion o statutory and C&AG Audit to the Hon'ble Commission. The Hon'ble Commission has passed order in OI No.23 of 2020 dated 18.09.2020 considering the
	23-POWER PURCHASE COST Particulars Purchase of Power - Fixed Cost Purchase of Power - Variable Cost Transmission Charges Other Power Purchase Costs Total The Petitioners have not fur the same. Subsequently, in t and relevant audited account of Petitioners could not be ch Additionally, the Objector h Costs as a part of Actual	$\begin{array}{ c c c c c c c c c c c c c c c c c c c$	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&AG Audit to the Hon'ble Commission. The Hon'ble Commission has passed order in Of No.23 of 2020 dated 18.09.2020 considering the actual cost commitments of the Discoms in arriving
	23-POWER PURCHASE COST Particulars Purchase of Power - Fixed Cost Purchase of Power - Variable Cost Transmission Charges Other Power Purchase Costs Total The Petitioners have not fur the same. Subsequently, in t and relevant audited account of Petitioners could not be ch Additionally, the Objector h Costs as a part of Actual subjected to strict prudence	$\begin{array}{ c c c c c c c c c c c c c c c c c c c$	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&AG Audit to the Hon'ble Commission. The Hon'ble Commission has passed order in OI No.23 of 2020 dated 18.09.2020 considering the actual cost commitments of the Discoms in arriving at the Additional Surcharge and hence, the Discom
	23-POWER PURCHASE COST Particulars Purchase of Power - Fixed Cost Purchase of Power - Variable Cost Transmission Charges Other Power Purchase Costs Total The Petitioners have not fur the same. Subsequently, in t and relevant audited account of Petitioners could not be ch Additionally, the Objector h Costs as a part of Actual subjected to strict prudence Tariff Regulations:	$\begin{array}{ c c c c c c c c c c c c c c c c c c c$	confirming the financials including costs and revenues of the Discoms and the same shall be submitted after the due process of completion o statutory and C&AG Audit to the Hon'ble

S.No	Summary of Objections / Suggestions	<b>Response of the Licensee</b>
	of power it procures, including from State generators, independent	
	power producers, Central generating stations, non-conventional	
	energy generators, and others, for supply to consumers, based on	
	the Commission-approved Power Procurement Plan of the	
	Distribution Licensee covering each year of the Control Period:	
	Provided that where the procurement is for sale to consumers	
	permitted open access by the Nodal Agency under the Open Access	
	Regulation or purchase for trading, the Distribution Licensee shall	
	provide an Allocation Statement as referred to in clause 5 clearly	
	specifying the costs that are attributable to the sales made to such consumers, utilities, etc.	
	12.2 Except in the case of Retail Supply Business insofar as for the	
	first Control Period is concerned:	
	a. The Commission shall adopt the Sales Forecast, the Distribution	
	loss trajectory and the Power Procurement Plan approved as part of	
	the Resource Plan for the purpose of determining the Power	
	Purchase Requirement of the Distribution Licensee for the Control Period;	
	b. The power procurement plan will not generally require any	
	revisions during the Control Period, and the Commission-approved	
	category-wise power procurement forecast shall be applied for	
	estimating the Distribution Licensees' power procurement	
	requirement for each year of the Control Period;	
	c. While approving the cost of power procurement, the Commission	
	shall determine the quantum of electricity to be procured,	
	consistent with the power procurement plan, from various sources	
	of supply, in accordance with the principle of merit order schedule	
	and dispatch, based on a ranking of-all approved sources of supply	
	in the order of variable cost or price."	

S.No		Summary of Objections / Sug	Response of the Licensee		
	It is praved th	at the Hon'ble Commission m			
		onciliation with the audited			
	cost compone	ent of power purchase may	be accor	dingly allowed	
	subject to pru	dence check			
	The Objector	, in the absence of a recond	ciliation a	statement, has	
	considered th	e claims of the Petitioners for	the comp	utation.	
5		Surcharge for H2 of FY 2022-2			TS Discoms have responded to the iter
	assessment	0	•		objections made by the objector, in
	Based on the	data available, the Objector ha	is compu	ted the	abovementioned sections, and would reque
		litional Surcharge for H2 of FY	•		Hon'ble Commission to consider the comput
		0	•	as 10110 ws.	•
	Additional Su	charge as per Objector's Asses	ssment		done by Discoms, considering the justific
		Additional Surcharge	Unit	As per Objector's	shared on the same.
	{A}	Long term available capacity	MW	Assessment 8,546.53	Having said that, Hon'ble Commission in its (
	{B}	Capacity stranded due to open access	MW	152.29           6,063.77           0.71           108.05           2,080.86           36,015.42           0.58           0.23           0.81           1,993.20	<ul> <li>dated 24.12.2021 and 22.03.2022, had recogniz</li> <li>the importance of promoting competition</li> <li>enshrined in the Electricity Act, and had duly limit</li> <li>the final approved Additional Surcharge, in t</li> <li>interest of all the stakeholders.</li> <li>TS Discoms would abide by the orders passed by t</li> <li>Hon'ble Commission, regarding the determinati</li> <li>of Additional Surcharge.</li> </ul>
	{C}	Fixed Charges for stranded capacity Transmission charges paid Actual Energy scheduled Transmission charges per unit Distribution charges as per RST Order dt.23.03.2022 Total transmission and distribution charges per unit	Rs. crore Rs. crore/MW Rs. crore Rs. crore MU Rs./kWh Rs./kWh		
	$\{D\} = \{C\} \div \{A\}$				
	{E}={D}x{B}				
	{F}				
	{G} {H}={F}÷{G}				
	I				
	{I}+{H}={L}		Rs./kWh		
	{K}	Energy consumed by open access consumers from the DISCOM	MU		
		Additional Surcharge	Unit	As per Objector's Assessment	
	{L}={K}×{J}	<pre>}={K}x{J} Transmission and distribution charges to     be paid by open access consumers</pre>		161.00	
	{M}	Demand charges recovered by the DISCOM from open access consumers	Rs. crore	179.95	
	$\{N\} = \{M\} - \{L\}$	Demand charges to be adjusted	Rs. crore	18.95	
	$\{O\} = \{E\} - \{N\}$	Net stranded charges recoverable	Rs. crore MU	89.11	
	{P} {Q}={O}÷{P}	Open access sales Additional Surcharge computed	Rs./kWh	370.34 2.41	
		Proposed Capping on additional			
		surcharge by 33 % as per approach in Order dated 22.03.2022 passed	Rs./kWh	0.79	

S.No	Summary of Objections / Suggestions	Response of the Licensee
6	Prayers	TS Discoms have responded to the item-wise
	The Objector most respectfully prays that this Hon'ble Commission may be pleased to:	objections made by the objector, in the abovementioned sections, and would request the
	A. Consider the above Objection Statement filed by the Objector;	Hon'ble Commission to consider the computations
	B. Consider the Distribution Cost as per RST Order dt.23.03.2022 for	done by Discoms, considering the justifications
	FY 2022- 23 for the computation of Additional Surcharge; C. May allow the Transmission charges duly considering the CERC	shared on the same.
	(Sharing of Inter-State Transmission Charges and Losses) Regulations, 2020;	
	D. May direct the Discoms to provide a reconciliation with the audited accounts and the Fixed cost component of power purchase may be accordingly allowed subject to prudence check;	
	E. 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; F. Consider the methodology/approach/computation to work out	
	the Additional Surcharge, if any, attributable to the open access consumers as assessed by the Objector;	



## SOUTHERN POWER DISTRIBUTION COMPANY OF TELANGANA LIMITED

From The Chief General Manager (RAC), TSSPDCL, Corporate Office, 6-1-50, Mint Compound, Hyderabad – 500 063. To The Commission Secretary (FAC), TSERC, 11-4-660, 5<sup>th</sup> Floor, SingareniBhavan, Red Hills, Hyderabad – 500 004.

## Lr. No.CGM(RAC)/SE(RAC)/DE(RAC)/F.A96/D.No. 252 /22, Dt: 1%08-2022. Sir,

Sub:TSSPDCL - Submission of Replies to objection raised by M/s. TSODA on Additional Surcharge (AS) Filings of the licensee for H2 of FY22-23 -Reg Ref:1. Lr. No.CGM(RAC)/SE(RAC)/DE(RAC)/F.A96/D.No.245/22, Dt:17-08-2022
2. Objection received from Telangana State Open Access Developers Association (TSODA) dated 08.08.2022

In addition to the letter 1<sup>st</sup> cited above, the licensee herewith submits the reply for the aforementioned objection vide reference 2<sup>nd</sup> cited above with a request to place the same before the Hon'ble Commission.

Encl: As above

and the second second

Yours faithfully,

Chief General Manager (RAC) Name: Ch. Chakrapani Designation: CGM (RAC) Mobile No: 8985322897 Email Id: ractsspdcl@gmail.com

	6. Telangana Solar Open Access Developers Association, #8-3-224/4/A, Pt no. 11 & 12, Sy no. 01, room		
	no. 412, Madhura nagar, yousufguda, Hyderabad- 500038		
S.No	Summary of Objections / Suggestions	<b>Response of the Licensee</b>	
1	It should be noted that as per NTP 2016 (at Para 8.5.4), the	The Hon'ble Commission in its order in OP No.23 of	
	licensees should conclusively demonstrate the assets are stranded	2020 (pg. 12) opined that the methodology of AS	
	because of Open Access Consumption and there should be an	computation was approved in the Order dated	
	unavoidable obligation and incidence to bear fixed costs.	13.12.2017 in I.A.Nos.22&23 of 2017 in	
	However, in case of solar bi-lateral open access, the power plants	O.P.Nos.22&23 of 2016 respectively (AS Order for	
	were given permissions by DISCOMs during 2010-2016 and	FY17-18) and the same have attained finality. The	
	plants were commissioned during 2012-2017. So DISCOM's were	Commission while determining AS for H1 2022-23	
	well informed about this tiny solar open access capacity in the	have also considered the same methodology.	
	state. In addition, as per clause 10.5 of regulation 2 of 2006,		
	generation from solar is a deemed to be scheduled.	TS Discoms have derived the Additional Surcharge	
		for H2 of FY 2022-23 in consonancewith the	
	The generation assets getting stranded for the licensees could be	methodology from the aforementioned order.	
	due to improper power procurement plan of the licensees and due		
	to ad-hoc power purchases on power exchanges by consumers or	The issues presented by the objector with respect to	
	IEX) and not in any way related to the consumers consuming	the stranded capacity computations have already	
	power from solar developers through bi-lateral open access, as	been considered by the Hon'ble Commission while	
	this consumption is well known, in advance from must run status	approving the methodology of AS computation in the	
	of solar renewable energy source, to the utilities as the approval	aforementioned order.	
	for long term open access was granted only by the very same		
	DISCOMs, and hence they could have made procurement plans	The Power generation from solar plants is not	
	accordingly.	constant that is highly intermittent in nature	
		depending upon various factors. Further, there is no	
	Therefore, it is <u>conclusively proved that the stranded capacity was</u>	generation of power from the said plants during the	
	not due to solar bilateral open access transactions. Hence, request	night hours. Hence, Discoms are constrained to enter	
	the Hon'ble Commission to not impose additional surcharges for	into long term Power Purchase Agreements in view	
	all for Solar bi-lateral open access transactions.	of its universal service obligation indicating that the	
		solar power plants are also contributing to the	
		stranded capacity of the Discoms in certain time	

		blocks.
2	Clause (9) (2) of Electricity Rules, 2022 (Vide ref (2) cited)	It is pertinent to mention that, the fixed charges paid
	released by Ministry of Power published in the Gazette of India,	by the Open Access consumers does not reflect the
	clearly stipulates no applicability of AS on Green Energy Open	total fixed charges commitment of the Discoms with
	Access Consumers and is furnished below for quick reference for	the generators. Hence, AS shall be applicable for any
	this Hon'ble Commission.	OA consumer to the extent of stranded (fixed) cost
		commitments to the Discoms that is conclusively
	"Provided further that the additional surcharge shall not be	demonstrated as per the NTP,2016 notified by the
	applicable (or Green Energy Open Access Consumers, if fixed	Ministry of Power.
	charges are being paid by such a consumer"	
	In view of the above, any ruling by Hon'ble TSERC to levy AS on	
	Green Energy OA consumers, will be ultravires with the	
	Electricity Rules 2022, as notified by Government of India, and	
	would endanger further investments in the Green Energy, at a	
	time when country is staring at power shortages, and DISCOMs	
	spending Crores of rupees per day to buy power in exchanges.	
3		In reply to the contention of the Objector with
	In addition, TS DISCOMS have filed petition before Hon'ble	respect to procurement of power by TS Discoms
	Commission to provide its consent for Procurement of 1045 MW	from NCE sources, it is to be noted that the Petitions
	Solar power from NTPC under CPSU Scheme Phase-II Tranche-	have been filed considering the RPPO targets (solar
	111, 500 MW Solar power from NHPC under CPSU Scheme	& non-solar), additional demand arising out of load
	phase-II Tranche-III and 1000MW Solar power from SECI under	growth, 24x7 reliable and quality power supply to all
	ISTS Tranche-IX, 2x600 MW Singareni Thermal Power Project,	the categories of supply including agriculture and
	19 MW power Bagasse Co-generation plant of M/S. Madhucon	LIS etc. and reduction in the overall average power
	Sugar and Power Industries Limited and 6 MW bagasse based	purchase cost. The Hon'ble Commission in the Order
	cogeneration plant of M/S Gayatri Sugars Limited. Levy of	in O.P 46 of 2022 dated 22.06.2022 in the matter of
	Additional Surcharge originates from fixed cost of the distribution	consent to Power Usage Agreements to be entered by
	licensee arising out of its obligation of supply. If TS DISCOMs are	TS Discoms with NTPC Limited for purchase of
	presently facing stranded capacity, what is the need for sourcing	1692 MW has also agreed with the above contention
	power from fresh PPA's? Is it just to cause more stranded	of TS Discoms.
	capacity in future and cause more burden in the form of AS in	

future?	Further, while entering the PPAs for purchase of RE
100000	power, TS DISCOMs are also bound to examine the
	RPPO targets in vogue both at State & National
	level.MoP vide Order dated 22.07.2022 has specified
	<b>-</b>
	the RPO Obligation trajectory for the period FY
	2022-23 to FY 2029-30 (43.33% RPO target by FY
	2029-30).
	Also, in view of the proposed Amendment to the
	section 142 of the Electricity Act 2003, which
	proposes for imposing penalties (ranging from Rs.
	0.25/kWh to Rs. 0.55/kWh) for non-compliance of
	RPPO targets, it is required that the TS Discoms
	shall be prepared to meet the larger RPPO targets in
	phased manner, that may be imposed in future by
	MOP, GoI on all the states, including the state of
	Telangana.
What came as a surprise is when the entire India, including	
Telangana state, was facing acute power crisis during 2nd quarter	It is pertinent to mention that, the licensees had
of H2 FY21-22, TS DISCOMs are declaring stranded capacity	witnessed a shortage of power in the 2 <sup>nd</sup> quarter of
during the said period. Apparently, TS DISCOMs themselves	H2 FY21-22 due to the surge in peak demand
have procured significant amount of power through power	reaching 14160MW and the same had been met
exchanges during the said period and came forward now to	through the short term power purchases in the
submit that they suffered damage in the form of their assets	market. However, there is stranding of power in
getting stranded due to open access consumers. In such scenario,	certain 15-minute blocks owing to the OA by the
as a matter-of-fact Open Access purchases by consumers shall	consumers that is witnessed through the stranded
reduce damage to TS DISCOMs. We demand that the daily	capacity pertaining to the above mentioned period
purchases of power by DISCOMs from electricity exchanges be	which is nearly half compared to the previous
published as part of this document, to conclusively prove that the	quarter.
assets were stranded in the first place. Instant AS proposals are	The issues presented by the objector with respect to
clearly based on half-truths and distorted facts.	the stranded capacity computations have already
	been considered by the Hon'ble Commission while
A 33 KV HT-I industrial consumer would have paid 6.15/unit to	approving the methodology of AS computation in the

	TSSPDCL during H2 FY2122. So, it is prudent to assume that the	aforementioned order.
	maximum damage that can happen to TSSPDCL if the consumer	
	so chooses the buy in open market is 6.15/unit.	Clubbing of AS to the APPC, CSS and T&D cost to
		arrive the cost of service is incorrect. It is to mention
	If the damage to DISCOMs as per their proposals in the form of	that, AS is determined based on the total stranded
	AS is -> Rs. 6.81, Cross Subsidy Surcharge is -> Rs. 1.46, T&D	capacity due to the OA consumers and relating
	cost is-> Rs. 1.63, APPC is-> Rs. 4.32 Then the minimum Cost of	stranded cost (fixed cost commitments) to the
	Service should be Rs. 6.81 + 1.46 + 1.63 + 4.32 = Rs 14.22/kWh.	Discoms. Hence, the demonstrated comparison of AS
		with voltage wise & category wise cost of service is
	So, if the calculations of AS are correct then, do the DISCOMs	highly inappropriate.
	mean that the actual tariff of Rs. 6.15/kWh was against the actual	The Hon'ble Commission in its Orders dated
	minimum Cost of Service of Rs. 14.22 per kWh for 33 kV	24.12.2021 and 22.03.2022, had recognized the
	Industrial customers, and so on so forth for 11 kV and 132 kV	importance of promoting competition as enshrined in
	customers? This begs the question that if the per unit loss	the Electricity Act, and had duly limited the final
	incurred by DISCOM is 8.07/kWh (14.22-6.15) for 33 kV	approved Additional Surcharge, in the interest of all
	customers alone, then what is the total loss incurred by them	the stakeholders.
	aggregated to all customers?? And whether such humungous loss	
	is reflecting in the financial statements and ARRs filed by	There shall be an usedue statutery and it report
	respective DISCOMs? Or should one start to think that the	There shall be an yearly statutory audit report
	DISCOM wants the customers to opt for OA, so that they can get	confirming the financials including costs and
	more money from them, than they would otherwise get by	revenues of the Discoms and the same shall be
	supplying power themselves. Either one of the above should be	submitted after the due process of completion of statutory and C&AG Audit to the Hon'ble
	true, as both cannot be true same time.	Commission.
		Commission.
	We therefore suggest that the whole ASC calculation	
	methodology be relooked in to and both the stranded asset	
	capacity and the financial damages declared by DISCOMs be	
	subjected to a forensic audit by an independent and competent	
	agency, and the facts be presented to Hon'ble commission.	
4	Therefore, we submit that this honourable commission may	TS Discoms have responded to the item-wise
		objectionsmade by the objector, in the
	(1) Concede to that fact that stranded capacity was not due to	abovementioned sections, and would request the

solar bi-lateral open access transactions and exempt this solar bi-	Hon'ble Commission to consider the computations
lateral open access capacity from levy of AS in line <u>with</u>	done by Discoms, considering the justifications
<b>Electricity (Promoting Renewable Energy Through Green Energy</b>	shared on the same.
Open Access) Rules. 2022. Dated: 6th June' 2022 released by	
Ministry of Power published in the Gazette of India.	
(2) Refer the mechanism for determination of stranded capacity and AS as per O. P. No. 23 of 2020, Dated: 18.09.2020 to Expert committee including generator and consumer fraternity as members.	
(3) Call for a Forensic Audit of Books of Accounts of TS DISCOMS.	