

# SUGNA METALS LIMITED

1-8-673, Azamabad, Hyderabad – 500 020

BY HAND

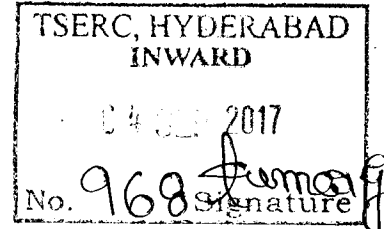
To

➤ **The Secretary,**  
**Telangana State Electricity Regulatory**  
**Commission,**  
**11-4-660, 5th Floor,**  
**Singareni Bhavan,**  
**Red Hills,**  
**Hyderabad.**

*JDR*

*J*

*6/9/17*



Sir,

Sub: Electricity Act, 2003 – Submission of Comments / Objections /  
Suggestions in respect of proposal of Additional Surcharge for  
the Financial Year 2017-18 – Reg.

Ref: Public Notice dated 5.8.2017

...

Apropos to the cited subject, please find enclosed herewith our Comments  
/ Objections / Suggestions in respect of proposal of Additional Surcharge for the  
Financial Year 2017-18 as desired by you for kind consideration and to reject /  
dismiss the petition.

Please acknowledge.

Thanking you,

Yours faithfully,  
For Sugna Metals Ltd.,

Encl: a.a.  
(6 sets)

*[Signature]*

Authorised Signatory

Copy to:

1 Chairman & Managing Director, SPDCTGL, 6-1-50, 5<sup>th</sup> Floor,  
Corporate Office, Mint Compound, Hyderabad – 500 063.

I.A. No. 22 of 2017

IN

O. P. No. 22 of 2016

In the matter of

Determination of Additional Surcharge to be levied for the FY 2017-18 in respect of the Open Access Consumers by TSSPDCL under section 42 of the Electricity Act, 2003.

BETWEEN:

Southern Power Distribution Company  
of Telangana Limited, 6-1-50, Corporate Office,  
Mint Compound, Hyderabad – 500 063.  
Represented by its Chairman & Managing Director,  
Tel. No. (040)-23431018 Fax No. (040) 23431082  
Website: [www.tssouthernpower.com](http://www.tssouthernpower.com)

... Petitioner

AND

Sugna Metals Ltd.,  
1-8-673, Azamabad,  
Hyderabad – 500 020.  
(Contact No. 93910 33606)

... Respondent

**COMMENTS / OBJECTIONS / SUGGESTIONS FILED ON BEHALF OF  
RESPONDENT PURSUANT TO PUBLIC NOTICE DATED 5.8.2017 AGAINST THE  
PETITION FILED BY THE PETITIONER IN RESPECT OF DETERMINATION OF  
ADDITIONAL SURCHARGE FOR THE FINANCIAL YEAR 2017-18**

It is respectfully submitted that the petitioner has filed on 5.8.2017 the present Interim Appeal petition for determination of Addition Surcharge for the Financial Year 2017-18 as per provisions of Electricity Act, 2003 and Tariff Policy dated 28.1.2016.

In this regard the following Comments / Objections / Suggestions are filed as desired in the notice dated 5.8.2017 for kind consideration and to set aside the Interim Appeal.

**For Suguna Metals Ltd.**

  
Managing Director

Contd..2

It is respectfully submitted that the application for proposed Additional Surcharge to be levied on Open Access consumers is not maintainable either in law or on facts.

It is submitted that the said proposal is against to the provisions and spirit of Electricity Act, 2003 (hereinafter called as 'Act'). It is submitted that it is the duty of the Distribution Licensee to develop and maintain an efficient, coordinated and economical distribution system in the area of supply and to supply electricity in accordance to the provisions of the Act. It is further the duty of the Distribution Licensee to provide non discriminatory Open Access provision as carrier provider. It is also obligatory on the part of the state government within five years from the commencement of the Act to provide Open Access to all consumers who require electricity at any time exceeding 1 MW.

It is further submitted that this Hon'ble Commission shall introduce Open Access in phased manner, to determine charges of wheeling, cross subsidy surcharge basing on cross subsidies and other operational constraints. Such surcharge shall be utilized to meet the requirements of current level cross subsidy within the area of supply of Distribution Licensee and further such surcharge and cross subsidy shall be progressively reduced. The Additional Surcharge can be on the charges of wheeling to meet the Fixed Cost of obligation to supply the power by the licensee.

It is pertinent note that the present proposal for levying of Additional Surcharge of Rs. 1.95 per KVAH is contrary to the provisions of the Electricity Act, 2003 and that this Hon'ble Commission do not have power to determine and permit recovery of Additional Surcharge on KVAH as Additional Surcharge can be levied only on the wheeling charges that the too meet the fixed cost out of the obligation of the supply. It is also pertinent to note that the proposed Additional Surcharge is contrary to the provisions of Competition Act.

It is submitted that the aims and objective of the Electricity Act, 2003 is to encourage Private Sector participation in generation, transmission and distribution with an objective to harmonize and rationalize the power supply throughout the country and thereby the earlier Acts such as Indian Electricity Act, 1910, the Electricity (Supply) Act, 1948 and the Electricity Regulatory Commission Act, 1998 have been replaced with a self contained codified legislation Electricity Act, 2003.

**For Suguna Metals Ltd.**



**Managing Director**

Contd..3

The Electricity Act, 2003 was enacted by the parliament to provide new concepts in power trading and Open Access with an endeavor to strike right balance in the reality of the Power Sector. It is also pertinent to note that keeping in view of the deteriorating performance of the SEBs with present Act is enacted. Only to say briefly.

It is submitted that the proposal of the petitioner is exactly contrary to the spirit, object, aims and provisions of the Act. The Act specifically obligates to reduce the cross subsidy surcharge for open access, but in contrary the petitioner proposes to enhance the Additional Surcharge apart from cross subsidy. The petitioner is taking advantage of dominant position being only licensee for the area.

It is submitted that the very proposal of the petitioner itself contradictory as on the one hand the licensee admits that they are not in a position to provide quality power as per demand and thereby entered into PPA with other generation companies and intents to take advantage of their own infirmities. Admittedly as per the petition itself there was certain consumption in open access the licensee ought to have assessed and entered into the alleged PPA agreement with third parties. Having knowledge of such consumption the petitioner ought not to have entered into PPA agreements proportionately, instead of claiming and attempting to enrich themselves on the said excuse.

It is respectfully submitted that as per the public statements of the government as well as the licensee the PPA are entered to meet the demand of power that are provided to the farmers and the said is taken care by cross subsidy surcharge.

It is submitted that the tenor of the petition is punitive in nature and contrary to the provisions of the Act. It is submitted that the Act encourages the open access and free flow of power throughout India but the pleadings of the petitioner are contrary to the same. The averments are as if the Open Access be are discouraged. The contentions of the petitioner that if no Additional Surcharge is applied on open access the sales of the licensee may decline is absolutely false apart from being contrary to the provisions of the Act. On the one hand the petitioner admits that there is short in generation and on the other hand wants to discourage the open access.

**For Suguna Metals Ltd.**



**Managing Director**

Contd..4

it is submitted that the licensee themselves have admitted that there is a decrease in the sale of around 2400 MUs from that of approved sales right from the years 2015-16 and the same was continued for the year 2016-17 that being so the petitioner ought not to have contracted PPAs with the third party generators in proportionate to the recorded sale decreased. Having full knowledge about the decreased in sale and having entered PPA contract in full knowledge the petitioner cannot fall upon the consumers by seeking Additional Surcharge for the fault of their own.

It is submitted that having noticed the decrease in the sale the projections made by the petitioner in ARR for the Financial Year 2017-18 and assuming a growth rate of 12% for HT 1A Industrial Sale in the state level speaks about itself. The petitioner cannot arm twist the consumers and squeezed money by imposing Additional Surcharge which discourages the very industrial activities in the state and thereby effecting the very economy growth of the state it is pertinent note that the power is the dominant raw material for the industries more specially HT category and if the HT category are discourages for working, expansion or setting of new units will affect the very growth of the state and the same has a multiple effects.

It is submitted that even the calculation are component taken for claiming Rs. 1.95 per KVAH is absolute false, baseless apart from violative of the Act, Regulation and National Tariff Policy. The petitioner have claimed the Additional Surcharge assuming 80% LF of open access capacity which is unlawful that too based on power purchased cost, fixed cost, peak demand for the year 2016-17 fixed recoverable cost etc. The said figures are imaginative and misleading only to enrich unlawfully / irrelevant under the guise of the determination by this Hon'ble Commission.

PRAYER:

Hence, it is prayed that this Hon'ble Commission may be pleased to reject / dismiss the petition with cost.

DATE: 1.9.2017

PLACE: Hyderabad.

**For Suguna Metals Ltd.**



**Managing Director**

**RESPONDENT**

**BEFORE THE HONBLE TELANGANA STATE ELECTRICITY REGULATORY COMMISSION**

11-4-660, 5th Floor, Singareni Bhavan, Red Hills, Hyderabad - 500 004.  
Phone Nos. (040) 23397625/ 23311125 to 28 Fax No. (040) 23397489 Website  
www.tserc.gov.in E mail: secy@tserc.gov.in

I.A. No. 22 of 2017  
IN  
O. P. No. 22 of 2016

In the matter of

Determination of additional surcharge to be levied for the FY 2017-18 in respect of the open access consumers by TSSPDCL under section 42 of the Electricity Act, 2003.

BETWEEN:

Southern Power Distribution Company  
of Telangana Limited, 6-1-50, Corporate Office,  
Mint Compound, Hyderabad - 500 063.  
Represented by its Chairman & Managing Director,  
Tel. No. (040)-23431018 Fax No. (040) 23431082  
Website: [www.tssouthernpower.com](http://www.tssouthernpower.com)

... Petitioner

AND

Sugna Metals Ltd.,  
1-8-673, Azamabad,  
Hyderabad - 500 020.  
(Contact No. 93910 33606)

... Respondent

AFFIDAVIT OF APPLICANT VERIFYING THE ACCOMPANYING PETITION

I, Bharat Kumar aged 55 years, Occupation: Business, R/o Hyderabad do solemnly affirm and say as follows:

1. I am competent and duly authorized by Company to affirm, swear, execute and file this petition.
2. I have read and understood the contents of the accompanying Affidavit drafted pursuant to my instructions. The statements made in the accompanying Affidavit now shown to me are true to my knowledge derived from the official records made available to me and are based on information and advice received which I believe to be true and correct.

**For Suguna Metals Ltd.**

  
**Managing Director**

DEPONENT

Contd..2

VERIFICATION

The above named Deponent solemnly affirm at Hyderabad on this day 1<sup>st</sup> day of September, 2017 that the contents of the above Affidavit are true to my knowledge no part of it is false and nothing material has been concealed there from.

**For Suguna Metals Ltd.**



**Managing Director**

DEPONENT

Solemnly affirmed and signed  
on 1<sup>st</sup> September, 2017

before me/

Advocate / Hyderabad