

**BEFORE THE HONOURABLE TELANGANA STATE ELECTRICITY
REGULATORY COMMISSION, HYDERABAD**

**Petition No. /17
in
O.P. No. 22 of 2016**

In the matter of

Petition for determination of Additional Surcharge to be levied on Open Access consumers as per provisions of the Electricity Act, 2003 and National Tariff Policy, 2016 for the Financial Year 2017-18.

AND

In the matter of

The Southern Power Distribution Company of Telangana Limited

6-1-50, Mint Compound,
Hyderabad - 500081

.....Petitioner

APPLICATION

The applicant respectfully submits as under:

1. The Licensee has filed the Aggregate Revenue Requirement (ARR) and Tariff Proposals for Retail Supply Business for FY 2017-18 on 30.11.2016 and 13.04.2017 respectively and the same have been taken on record by the Commission and assigned O.P. No. 22 of 2016. The Licensee in its ARR filings prayed the Hon'ble Commission to allow additional time for filing Additional Surcharge Proposals separately. The licensee now submits the application for determination of Additional Surcharge to be levied on Open Access consumers as per provisions of the Electricity Act, 2003 and National Tariff Policy, 2016.
2. **As per section 42(4) of Electricity Act, 2003 the State Regulatory Commission may specify the additional surcharge to be levied on the open access consumers to enable the licensee to recover its fixed costs arising out of its obligation to supply.**
Sec 42(4):"Where the State Commission permits a consumer or class of consumers to receive supply of electricity from a person other than the distribution licensee of his area of supply, such consumer shall be liable to pay an additional surcharge on the charges of wheeling, as may be specified by the State Commission, to meet the fixed cost of such distribution licensee arising out of his obligation to supply".
3. **As per Andhra Pradesh Electricity Regulation Commission Regulation No. 2 of 2005 which is applicable to Telangana state as per Regulation no. 1 of 2014 of Telangana State Regulation commission, the distribution company can file for additional surcharge.**

Clause 17.1.4:“The open access user shall also be liable to pay additional surcharge on charges of wheeling as may be specified by the commission from time to time under section 42(4) of the Act, in case open access is sought for receiving supply from a person other than distribution licensee arising out of his obligation to supply”

4. Further, the National Tariff Policy (NTP) Notified by Ministry of Power on 28th January, 2016 has the following provision on the Additional Surcharge

Clause 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”.

5. It is submitted that for FY 2017-18, the Licensee has tied up considerable quantum of power procurement from various sources in order to provide reliable and quality power supply to all the consumers in the state without any load shedding. The Installed capacity of the power procurement from conventional sources was 10,869 MW in FY 2016-17.
6. Further, the state has made significant capacity addition from renewable sources to utilize renewable energy potential present within the state. In FY 2016-17, total of 1,400 MW capacity would be available from renewable sources. Thus the total installed capacity of the state from all sources (Conventional and Non-Conventional) is 12,269 MW (10,869 MW from Conventional and 1,400 MW from Non-Conventional sources) in FY 2016-17.
7. The peak demand for electricity in the state for FY 2015-16 was 6,849 MW and for FY 2016-17 the peak demand recorded was 9,191 MW on 31st March 2017. The Licensee has made all efforts in meeting the peak demand without any restrictions. This was possible only through advance planning and contracting of adequate quantities of power with regulatory approval.
8. Further, to meet the future demand of the State, State Utilities have tied up adequate power from various sources. In 2017-18 state is expected to add to the capacity to the tune of 2,743 MW (1,159 MW from Conventional and 1,584 MW from Non-Conventional sources). Hence total installed capacity of the state in FY 2017-18 would be 14,695 MW (including the reduction of 230.75 MW in the capacity of CGS Stations).
9. It is further submitted that for FY 2017-18, that through its advance planning, the Licensee has contracted for adequate quantities of power to meet the expected growth in peak demand. This will enable the Licensee to supply quality and reliable power to all consumers without any load shedding for the ensuing year.

10. The Licensee humbly submits that for FY 2016-17, Hon'ble commission approved sales of 11,558 MUs for HT-I general category at state level. However, both the TSSPDCL and TSNPDCL licensees have recorded the total sales of 9,151MUs under the aforementioned category with a decrease of 2,406 MUs from the approved level. This decrease is mainly due to open access sales. Similar trend was also observed in FY 2015-16.

All values in Million Units

Sales	FY 2015-16		FY 2016-17	
	Approved	Actual	Approved	Actual
HT – I (A) (General)	11,592	10,132	11,557	9,151
Difference Actual and approved sales	1,460		2,406	
Open Access Withdrawal units	902		2,134	

11. In FY 2016-17, a total of 2,135 MUs were procured via open access registering a growth rate of more than 100 per cent. The Licensee humbly submits that overall revenue and costs of Licensee is adversely effected due to significant increase in open access sales. The Licensee stands to pay the fixed charges and penalty to the generator even in the event of any reduction in energy dispatch from the generator due to drop in demand from consumers who have contracted power through open access. Hence the open access sales are leading to undermine the recovery of the costs incurred by the Licensee which may have an impact over the quality of power supply to other consumers.
12. Licensee humbly submits that while filling ARR for FY 2017-18, licensee understood that significant portion of open access sales would come back to the grid. Hence the state DISCOMs had assumed a growth rate of 12% for HT – I (A) industrial sales at state level. If no additional surcharge is applied on the open access sales, it is expected that HT – I (A) industrial sales may see a decline in sales from the licensee in spite of projected growth rate of 12%.
13. In FY 2016-17, state saw total open access sales of 2,135 MU with month-wise sales as described in below table.

SN	Month	Open access sales (MU)		
		TSSPDCL	TSNPDCL	Total
1	Apr-16	71.7	0.0	71.7
2	May-16	99.6	0.0	99.6
3	Jun-16	195.8	0.0	195.8
4	Jul-16	206.6	0.0	206.6
5	Aug-16	243.1	0.0	243.1
6	Sep-16	213.7	1.7	215.4
7	Oct-16	208.3	3.5	211.8
8	Nov-16	162.4	1.6	164.0
9	Dec-16	161.0	2.9	163.9
10	Jan-17	189.3	2.2	191.5
11	Feb-17	221.4	3.1	224.5

SN	Month	Open access sales (MU)		
		TSSPDCL	TSNPDCCL	Total
12	Mar-17	146.0	1.0	147.0
Total		2118.8	16.1	2134.9

14. Licensee humbly submits that power is procured at Telangana state level by TSPCC. The power procured is then split between TSSPDCL and TSNPDCL in ratio of 70.55 to 29.45. Telangana State Load Dispatch Center (TSSLDC) schedule the different plants as per the load observed at state level. Hence the Licensee humbly submits that calculations are performed at State level and are common for both the DISCOMs.
15. The licensee therefore proposes to levy additional surcharge on the consumers who procures power from Open Access as computed below. Licensee would like to submit the below methodology for additional surcharge calculation.

SN	Component	Value
a	Total power purchase cost for FY 2017-18 as filed	INR 24,421 crore
b	Fixed cost including renewables and hydro	INR 13,898 crore
c	Average Peak demand of state met in FY 2016-17	7,642 MW
d	Peak Demand of the state met in FY 2016-17	9,191 MW
e	Fixed cost to be recovered (b*10000/c/12)	INR 1,515 per kVA per month
f	Fixed cost recovered via Fixed charges	INR 390 per kVA per month
g	Fixed cost to be recovered via additional surcharge (f-e)	INR 1,125 per kVA per month
h	Fixed cost to be recovered via additional surcharge (g/30)	INR 37.5 per kVA per day
i	Additional Surcharge assuming 80% LF of open access capacity	INR 1.95 per kVAh

The licensees would like to submit that the above table reflects the fixed cost commitment arising out of the power purchase agreements entered. Details of fixed cost of power procurement are furnished in Annexure – I.

In addition to the above the licensees have the fixed cost commitment arising out of its obligation to maintain a robust distribution network as well as payment of transmission charges to Telangana Transco. The fixed cost commitment due to these factors is INR 7,245 crores. However, licensees have not included these costs while arriving at additional surcharge.

16. Licensee humbly submits that Electricity Act, 2003 and National Tariff Policy, 2016 empower the distribution companies to levy the additional surcharge on open access consumption to recover the fixed costs incurred due to obligation of power supply.

17. Licensee not only committed to promote open access consumption but also obligated to ensure that under-recovery of the fixed cost commitment does not have adverse impact on the other consumers. Under recovery of fixed costs would hinder the Licensee in carrying out the necessary investments for supplying quality and reliable power to consumers.

Prayer

18. Hence, the Licensee humbly prays the Hon'ble Commission to permit the recovery of additional surcharge of INR 1.95 per kVAh as highlighted in the table above to safeguard the interest of all other consumers.

Petitioner

Place:

Date:

Annexure – I

Details of Fixed Cost of contracted power generation stations for FY 2018

Generating Station	Annual Fixed Cost (INR Crores)
STATE GENCO	
STATE GENCO - Thermal	
VTPS I	120.98
VTPS II	120.98
VTPS III	120.98
VTPS IV	246.09
RTPP I	146.27
RTPP Stage-II	223.29
RTPP Stage-III	149.23
KTPS A	100.81
KTPS B	100.81
KTPS C	100.81
KTPS D	168.13
KTPS Stage VI	304.21
RTS B	27.51
Kakatiya Thermal Power Plant Stage I	304.09
Kakatiya Thermal Power Plant Stage II	1,058.95
STATE GENCO Thermal	3,293.15
STATE GENCO - Hydel	
MACHKUND PH TS Share	16.53
TUNGBHADRA PH TS Share	11.33
NSPH	241.93
NSLCPH	17.80
POCHAMPAD PH	19.11
NIZAMSAGAR PH	7.08
SINGUR	10.62
SSLM LCPH	481.37
Priyadarshini Jurala Hydro Electric Project- AP Share	63.96
Lower Jurala Hydro Electric Project	395.23
POCHAMPAD Stig-II	8.82
PULICHINTAL(New Project)	130.65
Mini Hydel & Others (Peddapalli, Palair)	9.05
STATE GENCO Hydel	1,413.48
Total STATE GENCO	4,706.63
Central Generating Stations	
NTPC SR	
NTPC (SR)	138.15
NTPC (SR) Stage III	57.19
Total NTPC (SR)	195.34
NTPC ER	
Talcher Stage 2	109.86
Total NTPC ER	109.86
NTPC Simhadri	
NTPC Simhadri Stage I	340.14
NTPC Simhadri Stage II	260.57
Total NTPC Simhadri	600.70
NLC TS-II	
Stage-I	24.65
Stage-II	59.86
Total NLC	84.51
CGS Other	
Vallur Thermal Power Plant	107.74
Tuticorin	157.56
Kudigi	237.13

Generating Station	Annual Fixed Cost (INR Crores)
CGS other	502.42
Total CGS	1,492.84
APGPCL	
APGPCL I - Allocated capacity	0.75
APGPCL II - Allocated capacity	3.04
Total APGPCL	3.79
NCEs	
NCE - Bio-Mass	88.86
NCE - Bagasse	0.83
NCE - Municipal Waste to Energy	91.15
NCE - Industrial Waste based power project	3.32
NCE - Wind Power	186.94
NCE - Mini Hydel	-
NCE - NCL Energy Ltd	-
NCE - SOLAR POWER (Without Bundled Power)	2,394.4
NVVNL Bundled Power -SOLAR	46.74
NVVNL Bundled Power -COAL	98.61
Total NCE's	2,910.8
Others	
Singareni Unit I	836.23
Thermal Power Unit 1	357.13
CSPGCL	1,750.25
Thermal Power Unit 2	1,003.99
Singareni Unit II	836.23
Total Others	4,783.82
Total Fixed cost	13,897.8