

SOUTHERNPOWER DISTRIBUTION COMPANY OF TELANGANA LTD.



RESPONSES TO OBJECTIONS / SUGGESTIONS

On

Determination of Additional Surcharge for H2 of FY 2022-23

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4.	<u>The Federation of Telangana Chambers of Commerce and Industry (FTCCI)</u> , Federation House, Federation Marg, 11-6-841, Red Hills, Hyderabad 500004, email: info@ftcci.in	19
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1. **Jogendra Behera**, CRO &VP - Market Economics & Regulatory, IEX, E-mail: iex-ra@iexindia.com

S.No	Summary of Objections / Suggestions	Response of the Licensee
1	<p>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.</p>	<p>No comments</p>
2	<p>Distribution charge of LT system ought not to be considered</p> <p>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.</p> <p>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.</p> <p>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</p>	<p>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.</p> <p>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.</p>

	<p>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.</p>	
<p>3</p>	<p>ISTS & STU transmission Charges considered for computation of Additional Surcharge ought to include the refund (adjustment) of corresponding charges to Discom/STU</p> <p>3.1. The Discoms have, for the computation of per unit transmission charges, considered the inter-state, intra-state transmission charges and SLDC charges. We submit that the same may result in overburdening of ISTS & STU charges on the consumers for the following reasons:</p> <p>3.1.1. The inter-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.</p> <p>3.1.2. 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. This reduction is due to the following clause 11 (3) of the CERC (Sharing of Inter-State Transmission Charges and Losses) Regulations, 2020-21.</p> <p>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</p>	<p>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 have also considered the ISTS transmission charges.</p> <p>Hence, the licensee considered the transmission charges i.e., both intra & interstate transmission charges for computing per unit transmission charge in conformity with the aforementioned order</p> <p>Moreover, the Hon'ble Commission also considered the same for computing the per unit transmission charge in its order for determination of AS for FY 2018-19, H2 for FY 2021-22 and H1 for FY 2022-23.</p> <p>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 generators alone. Hence, the transmission charges that are</p>

<p>located.</p> <p>3.1.3. Similarly, the embedded consumers pay STU charges on all open access transactions.</p> <p>3.1.4. It is in view of the above that inclusion of ISTS & STU charges again for computation of Additional Surcharge as claimed by the Petitioner, will lead to double levy of the same charge on open access consumers. Thus, we request the Hon'ble Commission to re-consider its view on allowing inclusion of ISTS & STU charges in the ASC.</p> <p>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.</p>	<p>considered in totality are justified in arriving at per unit transmission charge</p> <p>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.</p>
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2. Vinod Kumar Agarwal, Managing Director, Salasar Iron & Steel (P) Ltd., Flat No. 101, 1stFloor, Satya Sarovar Complex, High Court Road, Hyderabad — 500 002

S.No	Summary of Objections / Suggestions	Response of the Licensee																																																
1	<p>Relevant facts on the contents of the petition: It is respectfully submitted thatApproved methodology for computation of Additional Surcharge.</p>	No comments																																																
2	<p>Suggestions: No:1:</p> <p>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:-</p> <table border="1"> <thead> <tr> <th>Source</th> <th>Quantum MU</th> <th>Fixed Cost Rs. Crore</th> <th>Variable Cost Rs. Crore</th> <th>Other Cost Rs. Crore</th> <th>Total Rs. Crore</th> </tr> </thead> <tbody> <tr> <td>TSGenco</td> <td>22015.90</td> <td>4964.12</td> <td>5336.87</td> <td>1011.82</td> <td>11312.81</td> </tr> <tr> <td>CGS</td> <td>13756.92</td> <td>1871.10</td> <td>3852.95</td> <td>0.00</td> <td>5724.04</td> </tr> <tr> <td>Others</td> <td>17329.18</td> <td>3246.59</td> <td>4313.32</td> <td>46.00</td> <td>7605.92</td> </tr> <tr> <td>NCE</td> <td>6271.16</td> <td>0.00</td> <td>3161.69</td> <td>0.00</td> <td>3161.69</td> </tr> <tr> <td>D-D purchase</td> <td></td> <td></td> <td>0.00</td> <td></td> <td></td> </tr> <tr> <td>D-D sale</td> <td>-4074.07</td> <td></td> <td>-1393.26</td> <td></td> <td>-1393.26</td> </tr> <tr> <td>Total</td> <td>55299.08</td> <td>10081.80</td> <td>15271.57</td> <td>1057.82</td> <td>26411.20</td> </tr> </tbody> </table> <p>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</p>	Source	Quantum MU	Fixed Cost Rs. Crore	Variable Cost Rs. Crore	Other Cost Rs. Crore	Total Rs. Crore	TSGenco	22015.90	4964.12	5336.87	1011.82	11312.81	CGS	13756.92	1871.10	3852.95	0.00	5724.04	Others	17329.18	3246.59	4313.32	46.00	7605.92	NCE	6271.16	0.00	3161.69	0.00	3161.69	D-D purchase			0.00			D-D sale	-4074.07		-1393.26		-1393.26	Total	55299.08	10081.80	15271.57	1057.82	26411.20	<p>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 previous year.</p> <p>Hence, the licensee considered the Fixed cost paid as per the actuals for H2 of FY 2021-22 for computing Fixed charges per MW in conformity with aforementioned order.</p> <p>Having said that, the computation done by the objector for arriving at a rate for 6 months, is incorrect (i.e. considering half of 12 months per unit rate).</p>
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	<p>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.</p> <p>The calculation is as follows:- Rs. 10081.80 crores / 59373.16 MU X 10 = Rs. 1.70 per KWH.</p> <p>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.</p>	
3	<p>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.</p> <p>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.</p> <p>This condition to be considered while approving the Additional Surcharge for the period from October, 2022 to March, 2023.</p>	<p>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.</p>
4	<p><u>NO. 2:</u></p> <p>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.</p> <p>The same is to be considered</p>	<p>The suggestion comes under the purview of Hon'ble Commission.</p> <p>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.</p>
5	<p><u>NO. 3:</u></p> <p>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 (1) (a) of Electricity Act, 2003.</p>	

	The same is to be considered	
6	<p>Objections: <u>No. 1:</u></p> <p>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.</p> <p>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.</p> <p>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.</p>	<p>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 FY 2022-23, considered the actual figures of H1 of corresponding previous year.</p> <p>Hence, the licensee considered the actual figures i.e., actuals of H1 of FY 2021-22 in conformity with the aforementioned order.</p> <p>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.</p>
7	<p>No.2:</p> <p>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.,</p>	<p>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</p>

	<p>difference of (E) – (N). (E) is Rs. 108.05 crores and (N) is Rs. -144.01 crores thus the difference will be Rs. -35.51 crores. Hence, the figure of (O) should be corrected to Rs. -35.51 crores.</p> <p>In view of this correction the Respondents are entitled for refund of Rs. 0.96 per KWH during the H2 period of Financial Year 2022-23 i.e., Rs. -35.51 Crores / 370.34 MU X 10 = Rs. 0.96 per KWH.</p> <p>In view of the above stated facts, the Respondent pray to this Hon'ble Commission;</p> <p>to pass an order for Refund of Rs. 0.96 per KWH of Additional Surcharge during the period H2 of Financial Year 2022-23 i.e., from October, 2022 to March, 2023; and pass such that order or orders as may deem fit by this Hon'ble Commission under the circumstances of the petition in the interest of justice.</p> <p>Other grounds if any will be filed during proposed hearing to be held on 24.8.2022.</p>	<p>O.P.Nos.22&23 of 2016 respectively (AS Order for FY17-18).</p> <p>As per the approved TSERC methodology, the Demand charges to be adjusted (N) is the amount to be recovered and hence it is represented using the negative sign (Rs. -144.01 Cr.) due to under recovery of fixed cost.</p> <p>To derive the total Net Stranded charges recoverable (O), the Fixed Charges for Stranded capacity (E = Rs. 108.05 Cr.) has to be added to Rs. 144.01 Cr. i.e.</p> $O = E - N$ $= 108.05 - (-144.01) = 252.06$ <p>Therefore, the Net Stranded charges recoverable (O) arrives at INR 252.06 Cr.</p> <p>Hence, the question of refund doesn't arise as stated by the Objector.</p>
8	<p><u>OPPORTUNITY DURING HEARIG TO BE HELD ON 24.8.2022</u></p> <p>It is respectfully submitted that we may be provided an opportunity for arguing our grounds during hearing scheduled on 24.8.2022 at 11 AM at Court Hall, 5th Floor, Singareni Bhavan, Red Hills. Hyderabad - 500 004.</p> <p>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.</p>	No Comments

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.	<p>No Link in Additional Surcharge & Open Access Volume:</p> <p>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:</p> <p>"8.5 Cross-subsidy surcharge and additional surcharge for open access</p> <p>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.</p> <p>.....</p> <p>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</p>	<p>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.</p> <p>Hence, the licensee derived the Additional Surcharge for H2 of FY 2022-23 in consonance with the methodology from the aforementioned order.</p>

	<p>through wheeling charges.”</p> <p>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.</p> <p>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.</p>	
<p>2.</p>	<p>Levy of Distribution charges for the whole System</p> <p>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.</p> <p>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 being considered as per the</p>	<p>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.</p> <p>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,</p>

<p>methodology approved vide Telangana State Electricity Regulatory Commission order dated 18.09.2020</p> <p>2.3 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.</p> <p>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.</p> <p>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.</p> <p>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).</p> <p>2.7 The Discom in the present petition has claimed Distribution Charges @Rs. 1.05/ unit for computation of Additional Surcharge,</p>	<p>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.</p> <p>The Objection comes under the purview of Hon'ble commission.</p> <p>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.</p> <p>TS Discoms would adhere to the instructions of the Hon'ble Commission, regarding the methodology for determination of Additional Surcharge.</p>
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	<p>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.</p>	
3.	<p>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.</p> <p>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).</p> <p>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> 11 kV consumers.</u></p>	<p>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.</p> <p>TS Discoms would adhere to the instructions of the Hon'ble Commission, regarding the methodology for determination of Additional Surcharge.</p> <p>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).</p>
4.	<p>Open Access Charges more than the Average Cost of Supply</p> <p>a. The Discom in the present Petition has proposed Additional</p>	<p>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</p>

Surcharge @Rs. 6.81/ unit.

b. The Hon'ble Commission in Annexure 10 of the Retail Supply 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 the Cost of Supply approved by the Hon'ble Commission for HT (Industrial Category) 33 kV and 132 kV is far less than the Additional Surcharge recovery proposed by the Discom.

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.

d. The table below shows a comparison of Average Cost of Supply approved by the Hon'ble Commission vis-à-vis the Open Access Charges for all the HT categories eligible for OA.

In Rs./ unit	ACoS	CSS	Wheeling charges *	Additional Surcharges	Total Charges
HT Industry		(i)	(ii)	(iii)	(iv) = (i) + (ii) + (iii)
11 kV	7.90	1.97	0.51	6.81	9.29
33 kV	5.77	1.74	0.06	6.81	8.61
132 kV	5.05	1.70	0.00	6.81	8.51

*** Wheeling Charges determined at 85% Load Factor.
Charges considered for TSSPDCL**

e. From the above table it is clear that by making the present

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 have also considered the same methodology.

Hence, the licensee has derived the Additional Surcharge for H2 of FY 2022-23 in consonance with the methodology from the aforementioned order.

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.

TS Discoms would abide by the orders passed by the Hon'ble Commission, regarding the determination of Additional Surcharge.

	<p>proposal, the Discom is displaying its apathy towards the consumers, and exhibiting a mockery of the entire process. It is also against the right to open access to a consumer rather this will encourage Discom to over recover revenue from Open Access Consumers.</p> <p>f. Further, it is necessary to mention here that the Additional Surcharge Proposal of the Discom is more than 150% of the weighted average Power Purchase Cost approved the Hon'ble Commission vide Tariff order for FY 2022-23 dated 23.03.2022.</p> <table border="1" data-bbox="293 571 1198 798"> <thead> <tr> <th>Rs. unit</th> <th>TSSPDCL</th> <th>TSNPDCL</th> <th>Additional Surcharges (proposed)</th> </tr> </thead> <tbody> <tr> <td>Wtd Avg Power Purchase Cost</td> <td>4.50</td> <td>4.46</td> <td>6.81</td> </tr> </tbody> </table> <p>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</p>	Rs. unit	TSSPDCL	TSNPDCL	Additional Surcharges (proposed)	Wtd Avg Power Purchase Cost	4.50	4.46	6.81	
Rs. unit	TSSPDCL	TSNPDCL	Additional Surcharges (proposed)							
Wtd Avg Power Purchase Cost	4.50	4.46	6.81							
5.	<p>POC ISTS transmission Charges should not be considered for reducing demand charges paid by OA consumers:</p> <p>a. TSSPDCL has, for the computation of per unit transmission charges, considered the inter-state, intra-state transmission charges and SLDC charges. The said claims are based on the past Additional Surcharge Orders of the Hon'ble Commission, wherein the Hon'ble Commission has also included both the inter and intra-state transmission charges in the stranded cost while working out the ASC for corresponding periods.</p> <p>b. As against the above, <u>in its order dated 27.03.2018 for determination of ASC for FY 2018-19, the Hon'ble Commission</u></p>	<p>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.</p> <p>Hence, the licensee considered the transmission charges i.e., both intra & interstate transmission</p>								

<p><u>considered only the intra-state transmission charge for computing per unit transmission charge</u> which we believe was the correct approach owing to the following reasons:</p> <p>i. Inter-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.</p> <p>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.</p> <p>This reduction is due to the following clause 11 (3) of the CERC (Sharing of Inter-State Transmission Charges and Losses) Regulations, 2020-</p> <p>"11. Transmission charges for Short Term Open Access</p> <p>(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. "</p> <p>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.</p> <p>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</p>	<p>charges for computing per unit transmission charge in conformity with the aforementioned order.</p> <p>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 generators alone. Hence, the transmission charges that are considered in totality are justified in arriving at per unit transmission charge</p> <p>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 both intra & interstate transmission charges for computing per unit transmission charge.</p> <p>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.</p>
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	<p>consumers.</p> <p>c. Thus, we request the Hon'ble Commission to re-consider its view on allowing inclusion of ISTS charges in the ASC.</p>	
6.	<p>Mechanism of Determination of Fixed Cost of Power Purchase</p> <p>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.</p> <p>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 Commission approved Interest on Pension bonds of Rs. 342 Cr which is an increase of more than 200% in the Interest on Pension Bonds.</p>	<p>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.</p> <p>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 period gap of 3 years.</p>
7.	<p>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.</p>	<p>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.</p>

	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22
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

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.

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.

Further, there is no rationality in considering actual fixed charges paid, as the Discoms are liable to make the power purchase payments to the generators for the relevant period.

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 recovered by DISCOM from Open Access consumers

a. The Discom in the ASC Petition has estimated recovery of Rs. 179.85 Cr as demand charges from OA consumers against 1993.20 MUS of Energy consumed by open access consumers from Discoms in H2 of FY 2021-22, which comes out to be Rs.0.90/unit. 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 approved estimated recovery of Rs. 186.90 Cr as demand charges from OA consumers against 1785.41 MUS of Energy consumed by open access consumers from Discoms in H2 of FY 2021-22, which comes out to be Rs. 1.04/unit.

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.

b. Despite of the fact that there was no change in the Tariff for FY 2021-22 the Discom has estimated reduced fixed cost recovery from the OA consumers leading to increase in Additional Surcharge.

c. From the past Additional Surcharge Orders of the Hon'ble Commission it can be observed that the estimated fixed cost recovery of the Discom is shown to be continuously decreasing leading to increase in Additional Surcharge. The table below shows the estimated fixed cost recovery and per unit of fixed cost as approved by the Hon'ble Commission in the past Additional Surcharge orders.

	ASC Order FY 17-18	ASC Order FY 18-19	ASC Order H2 FY 21-22	ASC Order H1 FY 22-23	ASC Petition H2 FY 22-23
Order dated	13.12.17	27.03.18	24.12.21	22.03.22	
Energy consumed by OA consumers from DISCOM (MU)	1209.78	1448.97	1590.8	1785.407	1993.203
Demand charges recovered by DISCOM from OA consumers (Rs. Cr)	234.54	223.22	185.6	186.8991	179.9504
Per unit Charges recovered from OA Consumers (Rs./ unit)	1.94	1.54	1.16	1.04	0.90
Change in Tariff	No change in Tariff				

d. The above data needs to be verified by the Commission to avoid loading on any inefficiency of the Discom on consumers by way of Additional Surcharge.

e. Thus, we request the Hon'ble Commission to re-consider its

From the table given by the petitioner, the first 2 columns (FY 18, FY 19) refer to full year data of Energy Consumed by OA consumers from Discom (MU) and Demand charges recovered by DISCOM from OA consumers (Crs), while the rest are for half year period (H2 FY 22, H1 FY 23, H2 FY 22). So, comparison is not 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.

The Objection comes under the purview of Hon'ble Commission.

TS Discoms would adhere to the instructions of the Hon'ble Commission for any further requirement of additional information.

	<p>view on allowing levy of expenses on account of Discom inefficiency for computation of ASC.</p> <p>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.</p>	<p>TS Discoms would abide by the orders passed by the Hon'ble Commission, regarding the determination of Additional Surcharge.</p>
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4. The Federation of Telangana Chambers of Commerce and Industry (FTCCI), Federation House, Federation Marg, 11-6-841, Red Hills, Hyderabad 500004, email: info@ftcci.in
5. SICMA, 3rd 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	<p>1.1 Additional Surcharge for H2 of FY 2022-23 claimed by the Discoms is uncompetitive</p> <p>a. It is submitted that the Additional Surcharge Rate of Rs. 6.81/unit in the instant petition is highly uncompetitive as compared to other states.</p> <p>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 & 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 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:</p> <p><u>“4.2.9 As per the above computations, the AS for H2 of FY 2021-22 works out to Rs.2.38 / kWh. The preamble of the Electricity Act, 2003 emphasises, amongst others, taking measures conducive to development of electricity industry, promoting competition therein, protection of interest of consumers and rationalisation of electricity tariffs, as the objectives. The Commission has to do a balancing act in 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</u></p>	<p>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.</p> <p>Hence, the licensee has derived the Additional Surcharge for H2 of FY 2022-23 in consonance with the methodology from the aforementioned order.</p> <p>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.</p> <p>TS Discoms would abide by the orders passed by the Hon’ble Commission, regarding the determination of Additional Surcharge.</p>

	<p><u>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 / kWh).”</u></p> <p style="text-align: center;"><u>(Emphasis supplied)</u></p> <p>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:</p> <p><u>4.1.10 As per the above computations, the Additional Surcharge for H1 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 fulfilment 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 of Rs.1.15/kWh (i.e., ~ 33% of Rs.3.48/kWh).</u></p> <p style="text-align: center;"><u>(Emphasis supplied)</u></p> <p>c) Hence the Objector humbly prays that the Hon’ble Commission may allow only a competitive additional surcharge after a through prudence check.</p>	
2	<p>1.2 Distribution cost</p> <p>a. The Petitioners have submitted the Distribution Cost per unit at</p>	<p>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</p>

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:

ANNEXURE 14: CALCULATION OF VOLTAGE WISE DISTRIBUTION CHARGES FOR FY 2022-23

Particulars	TSSPDCL		TSNPDCL	
	Charge (Rs./kVA/month)	Rs./kWh	Charge (Rs./kVA/month)	Rs./kWh
11 kV	231.52	0.64	346.34	0.83
33 kV	19.95	0.24	15.62	0.23
132 kV and above	116.51	0.20	116.51	0.20

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

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.

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.

relevant extract is reproduced below:

4.1.5 The TS Discoms have claimed the distribution charges of Rs.1.08/kWh by considering the total distribution cost of Rs.7363.41 crore as approved for FY 2021-22 in the Amendment Order dated 01.03.2021 and dividing the same by the power purchase quantum of 68225.31 MU, purported to be for whole year of FY 2021-22. The Retail Supply Tariffs determined in the Commission's Order dated 27.03.2018 were continued for FY 2021-22 in the absence of separate Orders on determination of ARR for FY2021-22. Therefore, the distribution cost and the quantum of energy shall have to be considered as per the Order dated 27.03.2018.

Therefore, the Commission has worked out the distribution charges of Rs.0.87/kWh by considering the total distribution cost of Rs.5019.19 crore and dividing the same by the power purchase quantum of 57631.27 MU, the same as approved in Order dated 27.03.2018.

e. The Hon'ble is therefore requested to consider the distribution cost as per Objector's Assessment for the computation of Additional Surcharge.

Particulars	Petitioner's Claim	Objector's Assessment as per RST Order dt. 23.03.2022
Distribution Cost	Rs. 1.01/ kWh	Rs. 0.23/ kWh

3

1.3 Inter-State transmission charges and SLDC charges

The Hon'ble Commission in its order in OP No.23 of 2020 (pg 12) opined that the methodology of AS

a. As per the consistent methodology of the Hon'ble Commission, in the case of transmission charges, only intra-state transmission charge ought to be considered for the determination of Additional Surcharge since CERC (Sharing of Inter-State Transmission Charges and Losses) Regulations, 2020 provide for reimbursement of such ISTS charges paid by the consumers availing STOA, back to the state where the entity is located.

The relevant extract is reproduced below:

“11. Transmission charges for Short Term Open Access

(1) Short Term Open Access Rate (in paise/kWh) shall be published for each billing month by the Implementing Agency which shall be calculated Statewise as under: Transmission charges of the State for the billing month (in rupees) / (7200 X the quantum, in MW, of Long Term Access plus Medium Term Open Access of the State for the corresponding billing period)

(2) Transmission charges for Short Term Open Access shall be payable by generating stations and embedded entities located in the State, as per the last published Short Term Open Access Rate for the State, along with other charges or fees as per Open Access Regulations, 2008 and the Transmission Deviation charges, if any, as per these regulations.

(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

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 ISTS.

Hence, the licensee considered the transmission charges i.e., both intra & interstate transmission charges for computing per unit transmission charge in conformity with the aforementioned order.

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 generators alone. Hence, the transmission charges that are considered in totality are justified in arriving at per unit transmission charge

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.

	<p><i>located.”</i></p> <p>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.</p>	
<p>4</p>	<p>1.4 Discrepancies in the present computations</p> <p>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:</p> <p>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 charges paid</u> respectively for TS Discoms without providing any clarity about Fixed charges paid towards NCE power procurement.</p> <p>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:</p> <p style="text-align: center;">As per Q3 Audited Accounts for TSSPDCL</p>	<p>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.</p>

23 - POWER PURCHASE COST

Particulars	For Q3 of 2021-22	For Q2 of 2021-22	For Q1 of 2021-22	For 2020-21
	₹ (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	2,565.36
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
	₹ (in Crore)	₹ (in Crore)	₹ (in Crore)	₹ (in Crore)	₹ (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

	<p>allowed subject to prudence check.</p> <p>The Objector, in the absence of a reconciliation statement, has considered the claims of the Petitioners for the computation.</p>	
5	<p>1.5 Additional Surcharge for H2 of FY 2022-23 as per Objector's assessment</p> <p>Based on the data available, the Objector has computed the allowable Additional Surcharge for H2 of FY 2022-23, as follows:</p> <p>Additional Surcharge as per Objector's Assessment</p>	<p>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.</p> <p>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.</p> <p>TS Discoms would abide by the orders passed by the Hon'ble Commission, regarding the determination of Additional Surcharge.</p>

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
$\{D\}=\{C\}\div\{A\}$	Fixed Charges per MW	Rs. crore/MW	0.71
$\{E\}=\{D\}\times\{B\}$	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
$\{L\}=\{K\}\times\{J\}$	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
$\{Q\}=\{O\}\div\{P\}$	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

6	<p>Prayers</p> <p>The Objector most respectfully prays that this Hon'ble Commission may be pleased to:</p> <p>A. Consider the above Objection Statement filed by the Objector;</p>	<p>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.</p>
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<p>B. Consider the Distribution Cost as per RST Order dt.23.03.2022 for FY 2022- 23 for the computation of Additional Surcharge;</p> <p>C. May allow the Transmission charges duly considering the CERC (Sharing of Inter-State Transmission Charges and Losses) Regulations, 2020;</p> <p>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;</p> <p>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;</p> <p>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;</p>	
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NORTHERN POWER DISTRIBUTION COMPANY OF TELANGANA LTD,.



RESPONSES TO OBJECTIONS / SUGGESTIONS

On

Determination of Additional Surcharge for H2 of FY 2022-23

INDEX

Sl. No.	Name and Address of the Objector	Page No.
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2.	Vinod Kumar Agarwal , Managing Director, Salasar Iron & Steel (P) Ltd., Flat No. 101, 1 st 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.	The Federation of Telangana Chambers of Commerce and Industry (FTCCI) , Federation House, Federation Marg, 11-6-841, Red Hills, Hyderabad 500004, email: info@ftcci.in	18-26
5.	SICMA , 3 rd 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: iex-ra@iexindia.com

S.No	Summary of Objections / Suggestions	Response of the Licensee
1	<p>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.</p>	No comments
2	<p>Distribution charge of LT system ought not to be considered</p> <p>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.</p> <p>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.</p>	<p>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.</p> <p>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.</p>

S.No	Summary of Objections / Suggestions	Response of the Licensee
	<p>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.</p>	
<p>3</p>	<p>ISTS & STU transmission Charges considered for computation of Additional Surcharge ought to include the refund (adjustment) of corresponding charges to Discom/STU</p> <p>3.1. The Discoms have, for the computation of per unit transmission charges, considered the inter-state, intra-state transmission charges and SLDC charges. We submit that the same may result in overburdening of ISTS & STU charges on the consumers for the following reasons:</p> <p>3.1.1. The inter-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.</p> <p>3.1.2. 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. This reduction is due to the following clause 11 (3) of the CERC (Sharing of Inter-State Transmission Charges and Losses) Regulations, 2020-21.</p>	<p>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 have also considered the ISTS transmission charges.</p> <p>Hence, the licensee considered the transmission charges i.e., both intra & interstate transmission charges for computing per unit transmission charge in conformity with the aforementioned order</p> <p>Moreover, the Hon'ble Commission also considered the same for computing the per unit transmission charge in its order for determination of AS for FY 2018-19, H2 for FY 2021-22 and H1 for FY 2022-23.</p>

S.No	Summary of Objections / Suggestions	Response of the Licensee
	<p>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.</p> <p>3.1.3. Similarly, the embedded consumers pay STU charges on all open access transactions.</p> <p>3.1.4. It is in view of the above that inclusion of ISTS & STU charges again for computation of Additional Surcharge as claimed by the Petitioner, will lead to double levy of the same charge on open access consumers. Thus, we request the Hon'ble Commission to re-consider its view on allowing inclusion of ISTS & STU charges in the ASC.</p> <p>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.</p>	<p>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 generators alone. Hence, the transmission charges that are considered in totality are justified in arriving at per unit transmission charge</p> <p>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.</p>

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

S.No	Summary of Objections / Suggestions	Response of the Licensee																																																
1	<p><u>Relevant facts on the contents of the petition:</u> It is respectfully submitted thatApproved methodology for computation of Additional Surcharge.</p>	No comments																																																
2	<p>Suggestions:</p> <p><u>No:1:</u></p> <p>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:-</p> <table border="1"> <thead> <tr> <th>Source</th> <th>Quantum MU</th> <th>Fixed Cost Rs. Crore</th> <th>Variable Cost Rs. Crore</th> <th>Other Cost Rs. Crore</th> <th>Total Rs. Crore</th> </tr> </thead> <tbody> <tr> <td>TSGenco</td> <td>22015.90</td> <td>4964.12</td> <td>5336.87</td> <td>1011.82</td> <td>11312.81</td> </tr> <tr> <td>CGS</td> <td>13756.92</td> <td>1871.10</td> <td>3852.95</td> <td>0.00</td> <td>5724.04</td> </tr> <tr> <td>Others</td> <td>17329.18</td> <td>3246.59</td> <td>4313.32</td> <td>46.00</td> <td>7605.92</td> </tr> <tr> <td>NCE</td> <td>6271.16</td> <td>0.00</td> <td>3161.69</td> <td>0.00</td> <td>3161.69</td> </tr> <tr> <td>D-D purchase</td> <td></td> <td></td> <td>0.00</td> <td></td> <td></td> </tr> <tr> <td>D-D sale</td> <td>-4074.07</td> <td></td> <td>-1393.26</td> <td></td> <td>-1393.26</td> </tr> <tr> <td>Total</td> <td>55299.08</td> <td>10081.80</td> <td>15271.57</td> <td>1057.82</td> <td>26411.20</td> </tr> </tbody> </table>	Source	Quantum MU	Fixed Cost Rs. Crore	Variable Cost Rs. Crore	Other Cost Rs. Crore	Total Rs. Crore	TSGenco	22015.90	4964.12	5336.87	1011.82	11312.81	CGS	13756.92	1871.10	3852.95	0.00	5724.04	Others	17329.18	3246.59	4313.32	46.00	7605.92	NCE	6271.16	0.00	3161.69	0.00	3161.69	D-D purchase			0.00			D-D sale	-4074.07		-1393.26		-1393.26	Total	55299.08	10081.80	15271.57	1057.82	26411.20	<p>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 previous year.</p> <p>Hence, the licensee considered the Fixed cost paid as per the actuals for H2 of FY 2021-22 for computing Fixed charges per MW in conformity with aforementioned order.</p> <p>Having said that, the computation done by the objector for arriving at a rate for 6 months, is incorrect (i.e. considering half of 12 months per unit rate).</p>
Source	Quantum MU	Fixed Cost Rs. Crore	Variable Cost Rs. Crore	Other Cost Rs. Crore	Total Rs. Crore																																													
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S.No	Summary of Objections / Suggestions	Response of the Licensee
	<p>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.</p> <p>The calculation is as follows:- Rs. 10081.80 crores / 59373.16 MU X 10 = Rs. 1.70 per KWH.</p> <p>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.</p>	
3	<p>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.</p> <p>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.</p> <p>This condition to be considered while approving the Additional Surcharge for the period from October, 2022 to March, 2023.</p>	<p>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.</p>
4	<p><u>NO. 2:</u></p> <p>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.</p> <p>The same is to be considered</p>	<p>The suggestion comes under the purview of Hon'ble Commission.</p> <p>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.</p>

S.No	Summary of Objections / Suggestions	Response of the Licensee
5	<p>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</p>	
6	<p>Objections: No. 1:</p> <p>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.</p> <p>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</p>	<p>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 FY 2022-23, considered the actual figures of H1 of corresponding previous year.</p> <p>Hence, the licensee considered the actual figures i.e., actuals of H1 of FY 2021-22 in conformity with the aforementioned order.</p> <p>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.</p>

S.No	Summary of Objections / Suggestions	Response of the Licensee
	Computation of Additional Surcharge.	
7	<p>No.2: 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., difference of (E) – (N). (E) is Rs. 108.05 crores and (N) is Rs. -144.01 crores thus the difference will be Rs. -35.51 crores. Hence, the figure of (O) should be corrected to Rs. -35.51 crores. In view of this correction the Respondents are entitled for refund of Rs. 0.96 per KWH during the H2 period of Financial Year 2022-23 i.e., Rs. -35.51 Crores / 370.34 MU X 10 = Rs. 0.96 per KWH. In view of the above stated facts, the Respondent pray to this Hon'ble Commission; to pass an order for Refund of Rs. 0.96 per KWH of Additional Surcharge during the period H2 of Financial Year 2022-23 i.e., from October, 2022 to March, 2023; and pass such that order or orders as may deem fit by this Hon'ble Commission under the circumstances of the petition in the interest of justice. Other grounds if any will be filed during proposed hearing to be held on 24.8.2022.</p>	<p>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). As per the approved TSERC methodology, the Demand charges to be adjusted (N) is the amount to be recovered and hence it is represented using the negative sign (Rs. -144.01 Cr.) due to under recovery of fixed cost. To derive the total Net Stranded charges recoverable (O), the Fixed Charges for Stranded capacity (E = Rs. 108.05 Cr.) has to be added to Rs. 144.01 Cr. i.e. $O = E - N$ $= 108.05 - (-144.01) = 252.06$ Therefore, the Net Stranded charges recoverable (O) arrives at INR 252.06 Cr. Hence, the question of refund doesn't arise as stated by the Objector.</p>
8	<p><u>OPPORTUNITY DURING HEARIG TO BE HELD ON 24.8.2022</u> It is respectfully submitted that we may be provided an opportunity for arguing our grounds during hearing scheduled on 24.8.2022 at 11 AM at Court Hall, 5th 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.</p>	No Comments

3. [V Manikanth](#), 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.	<p>No Link in Additional Surcharge & Open Access Volume:</p> <p>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:</p> <p>"8.5 Cross-subsidy surcharge and additional surcharge for open access</p> <p>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.</p> <p>.....</p> <p>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."</p> <p>1.2 The above highlighted section of the National Tariff Policy that</p>	<p>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.</p> <p>Hence, the licensee derived the Additional Surcharge for H2 of FY 2022-23 in consonance with the methodology from the aforementioned order.</p>

S.No	Summary of Objections / Suggestions	Response of the Licensee
	<p>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.</p> <p>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.</p>	
2.	<p>Levy of Distribution charges for the whole System</p> <p>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.</p> <p>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 being considered as per the methodology approved vide Telangana State Electricity Regulatory Commission order dated 18.09.2020</p> <p>2.3 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.</p> <p>2.4 It seems that the Hon'ble Commission has allowed the Discom to</p>	<p>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.</p> <p>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.</p>

S.No	Summary of Objections / Suggestions	Response of the Licensee
	<p>recover charges associated with LT network twice firstly from existing LT consumers through tariff and from HT consumers by way of Additional Surcharge.</p> <p>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.</p> <p>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).</p> <p>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.</p>	<p>The Objection comes under the purview of Hon'ble commission.</p> <p>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.</p> <p>TS Discoms would adhere to the instructions of the Hon'ble Commission, regarding the methodology for determination of Additional Surcharge.</p>
3.	<p>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</p>	<p>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.</p> <p>TS Discoms would adhere to the instructions of the</p>

S.No	Summary of Objections / Suggestions	Response of the Licensee
	<p>facility of Open Access are connected to HT/EHT network only.</p> <p>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).</p> <p>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> 11 kV consumers.</u></p>	<p>Hon'ble Commission, regarding the methodology for determination of Additional Surcharge.</p> <p>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).</p>
4.	<p>Open Access Charges more than the Average Cost of Supply</p> <p>a. The Discom in the present Petition has proposed Additional Surcharge @Rs. 6.81/ unit.</p> <p>b. The Hon'ble Commission in Annexure 10 of the Retail Supply 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 the Cost of Supply approved by the Hon'ble Commission for HT (Industrial Category) 33 kV and 132 kV is far less than the Additional Surcharge recovery proposed by the Discom.</p> <p>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.</p>	<p>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 FY 2022-23 have also considered the same methodology.</p> <p>Hence, the licensee has derived the Additional Surcharge for H2 of FY 2022-23 in consonance with the methodology from the aforementioned order.</p> <p>There is no defined capping on Additional Surcharge in the approved methodology.</p>

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	<p data-bbox="293 256 1211 368">d. The table below shows a comparison of Average Cost of Supply approved by the Hon'ble Commission vis-à-vis the Open Access Charges for all the HT categories eligible for OA.</p> <table border="1" data-bbox="293 368 1133 632"> <thead> <tr> <th data-bbox="293 368 427 443">In Rs./ unit</th> <th data-bbox="427 368 533 443">ACoS</th> <th data-bbox="533 368 622 443">CSS</th> <th data-bbox="622 368 792 443">Wheeling charges *</th> <th data-bbox="792 368 965 443">Additional Surcharges</th> <th data-bbox="965 368 1133 443">Total Charges</th> </tr> <tr> <th data-bbox="293 443 427 518">HT Industry</th> <td></td> <td data-bbox="533 443 622 518">(i)</td> <td data-bbox="622 443 792 518">(ii)</td> <td data-bbox="792 443 965 518">(iii)</td> <td data-bbox="965 443 1133 518">(iv) = (i) + (ii) + (iii)</td> </tr> <tr> <td data-bbox="293 518 427 555">11 kV</td> <td data-bbox="427 518 533 555">7.90</td> <td data-bbox="533 518 622 555">1.97</td> <td data-bbox="622 518 792 555">0.51</td> <td data-bbox="792 518 965 555">6.81</td> <td data-bbox="965 518 1133 555">9.29</td> </tr> <tr> <td data-bbox="293 555 427 592">33 kV</td> <td data-bbox="427 555 533 592">5.77</td> <td data-bbox="533 555 622 592">1.74</td> <td data-bbox="622 555 792 592">0.06</td> <td data-bbox="792 555 965 592">6.81</td> <td data-bbox="965 555 1133 592">8.61</td> </tr> <tr> <td data-bbox="293 592 427 632">132 kV</td> <td data-bbox="427 592 533 632">5.05</td> <td data-bbox="533 592 622 632">1.70</td> <td data-bbox="622 592 792 632">0.00</td> <td data-bbox="792 592 965 632">6.81</td> <td data-bbox="965 592 1133 632">8.51</td> </tr> </thead> </table> <p data-bbox="293 632 987 667">* Wheeling Charges determined at 85% Load Factor.</p> <p data-bbox="293 671 723 707">Charges considered for TSSPDCL</p> <p data-bbox="293 751 1211 978">e. From the above table it is clear that by making the present proposal, the Discom is displaying its apathy towards the consumers, and exhibiting a mockery of the entire process. It is also against the right to open access to a consumer rather this will encourage Discom to over recover revenue from Open Access Consumers.</p> <p data-bbox="293 986 1211 1137">f. Further, it is necessary to mention here that the Additional Surcharge Proposal of the Discom is more than 150% of the weighted average Power Purchase Cost approved the Hon'ble Commission vide Tariff order for FY 2022-23 dated 23.03.2022.</p> <table border="1" data-bbox="293 1137 1200 1321"> <thead> <tr> <th data-bbox="293 1137 521 1249">Rs. unit</th> <th data-bbox="521 1137 748 1249">TSSPDCL</th> <th data-bbox="748 1137 974 1249">TSNPDCL</th> <th data-bbox="974 1137 1200 1249">Additional Surcharges (proposed)</th> </tr> </thead> <tbody> <tr> <td data-bbox="293 1249 521 1321">Wtd Avg Power Purchase Cost</td> <td data-bbox="521 1249 748 1321">4.50</td> <td data-bbox="748 1249 974 1321">4.46</td> <td data-bbox="974 1249 1200 1321">6.81</td> </tr> </tbody> </table>	In Rs./ unit	ACoS	CSS	Wheeling charges *	Additional Surcharges	Total Charges	HT Industry		(i)	(ii)	(iii)	(iv) = (i) + (ii) + (iii)	11 kV	7.90	1.97	0.51	6.81	9.29	33 kV	5.77	1.74	0.06	6.81	8.61	132 kV	5.05	1.70	0.00	6.81	8.51	Rs. unit	TSSPDCL	TSNPDCL	Additional Surcharges (proposed)	Wtd Avg Power Purchase Cost	4.50	4.46	6.81	<p data-bbox="1234 256 1980 483">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.</p> <p data-bbox="1234 528 1980 643">TS Discoms would abide by the orders passed by the Hon'ble Commission, regarding the determination of Additional Surcharge.</p>
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	<p>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</p>	
5.	<p>POC ISTS transmission Charges should not be considered for reducing demand charges paid by OA consumers:</p> <p>a. TSSPDCL has, for the computation of per unit transmission charges, considered the inter-state, intra-state transmission charges and SLDC charges. The said claims are based on the past Additional Surcharge Orders of the Hon'ble Commission, wherein the Hon'ble Commission has also included both the inter and intra-state transmission charges in the stranded cost while working out the ASC for corresponding periods.</p> <p>b. As against the above, <u>in its order dated 27.03.2018 for determination of ASC for FY 2018-19, the Hon'ble Commission considered only the intra-state transmission charge for computing per unit transmission charge which we believe was the correct approach owing to the following reasons:</u></p> <p>i. Inter-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.</p> <p>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.</p> <p>This reduction is due to the following clause 11 (3) of the CERC (Sharing of Inter-State Transmission Charges and Losses) Regulations, 2020-</p> <p>"11. Transmission charges for Short Term Open Access</p>	<p>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.</p> <p>Hence, the licensee considered the transmission charges i.e., both intra & interstate transmission charges for computing per unit transmission charge in conformity with the aforementioned order.</p> <p>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 generators alone. Hence, the transmission charges that are considered in totality are justified in arriving at per unit transmission charge</p> <p>Its to be clarified that in the referred order i.e., determination of ASC for FY 2018-19 dated 27.03.2018,</p>

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	<p>(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. "</p> <p>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.</p> <p>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 consumers.</p> <p>c. Thus, we request the Hon'ble Commission to re-consider its view on allowing inclusion of ISTS charges in the ASC.</p>	<p>the Hon'ble Commission considered both intra & interstate transmission charges for computing per unit transmission charge.</p> <p>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.</p>
6.	<p>Mechanism of Determination of Fixed Cost of Power Purchase</p> <p>a. The Discom in the ASC Petition has proposed fixed charges 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.</p> <p>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 Commission approved Interest on Pension bonds of Rs. 342 Cr which is an increase of more than 200% in the Interest on Pension Bonds.</p>	<p>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.</p> <p>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 period gap of 3 years.</p>

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7.	<p data-bbox="293 256 1211 523">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.</p> <table border="1" data-bbox="304 531 1189 730"> <thead> <tr> <th></th> <th>Oct-21</th> <th>Nov-21</th> <th>Dec-21</th> <th>Jan-22</th> <th>Feb-22</th> <th>Mar-22</th> </tr> </thead> <tbody> <tr> <td>Amount Billed to Discom</td> <td>1212.1</td> <td>1830.45</td> <td>1281.94</td> <td>1414.26</td> <td>1509.87</td> <td>1266.84</td> </tr> <tr> <td>Amount Paid By Discom Against Current Dues</td> <td>107</td> <td>103</td> <td>97</td> <td>28</td> <td>64</td> <td>146</td> </tr> </tbody> </table> <p data-bbox="293 746 1211 890">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.</p> <p data-bbox="293 906 1211 1161">e. The Hon'ble Commission may review the approach and consider <u>the actual fixed charges paid for that period</u> 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.</p>		Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	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	<p data-bbox="1234 256 1980 563">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 fixed charges payable by the Discoms.</p> <p data-bbox="1234 611 1980 754">Further, there is no rationality in considering actual fixed charges paid, as the Discoms are liable to make the power purchase payments to the generators for the relevant period.</p> <p data-bbox="1234 770 1980 874">TS Discoms are continuously making efforts to improve its financial condition and make the power purchase payments on a timely basis, to its generators.</p> <p data-bbox="1234 890 1980 1114">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.</p>
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8.	<p data-bbox="293 1179 1211 1251">Demand charges recovered by DISCOM from Open Access consumers</p> <p data-bbox="293 1267 1211 1366">a. The Discom in the ASC Petition has estimated recovery of Rs. 179.85 Cr as demand charges from OA consumers against 1993.20 MUS of Energy consumed by open access consumers from Discoms</p>	<p data-bbox="1234 1179 1980 1366">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</p>																					

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	<p>in H2 of FY 2021-22, which comes out to be Rs.0.90/unit. 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 approved estimated recovery of Rs. 186.90 Cr as demand charges from OA consumers against 1785.41 MUS of Energy consumed by open access consumers from Discoms in H2 of FY 2021-22, which comes out to be Rs. 1.04/unit.</p> <p>b. Despite of the fact that there was no change in the Tariff for FY 2021-22 the Discom has estimated reduced fixed cost recovery from the OA consumers leading to increase in Additional Surcharge.</p> <p>c. From the past Additional Surcharge Orders of the Hon'ble Commission it can be observed that the estimated fixed cost recovery of the Discom is shown to be continuously decreasing leading to increase in Additional Surcharge. The table below shows the estimated fixed cost recovery and per unit of fixed cost as approved by the Hon'ble Commission in the past Additional Surcharge orders.</p> <table border="1" data-bbox="309 922 1191 1305"> <thead> <tr> <th></th> <th>ASC Order FY 17-18</th> <th>ASC Order FY 18-19</th> <th>ASC Order H2 FY 21-22</th> <th>ASC Order H1 FY 22-23</th> <th>ASC Petition H2 FY 22-23</th> </tr> </thead> <tbody> <tr> <td>Order dated</td> <td>13.12.17</td> <td>27.03.18</td> <td>24.12.21</td> <td>22.03.22</td> <td></td> </tr> <tr> <td>Energy consumed by OA consumers from DISCOM (MU)</td> <td>1209.78</td> <td>1448.97</td> <td>1590.8</td> <td>1785.407</td> <td>1993.203</td> </tr> <tr> <td>Demand charges recovered by DISCOM from OA consumers (Rs. Cr)</td> <td>234.54</td> <td>223.22</td> <td>185.6</td> <td>186.8991</td> <td>179.9504</td> </tr> <tr> <td>Per unit Charges recovered from OA Consumers (Rs./ unit)</td> <td>1.94</td> <td>1.54</td> <td>1.16</td> <td>1.04</td> <td>0.90</td> </tr> <tr> <td>Change in Tariff</td> <td colspan="5">No change in Tariff</td> </tr> </tbody> </table> <p>d. The above data needs to be verified by the Commission to avoid loading on any inefficiency of the Discom on consumers by way of</p>		ASC Order FY 17-18	ASC Order FY 18-19	ASC Order H2 FY 21-22	ASC Order H1 FY 22-23	ASC Petition H2 FY 22-23	Order dated	13.12.17	27.03.18	24.12.21	22.03.22		Energy consumed by OA consumers from DISCOM (MU)	1209.78	1448.97	1590.8	1785.407	1993.203	Demand charges recovered by DISCOM from OA consumers (Rs. Cr)	234.54	223.22	185.6	186.8991	179.9504	Per unit Charges recovered from OA Consumers (Rs./ unit)	1.94	1.54	1.16	1.04	0.90	Change in Tariff	No change in Tariff					<p>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.</p> <p>From the table given by the petitioner, the first 2 columns (FY 18, FY 19) refer to full year data of Energy Consumed by OA consumers from Discom (MU) and Demand charges recovered by DISCOM from OA consumers (Crs), while the rest are for half year period (H2 FY 22, H1 FY 23, H2 FY 22). So, comparison is not appropriate.</p> <p>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.</p> <p>The Objection comes under the purview of Hon'ble Commission.</p> <p>TS Discoms would adhere to the instructions of the Hon'ble Commission for any further requirement of additional information.</p>
	ASC Order FY 17-18	ASC Order FY 18-19	ASC Order H2 FY 21-22	ASC Order H1 FY 22-23	ASC Petition H2 FY 22-23																																	
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	<p>Additional Surcharge.</p> <p>e. Thus, we request the Hon'ble Commission to re-consider its view on allowing levy of expenses on account of Discom inefficiency for computation of ASC.</p> <p>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.</p>	<p>TS Discoms would abide by the orders passed by the Hon'ble Commission, regarding the determination of Additional Surcharge.</p>

4. [The Federation of Telangana Chambers of Commerce and Industry \(FTCCI\)](#), Federation House, Federation Marg, 11-6-841, Red Hills, Hyderabad 500004, email: info@ftcci.in

and

5. [SICMA](#), 3rd Floor, 36 square, Plot No. 481, Road No. 36, Jubilee Hills, Hyderabad 500034 email: ceo@sicma.in

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1	<p>1.1 Additional Surcharge for H2 of FY 2022-23 claimed by the Discoms is uncompetitive</p> <p>a. It is submitted that the Additional Surcharge Rate of Rs. 6.81/unit in the instant petition is highly uncompetitive as compared to other states.</p> <p>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 & 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 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: <u>"4.2.9 As per the above computations, the AS for H2 of FY 2021-22 works out to Rs.2.38 / kWh. The preamble of the Electricity Act, 2003 emphasises, amongst others, taking measures conducive to development of electricity industry, promoting competition therein, protection of interest of consumers and rationalisation of electricity tariffs, as the objectives. The Commission has to do a balancing act in fulfillment of the mandate of the Electricity Act, 2003. The</u></p>	<p>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.</p> <p>Hence, the licensee has derived the Additional Surcharge for H2 of FY 2022-23 in consonance with the methodology from the aforementioned order.</p> <p>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.</p> <p>TS Discoms would abide by the orders passed by the</p>

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	<p><u>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 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 / kWh)."</u></p> <p style="text-align: right;"><u>(Emphasis supplied)</u></p> <p>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:</p> <p><u>4.1.10 As per the above computations, the Additional Surcharge for H1 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 of Rs.1.15/kWh (i.e., ~ 33% of Rs.3.48/kWh).</u></p> <p style="text-align: right;"><u>(Emphasis supplied)</u></p> <p>c) Hence the Objector humbly prays that the Hon'ble Commission may allow only a competitive additional surcharge after a through prudence check.</p>	<p>Hon'ble Commission, regarding the determination of Additional Surcharge.</p>

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2	<p>1.2 Distribution cost</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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:</p> <p style="text-align: center;">ANNEXURE 14: CALCULATION OF VOLTAGE WISE DISTRIBUTION CHARGES FOR FY 2022-23</p> <table border="1" data-bbox="315 1158 1173 1299"> <thead> <tr> <th rowspan="2">Particulars</th> <th colspan="2">TSSPDCL</th> <th colspan="2">TSNPDCL</th> </tr> <tr> <th>Charge (Rs./kVA/month)</th> <th>Rs./kWh</th> <th>Charge (Rs./kVA/month)</th> <th>Rs./kWh</th> </tr> </thead> <tbody> <tr> <td>11 kV</td> <td>231.52</td> <td>0.64</td> <td>346.34</td> <td>0.83</td> </tr> <tr> <td>33 kV</td> <td>19.95</td> <td>0.24</td> <td>15.62</td> <td>0.23</td> </tr> <tr> <td>132 kV and above</td> <td>116.51</td> <td>0.20</td> <td>116.51</td> <td>0.20</td> </tr> </tbody> </table> <p>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</p>	Particulars	TSSPDCL		TSNPDCL		Charge (Rs./kVA/month)	Rs./kWh	Charge (Rs./kVA/month)	Rs./kWh	11 kV	231.52	0.64	346.34	0.83	33 kV	19.95	0.24	15.62	0.23	132 kV and above	116.51	0.20	116.51	0.20	<p>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.</p> <p>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.</p> <p>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.</p> <p>TS Discoms believe that the consideration of only 33 kV network charges for arriving at distribution cost per unit is inaccurate and not appropriate.</p>
Particulars	TSSPDCL		TSNPDCL																							
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S.No	Summary of Objections / Suggestions	Response of the Licensee						
	<p>relevant extract is reproduced below:</p> <p><i>4.1.5 The TS Discoms have claimed the distribution charges of Rs.1.08/kWh by considering the total distribution cost of Rs.7363.41 crore as approved for FY 2021-22 in the Amendment Order dated 01.03.2021 and dividing the same by the power purchase quantum of 68225.31 MU, purported to be for whole year of FY 2021-22. The Retail Supply Tariffs determined in the Commission's Order dated 27.03.2018 were continued for FY 202122 in the absence of separate Orders on determination of ARR for FY2021-22. Therefore, the distribution cost and the quantum of energy shall have to be considered as per the Order dated 27.03.2018.</i></p> <p>Therefore, the Commission has worked out the distribution charges of Rs.0.87/kWh by considering the total distribution cost of Rs.5019.19 crore and dividing the same by the power purchase quantum of 57631.27 MU, the same as approved in Order dated 27.03.2018.</p> <p>e. The Hon'ble is therefore requested to consider the distribution cost as per Objector's Assessment for the computation of Additional Surcharge.</p> <table border="1" data-bbox="293 997 1167 1114"> <thead> <tr> <th data-bbox="293 997 562 1070">Particulars</th> <th data-bbox="562 997 786 1070">Petitioner's Claim</th> <th data-bbox="786 997 1167 1070">Objector's Assessment as per RST Order dt.23.03.2022</th> </tr> </thead> <tbody> <tr> <td data-bbox="293 1070 562 1114">Distribution Cost</td> <td data-bbox="562 1070 786 1114">Rs. 1.01/ kWh</td> <td data-bbox="786 1070 1167 1114">Rs. 0.23/ kWh</td> </tr> </tbody> </table>	Particulars	Petitioner's Claim	Objector's Assessment as per RST Order dt.23.03.2022	Distribution Cost	Rs. 1.01/ kWh	Rs. 0.23/ kWh	
Particulars	Petitioner's Claim	Objector's Assessment as per RST Order dt.23.03.2022						
Distribution Cost	Rs. 1.01/ kWh	Rs. 0.23/ kWh						
3	<p>1.3 Inter-State transmission charges and SLDC charges</p> <p>a. As per the consistent methodology of the Hon'ble Commission, in the case of transmission charges, only intra-state transmission charge ought to be considered for the determination of Additional Surcharge since CERC (Sharing of Inter-State Transmission Charges and Losses) Regulations, 2020 provide for reimbursement of such ISTS charges paid by the consumers availing STOA, back to the state</p>	<p>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</p>						

S.No	Summary of Objections / Suggestions	Response of the Licensee
	<p>where the entity is located. The relevant extract is reproduced below: <i>“11. Transmission charges for Short Term Open Access (1) Short Term Open Access Rate (in paise/kWh) shall be published for each billing month by the Implementing Agency which shall be calculated State-wise as under: Transmission charges of the State for the billing month (in rupees) / (7200 X the quantum, in MW, of Long Term Access plus Medium Term Open Access of the State for the corresponding billing period) (2) Transmission charges for Short Term Open Access shall be payable by generating stations and embedded entities located in the State, as per the last published Short Term Open Access Rate for the State, along with other charges or fees as per Open Access Regulations, 2008 and the Transmission Deviation charges, if any, as per these regulations. (3) Transmission charges for Short Term Open Access paid by an embedded intra-State entity during a month shall be reimbursed in the following billing month to the State in which such entity is located.”</i></p> <p>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.</p>	<p>and H2 FY 2021-22 have also considered the ISTS. Hence, the licensee considered the transmission charges i.e., both intra & interstate transmission charges for computing per unit transmission charge in conformity with the aforementioned order.</p> <p>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 generators alone. Hence, the transmission charges that are considered in totality are justified in arriving at per unit transmission charge</p> <p>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.</p>
4	<p>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</p>	<p>The licensees have already provided the complete breakup of individual fixed cost of each generating station that has been considered in the</p>

S.No	Summary of Objections / Suggestions	Response of the Licensee																																																																											
	<p>thoroughly examined: The Petitioners have claimed Rs. 6063.77 Crores and Rs. 2080.86 Crores under the head of <u>Fixed charges paid and Transmission charges paid</u> respectively for TS Discoms without providing any clarity about Fixed charges paid towards NCE power procurement. 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:</p> <p style="text-align: center;">As per Q3 Audited Accounts for TSSPDCL</p> <table border="1" data-bbox="309 603 1182 791"> <thead> <tr> <th rowspan="2">Particulars</th> <th>For Q3 of 2021-22</th> <th>For Q2 of 2021-22</th> <th>For Q1 of 2021-22</th> <th>For 2020-21</th> </tr> <tr> <th>₹ (in Crore)</th> <th>₹ (in Crore)</th> <th>₹ (in Crore)</th> <th>₹ (in Crore)</th> </tr> </thead> <tbody> <tr> <td>Purchase of Power - Fixed Cost</td> <td>2,858.52</td> <td>7.60</td> <td>2,049.01</td> <td>8,035.47</td> </tr> <tr> <td>Purchase of Power - Variable Cost</td> <td>2,870.18</td> <td>6,270.77</td> <td>3,390.63</td> <td>13,662.47</td> </tr> <tr> <td>Transmission Charges</td> <td>335.34</td> <td>586.53</td> <td>587.58</td> <td>2,565.36</td> </tr> <tr> <td>Other Power Purchase Costs</td> <td>(135.50)</td> <td>24.00</td> <td>14.33</td> <td>(560.24)</td> </tr> <tr> <td>Total</td> <td>5,928.54</td> <td>6,888.90</td> <td>6,041.55</td> <td>23,703.06</td> </tr> </tbody> </table> <p style="text-align: center;">As per Q4 Audited Accounts TSSPDCL</p> <table border="1" data-bbox="309 852 1191 1018"> <thead> <tr> <th rowspan="2">Particulars</th> <th>For Q4 of 2021-22</th> <th>For Q3 of 2021-22</th> <th>For Q2 of 2021-22</th> <th>For Q1 of 2021-22</th> <th>For 2020-21</th> </tr> <tr> <th>₹ (in Crore)</th> </tr> </thead> <tbody> <tr> <td>Purchase of Power - Fixed Cost</td> <td>3,137.12</td> <td>2,858.52</td> <td>7.60</td> <td>2,049.01</td> <td>8,035.47</td> </tr> <tr> <td>Purchase of Power - Variable Cost</td> <td>3,669.77</td> <td>2,870.18</td> <td>6,270.77</td> <td>3,390.63</td> <td>13,662.47</td> </tr> <tr> <td>Transmission Charges</td> <td>1,561.58</td> <td>335.34</td> <td>586.53</td> <td>587.58</td> <td>2,565.36</td> </tr> <tr> <td>Other Power Purchase Costs</td> <td>163.49</td> <td>(135.50)</td> <td>24.00</td> <td>14.33</td> <td>(560.24)</td> </tr> <tr> <td>Total</td> <td>8,531.96</td> <td>5,928.54</td> <td>6,888.90</td> <td>6,041.55</td> <td>23,703.06</td> </tr> </tbody> </table> <p>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: <i>“12.1 The Distribution Licensee shall be allowed to recover the cost</i></p>	Particulars	For Q3 of 2021-22	For Q2 of 2021-22	For Q1 of 2021-22	For 2020-21	₹ (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	2,565.36	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	Particulars	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)	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	<p>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.</p> <p>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.</p> <p>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.</p>				
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	<p><i>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.</i></p> <p><i>12.2 Except in the case of Retail Supply Business insofar as for the first Control Period is concerned:</i></p> <p><i>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;</i></p> <p><i>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;</i></p> <p><i>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."</i></p>	

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	<p>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.</p> <p>The Objector, in the absence of a reconciliation statement, has considered the claims of the Petitioners for the computation.</p>																																																																																	
5	<p>1.5 Additional Surcharge for H2 of FY 2022-23 as per Objector's assessment</p> <p>Based on the data available, the Objector has computed the allowable Additional Surcharge for H2 of FY 2022-23, as follows:</p> <p>Additional Surcharge as per Objector's Assessment</p> <table border="1" data-bbox="300 683 1142 1326"> <thead> <tr> <th colspan="2">Additional Surcharge</th> <th>Unit</th> <th>As per Objector's Assessment</th> </tr> </thead> <tbody> <tr> <td>{A}</td> <td>Long term available capacity</td> <td>MW</td> <td>8,546.53</td> </tr> <tr> <td>{B}</td> <td>Capacity stranded due to open access</td> <td>MW</td> <td>152.29</td> </tr> <tr> <td>{C}</td> <td>Fixed Charges paid</td> <td>Rs. crore</td> <td>6,063.77</td> </tr> <tr> <td>{D}={C}÷{A}</td> <td>Fixed Charges per MW</td> <td>Rs. crore/MW</td> <td>0.71</td> </tr> <tr> <td>{E}={D}×{B}</td> <td>Fixed Charges for stranded capacity</td> <td>Rs. crore</td> <td>108.05</td> </tr> <tr> <td>{F}</td> <td>Transmission charges paid</td> <td>Rs. crore</td> <td>2,080.86</td> </tr> <tr> <td>{G}</td> <td>Actual Energy scheduled</td> <td>MU</td> <td>36,015.42</td> </tr> <tr> <td>{H}={F}÷{G}</td> <td>Transmission charges per unit</td> <td>Rs./kWh</td> <td>0.58</td> </tr> <tr> <td>I</td> <td>Distribution charges as per RST Order dt.23.03.2022</td> <td>Rs./kWh</td> <td>0.23</td> </tr> <tr> <td>{J}={H}+{I}</td> <td>Total transmission and distribution charges per unit</td> <td>Rs./kWh</td> <td>0.81</td> </tr> <tr> <td>{K}</td> <td>Energy consumed by open access consumers from the DISCOM</td> <td>MU</td> <td>1,993.20</td> </tr> <tr> <th colspan="2">Additional Surcharge</th> <th>Unit</th> <th>As per Objector's Assessment</th> </tr> <tr> <td>{L}={K}×{J}</td> <td>Transmission and distribution charges to be paid by open access consumers</td> <td>Rs. crore</td> <td>161.00</td> </tr> <tr> <td>{M}</td> <td>Demand charges recovered by the DISCOM from open access consumers</td> <td>Rs. crore</td> <td>179.95</td> </tr> <tr> <td>{N}={M}-{L}</td> <td>Demand charges to be adjusted</td> <td>Rs. crore</td> <td>18.95</td> </tr> <tr> <td>{O}={E}-{N}</td> <td>Net stranded charges recoverable</td> <td>Rs. crore</td> <td>89.11</td> </tr> <tr> <td>{P}</td> <td>Open access sales</td> <td>MU</td> <td>370.34</td> </tr> <tr> <td>{Q}={O}÷{P}</td> <td>Additional Surcharge computed</td> <td>Rs./kWh</td> <td>2.41</td> </tr> <tr> <td>{R} = {Q}*33%</td> <td>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</td> <td>Rs./kWh</td> <td>0.79</td> </tr> </tbody> </table>	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}×{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}÷{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}×{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	<p>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.</p> <p>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.</p> <p>TS Discoms would abide by the orders passed by the Hon'ble Commission, regarding the determination of Additional Surcharge.</p>
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{K}	Energy consumed by open access consumers from the DISCOM	MU	1,993.20																																																																															
Additional Surcharge		Unit	As per Objector's Assessment																																																																															
{L}={K}×{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																																																																															

S.No	Summary of Objections / Suggestions	Response of the Licensee
6	<p>Prayers The Objector most respectfully prays that this Hon’ble Commission may be pleased to:</p> <p>A. Consider the above Objection Statement filed by the Objector; 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 CERC (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;</p>	<p>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.</p>



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, 5th Floor,
Singareni Bhavan, Red Hills,
Hyderabad – 500 004.

Lr. No.CGM(RAC)/SE(RAC)/DE(RAC)/F.A96/D.No. 252 /22, Dt: 18-08-2022.

Sir,

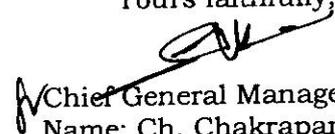
Sub:TSSPDCL – Submission of Replies to objection raised by M/s. TSODA on
Additional Surcharge (AS) Filings of the licensee for H2 of FY22-23 –Reg
Ref:1. Lr. No.CGM(RAC)/SE(RAC)/DE(RAC)/F.A96/D.No.245/22, Dt:17-08-2022
2. Objection received from Telangana State Open Access Developers
Association (TSODA)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

* * *

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

Encl: As above

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	Response of the Licensee
1	<p>It should be noted that as per NTP 2016 (at Para 8.5.4), the licensees should conclusively demonstrate the assets are stranded because of Open Access Consumption and there should be an unavoidable obligation and incidence to bear fixed costs. However, in case of solar bi-lateral open access, the power plants were given permissions by DISCOMs during 2010-2016 and plants were commissioned during 2012-2017. So DISCOM's were well informed about this tiny solar open access capacity in the state. In addition, as per clause 10.5 of regulation 2 of 2006, generation from solar is a deemed to be scheduled.</p> <p>The generation assets getting stranded for the licensees could be due to improper power procurement plan of the licensees and due to ad-hoc power purchases on power exchanges by consumers or IEX) and not in any way related to the consumers consuming power from solar developers through bi-lateral open access, as this consumption is well known, in advance from must run status of solar renewable energy source, to the utilities as the approval for long term open access was granted only by the very same DISCOMs, and hence they could have made procurement plans accordingly.</p> <p>Therefore, it is <u>conclusively proved that the stranded capacity was not due to solar bilateral open access transactions.</u> Hence, request the Hon'ble Commission to not impose additional surcharges for all for Solar bi-lateral open access transactions.</p>	<p>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.</p> <p>TS Discoms have derived the Additional Surcharge for H2 of FY 2022-23 in consonance with the methodology from the aforementioned order.</p> <p>The issues presented by the objector with respect to the stranded capacity computations have already been considered by the Hon'ble Commission while approving the methodology of AS computation in the aforementioned order.</p> <p>The Power generation from solar plants is not constant that is highly intermittent in nature depending upon various factors. Further, there is no generation of power from the said plants during the night hours. Hence, Discoms are constrained to enter into long term Power Purchase Agreements in view of its universal service obligation indicating that the solar power plants are also contributing to the stranded capacity of the Discoms in certain time</p>

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

	<p>future?</p> <p>What came as a surprise is when the entire India, including Telangana state, was facing acute power crisis during 2nd quarter of H2 FY21-22, TS DISCOMs are declaring stranded capacity during the said period. Apparently, TS DISCOMs themselves have procured significant amount of power through power exchanges during the said period and came forward now to submit that they suffered damage in the form of their assets getting stranded due to open access consumers. In such scenario, as a matter-of-fact Open Access purchases by consumers shall reduce damage to TS DISCOMs. We demand that the daily purchases of power by DISCOMs from electricity exchanges be published as part of this document, to conclusively prove that the assets were stranded in the first place. Instant AS proposals are clearly based on half-truths and distorted facts.</p> <p>A 33 KV HT-I industrial consumer would have paid 6.15/unit to</p>	<p>Further, while entering the PPAs for purchase of RE 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 the RPO Obligation trajectory for the period FY 2022-23 to FY 2029-30 (43.33% RPO target by FY 2029-30).</p> <p>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.</p> <p>It is pertinent to mention that, the licensees had witnessed a shortage of power in the 2nd quarter of H2 FY21-22 due to the surge in peak demand reaching 14160MW and the same had been met through the short term power purchases in the market. However, there is stranding of power in certain 15-minute blocks owing to the OA by the consumers that is witnessed through the stranded capacity pertaining to the above mentioned period which is nearly half compared to the previous quarter.</p> <p>The issues presented by the objector with respect to the stranded capacity computations have already been considered by the Hon'ble Commission while approving the methodology of AS computation in the</p>
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	<p>TSSPDCL during H2 FY2122. So, it is prudent to assume that the maximum damage that can happen to TSSPDCL if the consumer so chooses the buy in open market is 6.15/unit.</p> <p>If the damage to DISCOMs as per their proposals in the form of AS is -> Rs. 6.81, Cross Subsidy Surcharge is -> Rs. 1.46, T&D cost is-> Rs. 1.63, APPC is-> Rs. 4.32 Then the minimum Cost of Service should be Rs. 6.81 + 1.46 + 1.63 + 4.32 = Rs 14.22/kWh.</p> <p>So, if the calculations of AS are correct then, do the DISCOMs mean that the actual tariff of Rs. 6.15/kWh was against the actual minimum Cost of Service of Rs. 14.22 per kWh for 33 kV Industrial customers, and so on so forth for 11 kV and 132 kV customers? This begs the question that if the per unit loss incurred by DISCOM is 8.07/kWh (14.22-6.15) for 33 kV customers alone, then what is the total loss incurred by them aggregated to all customers?? And whether such humungous loss is reflecting in the financial statements and ARR's filed by respective DISCOMs? Or should one start to think that the DISCOM wants the customers to opt for OA, so that they can get more money from them, than they would otherwise get by supplying power themselves. Either one of the above should be true, as both cannot be true same time.</p> <p>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 <u>forensic audit by an independent and competent agency</u>, and the facts be presented to Hon'ble commission.</p>	<p>aforementioned order.</p> <p>Clubbing of AS to the APPC, CSS and T&D cost to arrive the cost of service is incorrect. It is to mention that, AS is determined based on the total stranded capacity due to the OA consumers and relating stranded cost (fixed cost commitments) to the Discoms. Hence, the demonstrated comparison of AS with voltage wise & category wise cost of service is highly inappropriate.</p> <p>The 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.</p> <p>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.</p>
4	<p>Therefore, we submit that this honourable commission may</p> <p>(1) Concede to that fact that <u>stranded capacity was not due to</u></p>	<p>TS Discoms have responded to the item-wise objections made by the objector, in the abovementioned sections, and would request the</p>

<p><u>solar bi-lateral open access transactions and exempt this solar bi-lateral open access capacity from levy of AS in line with Electricity (Promoting Renewable Energy Through Green Energy Open Access) Rules, 2022. Dated: 6th June' 2022 released by Ministry of Power published in the Gazette of India.</u></p> <p>(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.</p> <p>(3) Call for a Forensic Audit of Books of Accounts of TS DISCOMS.</p>	<p>Hon'ble Commission to consider the computations done by Discoms, considering the justifications shared on the same.</p>
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