

To,

The Secretary

Telangana State Electricity Regulatory Commission (TSERC)

5TH Floor, 11-4-660, Sinareni Bhavan,

Red Hills, Hyderabad – 500004,

**Subject: Statement of Objections on Petitions for Power Purchase True up for
Retail Supply Business from the FY 2016-17 to FY 2022-23**

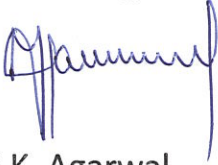
Dear Sir,

Please find the attached copy of our letter regarding the objections or issues raised by our association on the above subject.

Kindly do the needful sir,

With Warm Regards,

For Telangana Spinning & Textile Mills Association

A handwritten signature in blue ink, appearing to read 'R.K. Agarwal'.

R.K. Agarwal

Chairman



TELANGANA SPINNING & TEXTILE MILLS ASSOCIATION

(CIN : U74900TG2015NPL098595)

TELANGANA SPINNING & TEXTILE ASSOCIATION (TSTMA)

Statement of Objections

on

**Petitions for Power Purchase True up for Retail Supply
Business from the FY 2016-17 to FY 2022-23**

Filed by the

**Southern Power Distribution Company of Telangana
Limited (TSSPDCL)**

&

**Northern Power Distribution Company of Telangana
Limited (TSNPDCL)**

as the

Distribution and Retail Supply Licensee

January, 2023

For Telangana Spinning & Textile Mills Association

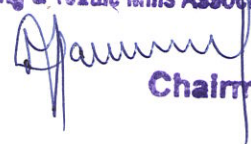

Chairman

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THE STATEMENT OF OBJECTIONS BY THE OBJECTOR

1 STATEMENT OF OBJECTIONS

The Distribution Licensees namely Southern Power Distribution Company of Telangana Limited and Northern Power Distribution Company of Telangana Limited (hereinafter referred to as the '**Discoms**' or '**TS Discoms**' or '**Petitioners**' or '**distribution companies**' or '**Licensees**') have filed the Petitions for the Power Purchase True up for FY 2016-17 to FY 2022-23 for the Retail Supply Business in accordance with the erstwhile Andhra Pradesh Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff for Wheeling and Retail Sale of Electricity) Regulation No.4 of 2005 and its First Amendment notified in 2014 namely Regulation No. 1 of 2014 (hereinafter collectively referred to as '**Tariff Regulations**').

These filings have been taken on record by Hon'ble Commission from **O.P. No. 82 of 2022 to O.P. No. 88 of 2022** for TSSPDCL and from **O.P. No. 89 of 2022 to O.P. No. 95 of 2022** for TSNPDCL.

The Statement of Objections is herein being filed on behalf of '**Telangana Spinning & Textile Mills Association (TSTMA)**', (hereinafter also referred to as **Objector**), an Association which was started in 2015 currently having its office at 1st Floor, Surya Towers, Sardar Patel Road, Secunderbad 500003, Telangana, India (hereinafter called the '**Objector**'). The main function of the TSTMA is to promote and protect the interests of spinning & textile industry.

The Telangana Spinning & Textile Mills Association (Objector) strongly objects to the Filing of the Power Purchase True up for the Retail Supply Business for FY 2016-17 to FY 2022-23 respectively (herein after referred to as the '**Tariff Petitions**' or '**Petitions**') and prays that the submissions and objections made herein may be accepted and approved by the Hon'ble Commission, in the interest of justice and equity.

The Objector also prays that it may be permitted to make additional submissions specific to these Petitions, in the Public Hearings as per the Public Hearing schedule announced by this Hon'ble Commission.

The brief facts, propositions, analysis, grounds and point wise objections to the Petitions are narrated herein below:

2 ABSENCE OF CONSOLIDATED WORKING EXCEL MODEL

- i. The Licensees have not provided the consolidated working excel model along with the Power Purchase Tariff Petitions for FY 2016-17 to FY 2022-23, the absence of which, hinders the process of stakeholder commentary as well as prudence check process of the Hon'ble Commission

3 POWER PURCHASE TRUE UP CLAIMED BY TELANGANA DISCOMS FOR FY 2016-17 TO FY 2022-23

- ii. The TSSPDCL and TSNPDCL has projected a True up amount of Rs. 9,060.80 Crores and Rs. 2,954.47 Crores respectively for the period from FY 2016-17 to FY 2022-23. The Power Purchase True up Claim along with its treatment proposed by the TSSPDCL and TSNPDCL is provided in the table below:

TRUE UP CLAIMED BY PETITIONERS FOR FY 2016-17 TO FY 2022-23

(All figures in Rs. Crores)

TSSPDCL	FY 17	FY 18	FY 19	FY 20	FY 21	FY 22	FY 23	Total
PP True up/ (True Down)	1,588.32	936.04	3,799.05	3,900.32	3,230.80	6,372.00	1,270.39	21,096.92
Additional Support by GoTS	1,583.83	908.79	1,680.00	1,400.00	-	-	-	5,572.62
Loss Funding	235.01	392.48	1,241.82	2,470.12	2,124.00	-	-	6,463.43
Net True Up/(True Down)	-230.52	-365.23	877.23	30.20	1,106.80	6,372.00	1,270.39	9,060.87

(All figures in Rs. Crores)

TSNPDCL	FY 17	FY 18	FY 19	FY 20	FY 21	FY 22	FY 23	Total
PP True up/ (True Down)	715.91	672.26	1,216.55	1,752.02	1,710.43	2,417.81	-369.10	8,115.88
Additional Support by GoTS	678.79	389.48	720.00	600.00	-	-	-	2,388.27
Loss Funding	75.42	156.05	762.86	558.15	1,220.18	-	-	2,772.66
Net True Up/(True Down)	-38.30	126.73	-266.31	593.87	490.25	2,417.81	-369.10	2,954.95

(All figures in Rs. Crores)

Both Discoms	FY 17	FY 18	FY 19	FY 20	FY 21	FY 22	FY 23	Total
PP True up/ (True Down)	2,304.23	1,608.30	5,015.60	5,652.34	4,941.23	8,789.81	901.29	29,212.80
Additional Support by GoTS	2,262.62	1,298.27	2,400.00	2,000.00	-	-	-	7,960.89
Loss Funding	310.43	548.53	2,004.68	3,028.27	3,344.18	-	-	9,236.09
Net True Up/(True Down)	-268.82	-238.50	610.92	624.07	1,597.05	8,789.81	901.29	12,015.82

- iii. The Objections in respect of the True up claim made by the Petitioners from FY 2016-17 to FY 2022-23 are summarised below:

4 NON-ADHERENCE TO STATUTORY TIMELINES FOR ARR FILING AS PER REGULATIONS FOR FY2019-20, FY2020-21 AND FY2021-22 BY TELANGANA DISCOMS

Financial Year	Timeline for ARR Filing as per Regulations	Application filed for Condonation of Delay	Date of Actual ARR filed by TS Discoms	Reason submitted for non-adherence to statutory timelines
2018-19	By 30.11.2017	N/A	ARR Petition on 15.12.2017 Tariff Proposals on 21.12.2017	N/A
2019-20	By 30.11.2018	I.A. No.03 of 2019 filed in O.P. No. 21 & 22 of 2017	31.03.2021*	Relevant extracts of Commission's Interim Order dt. 06.11.2019 produced herein: "Whereas TSDISCOMs have filed petition for extension of time for filing of ARR & Tariff proposals along with additional surcharge and cross subsidy surcharge for FY 2019-20 for retail supply business and ARR & Tariff proposals for distribution business for 4 th MYT control period (FY 2019-20 to FY 2023-24) by 31.03.2019, in view of certain difficulties faced by the Discoms. "

Financial Year	Timeline for ARR Filing as per Regulations	Application filed for Condonation of Delay	Date of Actual ARR filed by TS Discoms	Reason submitted for non-adherence to statutory timelines
2020-21	By 30.11.2019	I.A. No.08 of 2020 filed in O.P. No. 21 & 22 of 2017, filed on 29.02.2020.	31.03.2021*	<p>"The licensee humbly submits before the Hon'ble Commission that the licensee is in the process of finalizing the ARR, tariff proposals, cross subsidy surcharge and additional surcharge proposals for FY 2019-20". (Para 2)</p> <p>Relevant extracts of Commission's Interim Order dt. 20.03.2020 produced herein:</p> <p>"Whereas, TSDISCOMs have filed miscellaneous petition on 29.02.2020 seeking extension of for filing of ARR & tariff proposals, cross subsidy surcharge and additional surcharge for FY 2020 – 21 for retail supply business till 31.03.2020 as the finalisation of lift irrigation demand projections and rationalisation of tariffs is in progress which finalisation is very crucial in submission of for and ARR & tariff proposals for FY 2020-21. The licensee submits that the licensee is in the process of finalising the ARR, tariff proposals, cross subsidy surcharge and additional surcharge proposals for retail supply business to FY 2020 – 21".</p>

Financial Year	Timeline for ARR Filing as per Regulations	Application filed for Condonation of Delay	Date of Actual ARR filed by TS Discoms	Reason submitted for non-adherence to statutory timelines
2021-2022	By 30.11.2020	I.A. No.4 of 2021 filed in O.P. No. 21 & 22 of 2017, filed on 08.03.2021.	31.03.2021*	Relevant extracts of Commission's Interim Order dt. 27.03.2021 produced herein: "Further, Model Code of Conduct has come into force from 11.02.2021 in view of Biennial Elections to Telangana State Legislative Council and it will be in existence till 22.03.2021".
<p>*Note-1: Petition rejected by TSERC vide Order dt. 22.12.2021 in O.P. (SR) No. 14 of 2021 & O.P. (SR) No. 15 of 2021 on account of the Petition not being accompanied by FPT for FY 2021-22 in derogation of Regulation No. 5 of 2005. Furthermore, the time period for which they sought was already lapsed.</p> <p>*Note-2: It is pertinent to note that the Discoms have only undertaken ARR and Tariff Proposal for FY 2022-23 only pursuant to the Hon'ble Commission's direction in s Order dated 18.09.2020 in O.P.No.23 of 2020.</p>				

- 1) The Telangana Discoms have failed to meet the regulatory requirements of timely filing of ARR for FY 2019-2020, FY 2020-21, and FY 2021-22, leading to the accumulation of abnormal (alleged) true-up gaps, which the TS Discoms seek to pass on to the consumers in FY 2023-24.
- 2) It is submitted that the TS Discoms ought not be allowed to recover the entire amount in True-up while it has continued to make a mockery of the relevant laws and regulations.
- 3) A preliminary analysis of the ARR filings undertaken by the Discoms for the ARR, Tariff proposal and True-up for FY 2019-20, 2020-21 and 2021-22 indicates gross violation of the following provisions of:
 - A. APERC (Terms and Conditions for determination of Tariff for Wheeling and Retail Supply of Electricity) Regulation No. 04 of 2005;
 - B. APERC Regulation No. 01 of 2014;
 - C. APERC Conduct of Business Regulations, 2015;
 - D. Electricity Act, 2003
- 4) **APERC (Terms and Conditions for determination of Tariff for Wheeling and Retail Supply of Electricity) Regulation No. 04 of 2005:**
 - 4.1 Non-submission Power Procurement Plans by Discoms for Control Period FY 2019-2024: As per Regulation 12.1 of Regulation No. 04 of 2005, a Discoms shall be allowed to recover the cost of Power it procures for supply to consumers based on the Commission-approved Power Procurement Plan covering each year of the Control Period. Accordingly, the Discoms should be disallowed from recovering the entire Power Purchase cost in true-up when the Power Procurement Plans for each financial year of the Control Period itself has not been timely filed for the Hon'ble Commission's approval.
 - 4.2 It is pertinent to reproduce the extract of the Hon'ble Commission's Order dt. 29.04.2020 pertaining to ARR and Wheeling Tariffs for Distribution Business for 4th Control Period (FY 2019-20 to FY 2023-24) for TSSPDCL and TSNPDCL:

"Commission's Views

3.5.14 Regulation No.4 of 2005 stipulates the Distribution Licensees to file their Resource Plans on 1st April of the year preceding the first year of the Control Period. The Resource Plan shall inter-alia contain the sales forecast, load forecast, power procurement plan, and Distribution Plan (Capital Investment Plan) consistent with the requirements of the Commission's Guidelines on Load Forecast and Resource Plan (Distribution Plan and Power Procurement Plan). Further, the Resource Plan as approved by the Commission shall be adopted by the Distribution Licensees in their Multi-Year and Annual filings for the Control Period.

3.5.15 The Resource Plans for 4th Control Period from FY 2019-20 to FY 2023-24 and 5th Control Period from FY 2024-25 to FY 2028-29 was to be filed on 01.04.2018. The DISCOMs have filed their Resource Plans for 4th Control Period on 31.10.2018. In the Resource Plans submitted, the DISCOMs stated that the formulation of power procurement plan in co-ordination with various generators is under process and the same shall be submitted at an early date. In replies to stakeholders' comments, the DISCOMs submitted that the power procurement plan would be submitted shortly. The DISCOMs have not submitted the power procurement plan in compliance with the Guidelines. Further, the DISCOMs in seeking extension of time for filing of MYT Petitions for 4th Control Period cited the reasons of finalisation of annual accounts and non-receipt of information of Lift Irrigation schemes from Irrigation Department.

3.5.16 The Commission is of the considered view that as the filing of MYT Petitions for 4th Control Period has already been delayed, further delay on determination of MYT for 4th Control Period is undesirable for want of approval of Resource Plans. The DISCOMs have submitted their Capital Investment Plans for 4th Control Period in the instant Petitions. On prudence check of the same, the Commission has approved the Capital Investment Plan for 4th Control Period in this Order as detailed in Chapter 5."

5) APERC Regulation No. 01 of 2014:

5.1 As per the preamble appended to this Regulation, in view of the complexities involved in forecasting the Sales and Revenue Requirement of Retail Supply Business, on the behest of the TS Discoms themselves, the TS Discoms were allowed to file ARR and Tariff Proposals on an annual basis.

5.2 It is noteworthy to mention that the cost of power procurement constitutes around 75% of total cost of ARR and since the quantum of variation on account of the same each year may be high, henceforth vide this Regulation, cost recovery was provided on an annual basis with a view to neither burden the consumers nor the Licensee.

5.3 It is evident from the Table above, that the TS Discoms are in clear cut violation of the APERC Regulation No. 01 of 2014 on account of non-filing of complete ARR and Tariff Proposals for FY 2019-20, FY 2020-21 and FY 2021-2022, and now wishes to claim entire variation on account of power purchase cost in True-up of afore-mentioned period on the basis of ARR determined for FY 2018-19.

5.4 It is pertinent to mention the limited scope of Regulation 1 of APERC Regulation No. 01 of 2014: *"This Regulation will only be applicable as long as the Tariff for Retail Supply Business is filed on an annual basis"*.

5.5 Since, the Discoms have failed to undertake annual filing of ARR for FY 2019-20, FY 2020-21, and FY 2021-2022, accordingly their true-up claims with respect to power purchase cost variation are liable to be rejected.

6) Regulation 24 of the Conduct of Business Regulations, 2015 and Section 94 of EA 2003:

6.1 Regulation 24 of the Conduct of Business Regulations, 2015 and Section 94 of EA 2003, empowers the Hon'ble Commission to pass such interim Orders as it deems fit in accordance with the Act. However, there is a mandate on the Commission under Section 86 of EA 2003 to ensure *transparency* in exercise of its functions and powers.

6.2 From the relevant TSERC's Order as encapsulated in the Table above, it is apparent that the Discoms have failed to provide any concrete rationale for its inability to file ARR and Tariff Proposals. Any communication on the subject between the Discom and Commission is also not available for public scrutiny;

6.3 In such interim Proceedings, neither there were any Respondents, nor any Stakeholders involved. There is nothing to indicate as to why there was even a need of extension by the Discoms in filing of the ARR for FY 2019-2020; 2020-2021 and 2021-22 in order to assess the veracity of the Discom's claims and why the same was subsequently allowed;

6.4 Further, the TS Discoms even failed to provide a time period by which they expected to fulfil the ARR and Tariff filings for the relevant years as an apparent attempt to evade the regulatory mandates and timelines;

6.5 The ARR and Tariff Proposals for a particular FY are to be filed by November of the previous year – therefore, *at least 120 days* are available to the Hon'ble Commission for determination of RST Order. However, all the three IAs asking for extension for filing of ARR were made 3-4 months post the expiry of the statutory timeline for the same and hence ought not to have been allowed;

6.6 While allowing the extension to the TS Discoms vide the relevant Interim Order for filing of the ARR and Tariff proposals for FY 2019-2022, the Hon'ble Commission vide Interim Orders dt. 06.11.2019, 20.03.2020 and 27.03.2021 had directed the DISCOMs to file the regular Petition for determination of fresh retail supply tariff, cross-subsidy and additional

surcharged immediately for FY 2019-20, 2020-21 and 2021-22 respectively.

6.7 However, it is evident that the same was not complied with by the Discoms till April of 2021 (by which time, the period for which it had been sought had already lapsed);

6.8 Furthermore, nowhere in the Orders issued by the Hon'ble Commission, has it been indicated that the Discoms are at liberty to extend the ARR for FY 2018-19 for the entire period of 2019-2022 and then without any fresh ARR determination for the latter periods be allowed to recover the accumulated revenue gap in true-up and then unnecessarily burden the consumers;

6.9 This amounts to a gross violation of Hon'ble ATE Direction directives in O.P. No. 1 of 2011:

*"57. This Tribunal has repeatedly held that regular and timely truing-up expenses must be done since: (b) The **burden/benefits of the past years must not be passed on to the consumers of the future.***

...

*59. **Tariff determination** ought to be treated as **a time bound exercise.***

...

65. In view of the analysis and discussion made above, we deem it fit to issue the following directions to the State Commissions:

*(ii) It should be the endeavour of every State Commission to ensure that the tariff for the financial year is decided before 1st April of the tariff year. For example, the ARR & tariff for the financial year 2011- 12 should be decided before 1st April, 2011. **The State Commission could consider making the tariff applicable only till the end of the financial year so that the licensees remain vigilant to follow the time schedule for filing of the application for determination of ARR/tariff.***

*(iii) **In the event of delay in filing of the ARR, truing up and Annual Performance Review, one month beyond the scheduled date of submission of the petition, the State Commission must initiate suo-moto proceedings for tariff determination in accordance with Section 64 of the Act read with clause 8.1 (7) of the Tariff Policy.***

(Emphasis supplied)

- 7) Additionally, the credit rating of the Power Utilities to get loans gets affected with Non-submission of the ARR and Tariff Proposals: In the Integrated Rating Score Methodology introduced by Ministry of Power for assessing the health of Discoms, one of the Parameter is Specific Disincentives which provides for Tariff Cycle Delays in terms of timely filing of the Petitions.
- 8) By allowing utilities to claim the entire cost variation in power purchase true-up without filling of the ARR for the relevant Financial Year but instead continued to levy existing Tariff will set a bad authority as it would be tantamount to the fact that utilities can continue to be in violation of the regulatory and legal process and still burden the consumers without taking any burnt for the same. This would essentially leave the entire exercise of annual filing of ARR and Tariff Proposals on projection basis before the beginning of the FY and subsequent true-up on basis of actuals futile.
- 9) For the aforementioned reasons it is humbly submitted before the Commission to disallow the Discoms their true up claims for the year 2019-20, 2020-21 and 2021-22 in the face of non-filing of ARR and Tariff Proposals for the relevant years and set an authority for utilities to operate within the stipulated timelines and not on its own whims to unnecessarily burden the consumers.
- 10) Notwithstanding the above, the other objections against the True-up claimed by the Petitions are detailed in the subsequent sections.

5 POWER PURCHASE COST

A. TSGENCO Thermal Power Stations:

- i. **Arbitrary Escalation considered in Variable Charges:** It is observed that the both Petitioners, i.e., TSSPDCL and TSNPDCL have shown significant escalation in variable charge rate as compared to Hon'ble Commission approved values for the period during FY 2016-17 to FY 2018-19 and FY 2022-23.
- ii. The variation is particularly observed in case of some TSGENCO thermal stations without providing any rationale with the instant Petitions. It is submitted that the variation from the approved values ought to be supported by proper rationale. The Objector in the absence of proper backing/rationale has limited the variable charge rate to the approved variable charge rate in the respective RST orders.

iii. The anomalies observed in this regard have been reproduced below:

TSGENCO Generating stations	TSSPDCL			TSNPDCL		
	Variable Charge Rate (Rs/kWh)			Variable Charge Rate (Rs/kWh)		
	Approved	Claimed	Escalation %	Approved	Claimed	Escalation %
FY 2016-17						
KTPS-D	2.02	2.22	10%	2.02	2.22	10%
FY 2017-18						
KTPS-A	2.07	2.91	41%	2.08	2.92	40%
KTPS-B	2.07	2.91	41%	2.08	2.92	40%
KTPS-D	1.92	2.54	33%	1.93	2.54	32%
KTPS Stage VI	2.45	2.75	12%	2.45	2.75	12%
RTS B	2.36	2.91	23%	2.38	2.95	24%
FY 2018-19						
KTPS-A	2.17	3.20	47%	2.18	3.19	46%
KTPS-B	2.17	3.20	47%	2.18	3.19	46%
KTPS-C	2.17	3.20	47%	2.18	3.19	46%
KTPS-D	2.02	2.82	39%	2.03	2.82	39%
KTPS-VI	2.57	3.13	22%	2.57	3.13	22%
RTS B	2.48	2.94	19%	2.46	2.94	20%
Kakatiya Thermal Power Plant I	2.55	3.34	31%	2.56	3.35	31%
Kakatiya Thermal Power Plant II	2.36	2.92	24%	2.36	2.93	24%

- iv. It is humbly submitted that Hon'ble Commission may direct the TS Discoms to submit proper rationale/justification/backing for such significant escalation considered in variable charge rate.
- v. It is further requested that Hon'ble Commission may limit the variable charge rate to approved variable charge rate.

Summary of disallowance in Variable Charges:

(All figures in Rs. Crores)

Disallowance Proposed in Variable Cost as per Objector			
Financial Year	TSSPDCL	TSNPDCL	Total
FY 17	19.79	-	19.79
FY 18	325.82	159.61	485.43
FY 19	925.30	385.41	1,310.71
FY 23	449.09	201.49	650.58
Total	1,719.99	746.52	2,466.51

B. Central Generating Stations:

- i. It is pointed out that the Hon'ble Commission has clearly directed the TS Discoms to consider null capacity allocation from NTECL Vallur TPS and NLC Tamil Nadu Power Ltd from 01.08.2017 onwards.
- ii. In line with directive, the Hon'ble TSERC has not considered any capacity allocation from NTECL Vallur TPS and NLC Tamil Nadu Power Ltd in its past RST order dt. 26.08.2017 for FY 2017-18, RST order dt. 27.03.2018 for FY 2018-19 and latest RST order dt. 23.03.2022 for FY 2022-23.
- iii. The relevant extracts from the past RST orders have been reproduced below for reference:
 - **The Hon'ble Commission in its RST Order dt. 26.08.2017 for FY 2017-18 has stated the following:**
"3.3.17 To reduce the financial burden upon them, the Licensees submitted a requisition to GoI expressing its willingness to surrender the share of Telangana State from NTECL Vallur TPS. In view of the requisition made by the Licensees, the Commission also observes that NLC Tamil Nadu Power Ltd. is also a similar project with high cost of generation. The Commission thus directs the DISCOMs to surrender the allocated share of Telangana State in NTECL Vallur TPS and NLC Tamil Nadu Power Ltd. Hence the Commission in this Order, has not considered the energy availability from these generating stations from 01.08.2017 onwards."
 - **The Hon'ble Commission in its RST Order dt. 27.03.2018 for FY 2018-19 has stated the following:**
3.3.18 The Commission in its Tariff Order for FY 2017-18 dated 26.08.2017 directed the DISCOMs to surrender the allocated share of Telangana State in NTECL Vallur TPS and NLC Tamil Nadu Power Ltd. and accordingly, had not considered the energy availability from these stations from 01.08.2017. The DISCOMs submitted that in response to their request for re-allocation of the share of Telangana State in NTECL Vallur TPS, there is no confirmation from the Ministry of Power, GoI to that effect. The DISCOMs also submitted that the re-allocation of the share in NLC Tamil Nadu Power Ltd. will be taken up after the re-allocation of share in NTECL Vallur TPS. The Commission observed that the DISCOMs are procuring power from NTECL Vallur TPS and NLC Tamil Nadu Power Ltd. in FY 2017-18 and have proposed in FY 2018-19 also. In light of the directions in the Tariff Order for FY 2017-18, the Commission has not considered the share allocation to Telangana State from NTECL Vallur TPS and NLC Tamil Nadu Power Ltd. for FY 2018-19.

- **The Hon'ble Commission in its RST order dt. 23.03.2022 for FY 2022-23 has approved the following:**

Table 4-15 Power procurement cost from Central Generating Stations for FY 2022-23

Source	Claimed				Approved			
	Quantu m MU	Fixed Cost Rs.crore	Variable Cost Rs.crore	Total Rs.crore	Quantu m MU	Fixed Cost Rs.crore	Variable Cost Rs.crore	Total Rs.crore
Thermal								
NTPC Ramagundam Stage I & II	2683.01	188.60	690.63	879.22	2716.15	181.22	699.16	880.38
NTPC Ramagundam Stage III	721.42	57.15	182.20	239.35	729.22	53.89	184.17	238.06
NTPC Talcher TPS II	1638.93	117.79	284.28	402.07	1598.29	110.39	277.23	387.62
NTPC Simhadri Stage I	2251.89	478.57	707.56	1186.13	3672.35	356.75	1153.88	1510.63
NTPC Simhadri Stage II	1298.23	230.24	398.51	628.75	1765.35	245.11	541.91	787.02
NTPC Kudgi	1017.12	319.88	348.05	667.92	1751.40	294.24	599.31	893.55
NLC TPS II Stage I	395.60	27.08	104.54	131.63	385.93	28.10	101.99	130.09
NLC TPS II Stage II	710.07	50.12	187.82	237.95	692.64	52.26	183.21	235.47
NNTP	402.72	68.24	88.03	156.28	392.73	78.22	85.84	164.06
TSTPP Unit 1	3499.63	790.92	794.42	1585.33	3412.84	711.82	774.72	1486.54
NTECL Vallur TPS	834.63	135.00	245.48	380.48	0.00	0.00	0.00	0.00
NLC Tamil Nadu Power Ltd.	1068.60	188.57	283.77	472.34	0.00	0.00	0.00	0.00
Sub Total	16521.83	2652.16	4315.29	6967.45	17116.91	2112.01	4601.41	6713.42
Nuclear								

- iv. It is evident from the Hon'ble Commission past directives/methodology that the TS Discoms have not been allowed to procure power from these two specified Power Stations. Despite this, the TS Discoms have procured power from these stations in clear violation of the Hon'ble TSERC's directives. The TS Discoms claim in this regard as per instant filings is represented below for reference:

TSSPDCL Generating Stations	Approved		Claimed PP cost (In Crores)					Total
	Despatch (MUs)	PP Cost (In Crores)	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	
NTECL Vallur	-	-	93.70	105.43	117.61	246.00	242.00	804.74
NLC	-	-	-	-	-	269.00	-	269.00
Total	-	-	93.70	105.43	117.61		242.00	1,073.74

TSNPDCL Generating Stations	Approved		Claimed PP cost (In Crores)					Total
	Despatch (MUs)	PP Cost (In Crores)	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	
NTECL Vallur	-	-	39.00	41.00	49.00	103.00	101.00	333.00
NLC	-	-	-	-	132.00	113.00	-	245.00
Total	-	-	39.00	41.00	181.00	216.00	101.00	101.00

- v. The Objector, in line with the Hon'ble Commission's past methodology/directives, has not considered any capacity allocation from these two generating stations for power purchase computation and disallowed the amount claimed against power purchase cost in regard of these two CGS stations.

(All figures in Rs. Crores)

Disallowance in CGS PP cost as per Objector Assessment			
	Claimed	Objector	Disallowance
TSSPDCL	1,073.74	-	1,073.74
TSNPDCL	578.00	-	578.00
Total	1,651.74	-	1,651.74

- vi. It is humbly requested that the Hon'ble Commission may penalise the Discoms for not adhering to the directives specified and may allow the power purchase cost from CGS stations as per Objector's Assessment.

C. Sale of Surplus Power

- i. It is humbly submitted that the sale of surplus power ought to be made at an optimal price as per market conditions in order to earn revenue and/or reduce the Power Purchase.
- ii. It is observed that the TS Discoms have sold the surplus power for some financial year at a price lower than the IEX average MCP for that particular year.
- iii. Some instance has been recorded below for reference:
 - TSSPDCL for FY 2018-19 has recorded 1229.35 MUs as surplus power which is sold at a rate of Rs. 3.10/kWh but IEX MCP for FY 2018-19 is on quite higher side i.e. Rs. 3.86/kWh.
 - TSNPDCL for FY 2016-17 & FY 2018-19 has recorded 44 MUs and 1150 MUs as surplus power which are sold at a rate of Rs. 2.05/kWh and Rs. 3.18/kWh respectively which is again at a lower side as compared to IEX MCP of Rs. 2.41/kWh and Rs. 3.86/kWh respectively.
 - TSNDPCL for FY 2016-17 has purchased 544 MUs from market at a rate of Rs. 4.69/kWh which is on a higher side to IEX MCP of Rs. 2.41/kWh.
- iv. The Objector has estimated actual revenue ought to be generated from the sale of surplus power in accordance to IEX MCP and reduced the same from power purchase cost. It is prayed that the Hon'ble Commission may allow the sale of surplus power as per the Objector's computations.

D. Discom to Discom Sales

- i. As a general regulatory procedure, Discom to Discom power sales ought to be made in accordance to average power purchase price of the respective Discoms.
- ii. Furthermore, it is apparent that the Discoms have deviated from this approach in their instant True Up petition as can be observed from the Petitioner's claims in respect of D-D transactions:

Summary of D-D sales as per Petitioners:

Particulars	As per Petitioner		
	FY 2022-23		
	Energy Mus	Cost Rs. Crores	Unit Price Rs/kWh
Sale to TSSPDCL	1,183.00	451.00	3.81
Average Power Purchase Cost for TSNPDCL	20,660.00	11,637.00	5.63

Particulars	FY 2019-20				FY 2020-21				FY 2021-22			
	Energy Mus	Cost Rs. Crores	Unit Price Rs/kWh	Energy Mus	Cost Rs. Crores	Unit Price Rs/kWh	Energy Mus	Cost Rs. Crores	Energy Mus	Cost Rs. Crores	Unit Price Rs/kWh	Unit Price Rs/kWh
Sale to TSNPDCL	2,345.21	900.07	3.84	2,174.46	846.42	3.89	958.00	400.00	958.00	400.00	4.18	4.18
Average Power Purchase Cost for TSSPDCL	39,797.25	21,501.33	5.40	38,200.03	21,510.51	5.63	45,480.00	25,033.00	45,480.00	25,033.00	5.50	5.50

- iii. The Objector has re-worked the allowable actual Average Power Purchase Cost for TSSPDCL and TSNPDCL (which has been taken as the price at which power is to be sold from TSSPDCL to TSNPDCL) considering the previous sections of the instant Objections. The same has been shown below:

Summary of D-D transactions as per Objector's Assessment

Particulars	FY 2019-20				FY 2020-21				FY 2021-22			
	Energy Mus	Cost Rs. Crores	Unit Price Rs/kWh	Energy Mus	Cost Rs. Crores	Unit Price Rs/kWh	Energy Mus	Cost Rs. Crores	Energy Mus	Cost Rs. Crores	Unit Price Rs/kWh	Unit Price Rs/kWh
Sale to TSNPDCL	2,345.21	1,267.05	5.40	2,174.46	1,224.44	5.63	958.00	527.30	958.00	527.30	5.50	5.50
Average Power Purchase Cost for TSSPDCL	39,797.25	21,501.33	5.40	38,200.03	21,510.51	5.63	45,480.00	25,033.00	45,480.00	25,033.00	5.50	5.50

Particulars	As per Objector FY 2022-23			
	Energy Mus	Cost Rs. Crores	Unit Price Rs/kWh	Unit Price Rs/kWh
Sale to TSSPDCL	1,183.00	666.34	5.63	5.63
Average Power Purchase Cost for TSNPDCL	20,660.00	11,637.00	5.63	5.63

- iv. The Objector has computed the amount of Rs. 3685.13 pertaining to revenue generated form D-D Sales @ MCP which is 1087.64 Crores more than the Petitioner's Claim. The same is tabulated below for reference

(All figures in Rs. Crores)

Revenue Generated by D-D sales			
FY	Petitioner (A)	Objector (B)	Excess Revenue Generated (B-A)
FY 2019-20	900.07	1,267.05	366.98
FY 2020-21	846.42	1,224.44	378.02
FY 2021-22	400.00	527.30	127.30
FY 2022-23	451.00	666.34	215.34
Total	2,597.49	3,685.13	1,087.64

E. Interest on Pension Bonds:

- i. It is a set principle that pension funds must be maintained from the contributions of the management & employees and should be used appropriately to earn interest thereon.
- ii. It is observed that the both petitioners have claimed the interest on pension bonds for some financial years even greater than the approved amount by Hon'ble Commission in its past RST orders.
- iii. The escalated amount is claimed without any data backing and documents, even the Objector is unable to verify the same amount from the audited accounts available in public domain.
- iv. The Hon'ble Commission in its TSGENCO MYT Order dt. 22.03.2022 has also issued following directive in this regard:

"New Directives

10. Liabilities on pension bonds

The Commission directs TS Genco to extract the request of the stakeholder that the Government of Telangana shall bear the additional burden of pension bonds and communicate to the Principal Secretary, Energy, GoTS for favourable consideration."

- v. As the instant matter is backdated and lacking substantial justification, the Objector for the computation of Power Purchase Cost has limited the interest amount to its approved value.

Summary of Disallowance in Interest on Pension Bonds				
	Approved	Claimed	Objector	Disallowance
TSSPDCL				
FY 2016-17	227.17	1,311.08	227.17	1,083.91
FY 2019-20	273.08	821.73	273.08	548.65
FY 2020-21	482.77	827.28	482.77	344.51
FY 2021-22	482.77	762.00	482.77	279.23
Total TSSPDCL (A)	1,465.79	3,722.09	1,465.79	2,256.30
TSNPDCL				
FY 2016-17 (B)	95	547	95	452.00
Total (A+B)	1,560.79	4,269.09	1,560.79	2,708.30

F. Miscellaneous Charges (Transmission Cost, SLDC Cost & PGCIL & ULDC OR POSOCO Charges)

- i. The TSSPDCL and TSNPDCL have claimed a cumulative amount of Rs. 13,888.89 Crores and Rs. 5,874 Crores respectively towards Transmission Cost, SLDC Cost & PGCIL & ULDC OR POSOCO Charges).
- ii. It is submitted that Hon'ble Commission in its past RST for FY 2016-17, 2017-18, FY 2018-19 & FY 2022-23 orders have not included any of these charges in while approving power purchase cost. But the Petitioners have also shown amount pertaining to these charges under approved values for calculating Power Purchase deviation.
- iii. In line with the same methodology as followed by the Hon'ble Commission in its past RST for FY 2016-17, 2017-18, FY 2018-19 & FY 2022-23 orders, the objector has computed the power purchase cost without considering any true-up in these charges. The summary of charges considered by the Petitioner in Power Purchase True up claim is summarized below:

Charges Claimed by Petitioners for FY 2016-17 to FY 2022-23:

(All Figures in Crores)

Both Discoms	FY 17	FY 18	FY 19	FY 20	FY 21	FY 22	FY 23	Total
Transmission Cost	1,790.12	1,024.00	1,409.00	1,410.53	2,317.07	2,857.00	-	10,807.72
SLDC Cost	28.86	33.00	35.00	34.84	49.60	51.00	-	232.30
PGCIL Charges	735.77	1,096.00	1,577.00	2,232.00	1,511.30	1,569.00	-	8,721.07
ULDC or POSOCO Charges	1.60	-	-	-	-	-	-	1.60
Total	2,556.35	2,153.00	3,021.00	3,677.37	3,877.97	4,477.00	-	19,762.69

Charges shown by Petitioners in approved PP cost for FY 2016-17 to FY 2022-23:

(All Figures in Crores)

Both Discoms	FY 17	FY 18	FY 19	FY 20	FY 21	FY 22	FY 23	Total
Transmission Cost	1,702.09	1,024.00	1,408.57	1,410.53	2,317.07	2,857.00	-	10,719.26
SLDC Cost	28.86	33.00	34.50	34.84	49.60	51.00	-	231.80
PGCIL Charges	521.90	1,174.00	922.98	922.98	922.98	922.98	-	5,387.82
ULDC or POSOCO Charges	6.14	-	-	-	-	-	-	6.14
Total	2,258.99	2,231.00	2,366.05	2,368.35	3,289.64	3,830.98	-	16,345.01

6 SUMMARY OF OBJECTOR'S ASSESSMENT OF ALLOWABLE TRUE UP CLAIM FOR FY 2016-17 TO FY 2022-23

- i. On accumulating the above discussed parameters, the true up amount as per Objector's assessment vs Petitioner's submission are provided below:

Summary of True Up claim for TSSPDCL and TSNPDCL for FY 2016-17 to FY 2022-23

(All figures in Rs. Crores)

FY	PP Cost True up claimed by TS Discoms			As per Objector Assessment		
	TSSPDCL	TSNPDC	Total	TSSPDCL	TSNPDC	Total
FY 2016-17	-230.59	-38.78	-269.37	-1,545.66	-703.58	-2,249.24
FY 2017-18	-365.23	126.73	-238.50	-628.99	-16.14	-645.14
FY 2018-19	877.23	-266.31	610.92	-646.87	-960.00	-1,606.87
FY 2019-20	30.20	593.87	624.07	-1,965.87	218.85	-1,747.02
FY 2020-21	1,106.80	490.25	1,597.05	-148.67	136.82	-11.85
FY 2021-22	6,372.00	2,417.81	8,789.81	4,994.45	2,012.00	7,006.45
FY 2022-23*	1,270.39	-369.10	901.29	580.31	-886.93	-306.62
Total True up/(True Down)	9,060.80	2,954.47	12,015.27	638.70	-198.99	439.71

*Note: Detailed computation of Power Purchase True Up/ (True Down) as per Objector's Assessment is attached herewith as **Annexure A**.

- ii. The detailed summary of Objector's Assessment Vs Petitioner's Claim of True up claim for FY 2016-17 to FY 2022-23 is provided below:

(All figures in Rs. Crores)

TSSPDCL	FY 2016-17		FY 2017-18		FY 2018-19		FY 2019-20	
	Petitioner	Objector	Petitioner	Objector	Petitioner	Objector	Petitioner	Objector
PP True up/ (True Down)	1,588.32	273.18	936.04	672.28	3,799.05	2,274.95	3,900.32	1,904.25
Additional Support by GoTS	1,583.83	1,583.83	908.79	908.79	1,680.00	1,680.00	1,400.00	1,400.00
Loss Funding	235.01	235.01	392.48	392.48	1,241.82	1,241.82	2,470.12	2,470.12
Net True Up/(True Down)	-230.52	-1,545.6	-365.23	-628.99	877.23	-646.87	30.20	-1,965.87

(All figures in Rs. Crores)

FY 2020-21		FY 2021-22		FY 2022-23		Total TSSPDCL	
Petitioner	Objector	Petitioner	Objector	Petitioner	Objector	Petitioner	Objector
3,230.80	1,975.33	6,372.00	4,994.45	1,270.39	580.31	21,096.92	12,674.75
-	-	-	-	-	-	5,572.62	5,572.62
2,124.00	2,124.00	-	-	-	-	6,463.43	6,463.43
1,106.80	-148.67	6,372.00	4,994.45	1,270.39	580.31	9,060.87	638.70

(All figures in Rs. Crores)

TSNPDCL	FY 2016-17		FY 2017-18		FY 2018-19		FY 2019-20	
	Petitioner	Objector	Petitioner	Objector	Petitioner	Objector	Petitioner	Objector
PP True up/ (True Down)	715.91	50.63	672.26	529.39	1,216.55	522.86	1,752.02	1,377.00
Additional Support by GoTS	678.79	678.79	389.48	389.48	720.00	720.00	600.00	600.00
Loss Funding	75.42	75.42	156.05	156.05	762.86	762.86	558.15	558.15
Net True Up/(True Down)	-38.30	-703.58	126.73	-16.14	-266.31	-960.00	593.87	218.85

(All figures in Rs. Crores)

FY 2020-21		FY 2021-22		FY 2022-23		Total TSNPDCL	
Petitioner	Objector	Petitioner	Objector	Petitioner	Objector	Petitioner	Objector
1,710.43	1,357.00	2,417.81	2,012.00	-369.10	-886.93	8,115.88	4,961.94
-	-	-	-	-	-	2,388.27	2,388.27
1,220.18	1,220.18	-	-	-	-	2,772.66	2,772.66
490.25	136.82	2,417.81	2,012.00	-369.10	-886.93	2,954.95	-198.99


7 PRAYERS

The Objector most respectfully prays that this Hon'ble Commission may be pleased to:

- A. Consider the above Objection Statement filed by the Objector;
- B. Disallow the Discoms their true up claims for the year 2019-20, 2020-21 and 2021-22 in the face of non-filing of ARR and Tariff Proposals for the relevant years and set an authority for utilities to operate within the stipulated timelines and not on its own whims to unnecessarily burden the consumers.
- C. Notwithstanding Prayer B, allow the following Prayers:
- D. Direct the Discoms to submit supporting documents against claiming escalation in Variable charge;
- E. Direct the Discoms to strictly adhere to Market MCP in order to determine the rate for transaction of power in the power exchange market;
- F. Direct Discoms to strictly adhere to Hon'ble Commission past directives;
- G. Disallow the power purchase cost as per the Objector's Assessment and in cases where the purchase has been projected at exorbitantly high price not relatable to the incumbent market situations;
- H. Pass necessary orders as may be deemed appropriate in the facts and circumstances of the case in the interest of justice;
- I. Permit the Objector to participate and make additional submission and produce additional details and documentations during the course of the online Public Hearings in the interest of justice and equity.

Date: 31, January, 2023

Place: Secunderabad

For Telangana Spinning & Textile Mills Association

OBJECTOR **Chairman**