



No. IEX/RA/039/24-25

27th August 2024

To,
The Secretary,
Telangana Electricity Regulatory Commission,
D.No. 11-4-660, 5th Floor,
Singareni Bhavan, Red Hills,
Hyderabad 500004.



Sub: Comments on Petition filed by the State Distribution Companies of Telangana for determination of Additional Surcharge to be levied on open access consumers for H2 of FY 2024-25

Dear Sir,

This has reference to the above cited Petitions filed by the State Distribution Companies of Telangana (TGSPDCL & TGNPDCL) and the comments invited from the stakeholders.

Our comments in this regard, on the said Petition are enclosed herewith for your kind consideration.

Yours Sincerely,

Gaurav Maheshwari
AVP- Regulatory Affairs
Email: iex-ra@iexindia.com

Copy To:

- ✓ The Chief Engineer (RAC), TGSPDCL, Corporate Office, First Floor, 'A' Block, Mint Compound, Hyderabad 500063.
- The Chief Engineer (IPC & RAC), TGNPDCL, H. No. 2-5-31/2, Vidyuth Bhavan, Nakkalagutta, Hanamakonda 506001.



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**IEX Comments on the Petitions of State Distribution Companies of Telangana for
Determination of Additional Surcharge for H2 of FY 2024-25**

The State Distribution Companies of Telangana i.e. TGSPDCL & TGNPDCL (hereinafter referred to as 'Licensees' or 'Petitioners' or 'TSDiscoms') have filed the present Petitions before the Hon'ble Telangana Electricity Regulatory Commission (hereinafter referred to as 'Hon'ble Commission') for determination of Additional Surcharge ('ASC') of Rs. 1.60/ unit for H2 of FY 2024-25. IEX comments in the subject petition are as under.

1. Additional Surcharge may not be applicable on OA Consumer to the extent of contract demand being maintained with the distribution licensees

- 1.1. It is submitted that the Ministry of Power recently issued Electricity (Amendment) Rules, 2024 on 10.01.2024 clarifying that additional surcharge shall not be applicable on the Open Access Consumer to the extent of contract demand being maintained with the distribution licensees. The relevant extract of the Electricity (Amendment) Rules, 2024 is provided below:

*“(3) **Additional Surcharge**– The additional surcharge levied on any Open Access Consumer shall not be more than the per unit fixed cost of power purchase of the distribution licensee concerned:*

Provided that for a person availing General Network Access or Open Access, the additional surcharge shall be linearly reduced from the value in the year in which General Network Access or Open Access was granted so that, if it is continued to be availed by this person, the additional surcharge shall get eliminated within four years from the date of grant of General Network Access or Open Access:

Provided further that the additional surcharge shall not be applicable for Open Access Consumer to the extent of contract demand being maintained with the distribution licensees:

Provided also that the additional surcharge shall be applicable only for the Open Access Consumers who are or have been consumers of the concerned Distribution licensee.”

- 1.2. Therefore, it is understood from the above rules that the Additional Surcharge shall not be applicable on the Open Access Consumer to the extent of contract demand being maintained with the distribution licensees. The Hon'ble Commission is requested to kindly consider the same while finalising the current petition.

2. No rational to adjust LT Cost from demand charges paid by HT Open Access consumers

- 2.1. As per regulation 8 of the Terms and Conditions of Open Access to Intra-State Transmission and Distribution Regulation 2005, wherein, the Hon'ble Commission has allowed open access to consumers with contracted capacity more than 1 MW. Consequently, it can be inferred that no consumer (with CD more than 1 MW) is utilizing the facility of Open Access are connected to LT network.
- 2.2. TSDiscoms in Table (at page 4) of the present methodology for determination of additional surcharge has submitted the demand charges paid by the open access consumers for the power procured through TSDiscoms. Evidently as per the regulations mentioned above open access is allowed only to consumers connected to HT network.

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2.3. TSDiscoms in the present petition while adjusting the demand charges of industrial/ heavy load/ HT consumers for determination of additional surcharge has excluded the demand charges recovery portion of LT network cost. Relevant table of the petition is provided below.

Table : Net Demand Charges recovered by TSDISCOMs from Open Access consumers

(A)	Total Demand Charges Recovered		INR Cr	161.19
(B)=31.48%*(A)	Distribution Cost recovery percentage in demand Charges as per Tariff Order values	31.48%	INR Cr	50.75
(C)=82.8%(B)	Lt Network cost recovery percentage in Distribution cost	82.80%(1-17.20%)	INR Cr	42.02
(D)=(A-C)	Net demand charges (Excluding LT network cost recovery) considered in Additional Surcharge calculations		INR Cr	119.17

2.4. However, since the "Demand charge paid by Open Access consumers" has no component of LT cost, any adjustment towards the same is unjustified.

2.5. Therefore, excluding the demand charges recovery portion of LT network cost from the demand charges paid by the open access consumer seems irrational and unjust as the demand charges being levied is for the usage of HT network only.

2.6. The Hon'ble Commission is requested to adjust the demand charges paid by the open access consumers in total without excluding recovery portion of LT network cost.

3. ISTS & STU Charges may not be considered for computation of ASC

3.1. For the computation of per unit transmission charges, the TSDiscoms have considered Rs. 3197 Cr. as paid during H2 FY 2023-24.

3.2. It cannot be ascertained from the submissions whether the inter-state, intra-state transmission charges and SLDC charges are also included in the transmission charges. Inclusion of ISTS and STU charges while computing Additional Surcharge will lead to excessive recovery of revenue by the TSDiscom and inter-alia result in overburdening of the Open Access consumers.

3.3. We submit here that the Hon'ble CERC in clause 11 (3) of the CERC (Sharing of Inter-State Transmission Charges and Losses) Regulations, 2020 clarify that 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/ TSDiscom in reduction of their ISTS charges. Relevant clause of the Regulation is provided below:

"11. Transmission charges for Short Term Open Access

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(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."

- 3.4. Similarly, the embedded open access consumers are also paying STU charges as part of the fixed charges and additionally STU charges on all open access transactions.
- 3.5. 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.

In addition to the above, the Hon'ble Commission is requested to conduct the required prudence of the fixed costs claimed for H2- FY 24-25 while finalizing the Additional Surcharge to be levied on open access consumers.