



The Federation of Telangana Chambers of Commerce and Industry

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Empowering Industry, Commerce & Trade

Registered under the Companies Act, 1956

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CIN U91110TG1964NPL001030

Suresh Kumar Singhal
President

R.Ravi Kumar
Senior Vice President

K K Maheshwari
Vice President

Comments and Suggestions on the filings made by TGSPDCL and TGNPDCL In the matter of determination of Additional Surcharge to be levied on Open Access consumers for first half (H1) of FY 2025-26

By

**The Federation of Telangana Chambers of Commerce
and Industry**

18.01.2025



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Context

The Southern Power Distribution Company of Telangana Limited (TSSPDCL) and the Northern Power Distribution Company of Telangana Limited (TSNPDCL) (together referred to as “Applicants or TSDISCOMs”) filed petitions for determination of Additional Surcharge (AS) to be levied on Open Access (OA) consumers for H of FY 2025-26 as per the directions of the Commission in its Order dated 18.09.2020 in O.P.No.23 of 2020 in accordance with the provisions of the Electricity Act, 2003 and Tariff Policy, 2016.

‘The Federation of Telangana Chambers of Commerce and Industry (FTCCI)’, formerly known as The Federation of Telangana and Andhra Pradesh Chambers of Commerce and Industry (FTAPCCI), an Association which was started in 1917 as a Chamber of Commerce and currently having its office at the Federation House 11-6-841, Red Hills, FTCCI Marg, Hyderabad 500004, Telangana, India. The main function of the FTCCI is to promote and protect the interests of trade, commerce and industry. FTCCI strongly objects to the proposed levy of Additional Surcharge.

Background

The Hon’ble Commission in Order dated 18.09.2020 in O.P.No.23 of 2020 in the matter of “Mechanism for determination of stranded capacity and framing the terms & conditions for levy of Additional Surcharge on Open Access users to meet the fixed cost of the distribution licensee arising out of its obligation of supply”, has held that –

*“52. TSDISCOMs to submit their filings for determination of AS for the 1st half of the ensuing financial year i.e., for **the period from April to September of the ensuing financial year latest by 30th November of the current financial year** and for the 2nd half of the ensuing financial year i.e., for the period from October to March of the ensuing financial year latest by 31st May of the ensuing financial year.*

a) Mechanism for Demonstration of Stranded Capacity

- i. The 15-minute time-block data of available capacity and scheduled capacity of all generating stations having long term PPAs with TSDISCOMs, and the scheduled capacity of OA consumers of six months period is to be taken.*
- ii. In case of hydel generating stations, the scheduled capacity is to be treated as available capacity in that time block.*

- iii. The lower of the surplus capacity (i.e., available capacity less scheduled capacity) and capacity scheduled by OA consumers is to be considered as stranded capacity for the 15-minute time block.
- iv. Accordingly, the average stranded capacity for six-month period due to open access has to be arrived.

b) Approved Methodology for Computation of Additional Surcharge

Table 1-1: Approved Methodology for Computation of Additional Surcharge

Sl. No.	Description	Unit	Value
{A}	Long term available capacity	MW	
{B}	Capacity stranded due to OA	MW	
{C}	Fixed Charges paid	Rs.crore	
{D}={C}÷{A}	Fixed Charges per MW	Rs.crore/MW	
{E}={D}×{B}	Fixed Charges for stranded capacity	Rs.crore	
{F}	Transmission charges paid	Rs.crore	
{G}	Actual Energy scheduled	MU	
{H}={F}÷{G}	Transmission charges per unit	Rs./kWh	
{I}	Distribution charges as per Tariff Order	Rs./kWh	
{J}={H}+{I}	Total transmission and distribution charges per unit	Rs./kWh	
{K}	Energy consumed by OA consumers from TSDISCOMs	MU	
{L}={K}×{J}	Transmission and distribution charges paid by OA consumers	Rs.crore	
{M}	Demand charges recovered by TSDISCOMs from OA consumers	Rs.crore	
{N}={M}-{L}	Demand charges to be adjusted	Rs.crore	
{O}={E}-{N}	Net stranded charges recoverable	Rs.crore	
{P}	OA sales	MU	
{Q}={O}÷{P}	Additional Surcharge	Rs./kWh	

c) Terms & Conditions for levy of Additional Surcharge on OA Users

- i. The AS determined by the Commission shall be applicable to the consumers of TSDISCOMs who avail power through OA from any source other than their respective TSDISCOMs.
- ii. The AS shall be levied on the quantum of electricity scheduled by such consumers.
- iii. The AS shall not be levied on such OA consumers for their captive consumption to the extent of OA availed for wheeling of power from their own CPPs.
- iv. Exemption from payment of AS for the eligible OA consumers shall be as per the Government policy in force. TSDISCOMs may take up the issue of making good of the revenue loss due to such exemption with the State Government for proper relief.”

Submissions:

- A. At the outset, FTCCI submits that given the rising costs of electricity and green imperatives for the industries under ESG by SEBI as well, Open Access should be facilitated for the industries, which in turn will help the grid as well, because the Industrial consumers have a flatter and mostly a fixed load curve and consumption pattern, which enables better capacity utilization and comparatively low Cost of Service for the Utilities. They also subsidize a lot of consumers for the utilities.

It is pertinent to mention here that all consumers availing open access through a captive generating plant are exempted from any surcharge in terms Clause 39(2)(d)(ii) of the Act. However, the levy of an Additional surcharge further deters industrial consumers from availing Open access.

However, a proposal to levy an additional surcharge as high as Rs. 1.69/kWh is exorbitant and unjust. FTCCI strongly objects to the claim of Additional Surcharge from the Open Access consumers and prays that the same may be rejected in line, with the interest of justice and equity.

- B. Further, FTCCI would like to draw the attention of the Hon`ble Commission towards the impact of additional surcharge in the state.

Additional Surcharge for TSDISCOMs

	Unit	AS H1 2022- 23	AS H2 2022- 23	AS H1 2023-24	AS H2 2023-24	As H1 2024- 25	As H2 2024- 25	As H1 2025- 26
Open access Sales	MU	645.90	370.34	213.29	132.30	354.75	66.06	181.8 0
Claimed by TSDISCOMs	Rs/kWh	4.06	6.81	9.86	3.43	1.95	1.60	1.69
Computed by Commission	Rs/kWh	3.48	1.38	0.39	1.98	1.40	1.09	
Approved by Commission	Rs/kWh	1.15 (33%)	1.38	0.39	1.98	1.40	1.09	

It can be observed in the above table, that there is a decreasing trend in Open Access Sales and an increasing trend in Additional surcharge, which means it's a deterrent to Open Access.

Another trend that can be seen is that each H1, the TSDISCOMs Claim an exorbitant high value of additional surcharge, which can be attributed to many factors such as, wrong computations, wrong numbers, intent etc. Each year, the Hon`ble Commission has reduced the claimed figures of Additional surcharge by more than Rs 0.50/unit. This shows that TSDISCOMs are not following the methodology prescribed by the Hon`ble Commission.

FTCCI urges the Hon`ble Commission that the data shown by TSDISCOMs needs to be verified rigorously, to avoid any loading of the inefficiency of Discom on state Consumers in the form of Additional Surcharge.

- C. FTCCI further submits that as Hon`ble Commission, in Order dated 22.3.2022 during the approval of H1 of FY 2022-23, decided as under:

Quote

“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.

*TGDiscoms 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).”*

Unquote

FTCCI submits that in line with the Hon`ble Commission`s view above, and in line with the Electricity Rules 2022, wherein Section 13 defines 20% capping as follows: *“The surcharge, determined by the State Commission under clause (a) of sub-section (1) of section 86 of the Electricity Act, 2003 shall not exceed twenty percent of the average cost of Supply”,* **there must be a capping on Additional Surcharge to promote open access and protect the interest of all the stakeholders involved.**

- D. FTCCI further submits that as per the **Electricity (Amendment) Rules, 2024, dated 10th January, 2024**, wherein the Central Government further amended the Electricity Rules, 2005. The following clauses have been made with respect to Additional Surcharge.

“(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:

“

Hence, FTCCI, on behalf of all the industries requests the Hon`ble Commission, that in line with the Electricity Amendment Rules, the Hon`ble Commission should cap the additional surcharge to per unit fixed cost.

Further, in view of the Rules, the Ministry of Power recently issued Electricity (Amendment) Rules, 2024 on 10.01.2024, it clarified 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 and that 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.

Hence, The Hon'ble Commission is requested to kindly consider the same while finalising the current petition.

- E. We state that while Section 42(4) permits the DISCOMs to collect the ADDITIONAL SURCHARGE as specified by the SERC to meet its fixed cost arising out of its obligation to supply, but such a claim is not unfettered, BUT IS CIRCUMSCRIBED BY Clause 8.5.4 of Tariff policy, 2016 dated 28.01.2018, which states “ **The additional surcharge (AS) 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 the licensee to supply, in terms of the existing power purchase commitments, has been continuously 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.**”

We submit that the claim of “ AS” is applicable only if:

- The asset with the long term contract (GENERATION STATION) has had to be backed off, continuously, due to a an OA purchase of one or more consumers of the Distributed licensee. The nexus of only reason for the contracted being left stranded and an OA or multiple OA contracted has be, as per CLAUSE 8.5.4, of NTP 2016 is to be conclusively demonstrated in terms of quantum of stranded asset, date and times. That it is continuously stranded has to be demonstrated as per the NTP.
- Thus, the nexus of quantum of contracted asset stranded has to demonstrated for filing any claim.
- WE STATE THAT THE ONUS OF ESTABLISHING RESTS WITH THE DISCOMs.
- We submit, that a consumer with 2500 kVA CMD and 2400 kVA RMD at 60% LF, will not be able to avail any power from Open Access, at MORE THAN Rs 2.76, after paying Minimum MD, CSS AND PROPOSED ADDITIONAL SURCHARGE OF Rs 1.69/kWh.
- We therefore submit that this claim negates any OA option for a consumer, making OA AN ILLUSION as it is ONEROUS NEGATING, NEP dated 12.02.2005. The SECTION 61(c), (g), (i).

F. **Comments on Calculation of Additional Surcharge for H1 of FY 2024-25:**

The Hon'ble Commission had given directives to the discoms in the previous order as under:

TGDISCOMs are directed in their future Additional Surcharge filings -

- a) *to reflect the stranded capacity after netting of short-term purchases, if any, in the corresponding time-block; and*

- b) to reflect the distribution charges for HT network (other than LT network) i.e., 11 kV and 33 kV;
- c) to exclude demand charge recovery portion of LT network from total demand charges recovered from OA consumers while computing the additional surcharge.
- d) henceforth the petitions should be accompanied with the quarterly balance sheets and the computations should be reconciled with the audited accounts

The TSDISCOMs has not provided the audited balance sheets for each quarter for discoms separately, however, **despite the directions of the Commission, when the computation is done based on both the discoms combined expenditures, the TSDISCOMs have not provided any reconciliation of the computations with the Balance Sheets.**

FTCCI would like to Comment on each component of computation done by the TSDISCOMS:

1. LONG TERM AVAILABILITY AND CAPACITY STRANDED DUE TO OPEN ACCESS

The TSDISCOMS has followed the Commission`s directive to net off short-term purchases and sale of surplus power. Further, TSDISCOMs have taken average of the 15-minute time block data day-wise, month-wise and thereafter for 6 months` period. However, as per the approved methodology, intermittent averages are not to be done. However, in-line with the computations of the Commission, they have not considered the average of six months stranded capacity correctly, and FTCCI submits the computations that Stranded Capacity should be 37.63 MW and not 54.83 MW as submitted by Petitioner. **The detailed excels are attached herewith**, which are computed data of petitioners. The Stranded capacity computation is as under:

Stranded Capacity for Six Months (April to Sep 23)

Particular (in MW)	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Average
Available capacity	9439.56	9757.61	8978.32	7817.26	9815.40	10502.12	9385.05
Scheduled Capacity	7902.34	7873.79	7376.06	6501.32	7845.17	8283.45	7630.35
Gross (Deficit)/Surplus	1537.22	1883.83	1602.26	1315.94	1970.23	2218.67	1754.69
Short-Term Purchases Capacity	2047.68	788.58	1581.76	3138.65	3525.31	1798.20	2146.70
(Deficit)/Surplus after netting of Short-Term Purchases	0.00	1095.24	20.50	0.00	0.00	420.48	256.04
OA Scheduled Capacity	89.51	98.17	82.21	90.70	94.84	107.09	93.75
Stranded Capacity	0.00	98.17	20.50	0.00	0.00	107.09	37.63

2. Fixed Charges & Transmission Charges for Stranded Capacity

TSDISCOMs have claimed the fixed charges paid as Rs.6042.34 crore for the period from April'24 to Sep'24 and accordingly, the average fixed charges as Rs.0.64 crore/MW.

FTCCI would like to submit that, on carefully examining the balance sheets of Q1 & Q2 of FY 24-25, **FTCCI observed that the Fixed charges paid are just Rs. 5686.80 Crore.**

Further, TSDISCOMs have claimed the Transmission charges paid as Rs. 2968.94 crore for the period from April'24 to Sep'24. Accordingly, Transmission charges per unit as Rs. 0.71/kWh. Whereas, as per the balance sheets of Q1 & Q2 of FY 24-25, **FTCCI observed that the Transmission charges paid are just Rs. 2943.24 Crore.**

23 - POWER PURCHASE COST

Particulars	Q2 of 2024-25	Q1 of 2024-25	Q2 of 2023-24	2023-24
Purchase of Power - Fixed Cost	1,796.58	2,215.52	2,124.17	8,996.33
Purchase of Power - Variable Cost	6,032.50	5,549.08	4,980.39	24,553.52
Transmission Charges	1,021.02	1,042.96	1,112.33	4,244.26
Other Power Purchase Costs	8.79	7.75	32.62	95.99
Total	8,858.89	8,815.31	8,249.51	37,890.10

Note: 25 -POWER PURCHASE COST

(Rs in Crore)

Particulars	Quarter ended 30 Sept, 2024	Quarter ended 30 June, 2024	Year ended 31st March, 2024
Fixed component	749.92	924.78	4,414.39
Variable component	1,848.02	2,304.94	9,929.36
Transmission & SLDC charges (STU&CTU)	433.09	446.17	1,139.98
Total	3,031.03	3,675.89	15,483.73

As per Note 23 & 25 of the Financial Accounts of TS Discoms, the Power Purchase Costs for H1 are as under:

(Rs. Crore)	TGSD		TGND		TS Discoms
	Q1	Q2	Q1	Q2	Total
Note 23 of TS & Note 25 of TN					
Fixed Cost	2215.52	1796.58	924.78	749.92	5686.80
Variable	5549.08	6032.5	2304.94	1848.02	15734.54
Transmission	1042.96	1021.02	446.17	433.09	2943.24
other	7.75	8.79			16.54
Total Power Purchase Cost	8815.31	8858.89	3675.89	3031.03	24381.12

Accordingly, as per the financial accounts, FTCCI submits that the fixed charges paid as Rs.5686.80 crore for the period from April'24 to Sep'24. Average fixed charges as Rs.0.61 crore/MW and Transmission charges to be Rs. 0.70/kWh.

3. DISTRIBUTION CHARGES

TSDISCOMs have provided the computation of the Distribution cost as under:

Table 4-2: Distribution Charges considered (TSDiscoms)		
Half (½) of the Distribution cost as per fourth MYT Distribution Tariff Order dt 28.10.2024 by considering ARR less NTI.	(a)	3923.06
Actual scheduled capacity for H2 FY 2023-24	(b)	41784.38
Total Distribution charges as per Tariff Order	(c)=a/b	0.939
Distribution charges other than LT (i.e., 11 kV and 33 kV) as per MYT Distribution Tariff Order read with its amendment order	(d)	1599.68
Percentage of other than LT distribution cost (i.e., for 11 kV and 33 kV) in total distribution cost as per MYT Distribution Tariff Order	(e)=(½xd)/a	20.39%
Distribution charges as per Tariff Order considered by Commission for Additional Surcharge calculation	(f)=e*c	0.19

FTCCI submits that the TGDICOMs have considered the Distribution Charges other than LT as 1599.68 crore, same as approved by the Commission is Order of As for H1 of FY2024-25, however, the Distribution Charges and % for 11 kV & 33 KV ought to change for FY 2025-26, atleast in proportion to the Distribution cost as per MYT. Accordingly. FTCCI has calculated as under:

Half (½) of the Distribution cost as per fourth MYT Distribution Tariff Order dt 28.10.2024 by considering ARR less NTI.	(a)	INR Cr	3923.06
Actual scheduled capacity for H1 FY 2024-25	(b)	MU	41784.38
Total Distribution charges as per Tariff Order	(c)=a/b	Rs/kWh	0.939
Distribution charges other than LT (i.e., 11 kV and 33 kV) as per MYT Distribution Tariff Order read with its amendment order	(d)	INR Cr	1349.66 (reduced in proportion to a)
Percentage of other than LT distribution cost (i.e., for 11 kV and 33 kV) in total distribution cost as per MYT Distribution Tariff Order	(e)=(½xd)/a	%	17.20%
Distribution charges as per Tariff Order considered by Commission for Additional Surcharge calculation	(f)=e*c	Rs/kWh	0.16

4. Overall Computation of Additional Charges for H1

FTCCI submits that the overall additional surcharge ought to be much lower than the computations submitted by the TGDISCOMs. FTCCI submits the computation as under:

Additional Surcharge		Unit	Claimed by Petitioners	Calculations by FTCCI	Remarks
			For FY25-26 H1 Considering Actual Data of Apr'24 to Sep'24		
{A}	Long term available capacity	MW	9,380.87	9,385.05	Computations done as per Hon`ble Commission`s methodology.
{B}	Capacity stranded due to open access	MW	54.83	37.63	
{C}	Fixed Charges paid	Rs. crore	6,042.34	5,686.80	As per Balance Sheet (Q1& Q2 of TS Discoms)
$\{D\}=\{C\}\div\{A\}$	Fixed Charges per MW	Rs. crore/MW	0.64	0.61	
$\{E\}=\{D\}\times\{B\}$	Fixed Charges for stranded capacity	Rs. crore	35.32	22.80	
{F}	Transmission charges paid	Rs. crore	2,968.94	2,943.24	
{G}	Actual Energy scheduled	MU	41,784.38	41,784.38	
$\{H\}=\{F\}\div\{G\}$	Transmission charges per unit	Rs./kWh	0.71	0.70	
I	Distribution charges as per Tariff Order	Rs./kWh	0.19	0.16	Computations done as per Hon`ble Commission`s methodology.
$\{J\}=\{H\}+\{I\}$	Total transmission and distribution charges per unit	Rs./kWh	0.90	0.87	
{K}	Energy consumed by open access consumers from the DISCOMs	MU	1,196.31	1,196.31	
$\{L\}=\{K\}\times\{J\}$	Transmission and distribution charges to payable by open access consumers	Rs. crore	107.90	103.59	
{M}	Demand charges recovered by the DISCOM from open access consumers	Rs. crore	112.55	111.05	
$\{N\}=\{M\}-\{L\}$	Demand charges to be adjusted	Rs. crore	4.65	7.46	
$\{O\}=\{E\}-\{N\}$	Net stranded charges recoverable	Rs. crore	30.67	15.34	
{P}	Open access sales	MU	181.80	181.80	
$\{Q\}=\{O\}\div\{P\}$	Additional Surcharge computed	Rs./kWh	1.69	0.84	

The additional surcharge for H1 of FY 2025-26 works out to be Rs. 0.84/kWh, much lower than what TSDISCOMs have submitted.

Hence, FTCCI submits, that based on the Audited Figures provided for Q1 & Q2, considering the actual Fixed Costs and Transmission Costs paid by the TSDICOMs, and considering all other parameters same, even though, necessary prudence is required in the computation of the same.

Hence, FTCCI, on behalf of all the industries requests the Hon`ble Commission, that in line with the Electricity Amendment Rules 2024, the Hon`ble Commission should cap the additional surcharge to per unit fixed cost.

PRAYERS

- FTCCI most respectfully prays that the Hon`ble Commission:
- Consider the above Objection Statement filed by FTCCI;
- May Conduct a Prudence check over the Fixed Charges Paid and Demand Charges recoveries from Open Access Consumers;
- May direct the Discoms to provide a reconciliation with the audited accounts and the Fixed cost component of power purchase and the Transmission Charges may be accordingly allowed subject to prudence check;
- 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;
- Consider the methodology/approach/computation to work out the Additional Surcharge, if any, attributable to the open-access consumers as submitted by FTCCI;
- May approve Additional Surcharge as computed by FTCCI;
- May cap the additional surcharge to either per unit fixed cost, in line with the Electricity (amendment) Rules 2024.
- Pass necessary orders as may be deemed appropriate in the facts and circumstances of the case in the interest of competition, as has been enshrined in the Electricity Act;

For The Federation of Telangana Chambers of Commerce and Industry (FTCCI),

**Place: Hyderabad
Date: 18.01.2025**



T Sujatha
Sr. Director, FTCCI