



No. IEX/RA/027/22-23

31st July 2023

To,

The Secretary,
Telangana State 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 2023-24

Dear Sir,

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

Our comments in this regard are enclosed herewith for your kind consideration.

Yours Sincerely,

Jogendra Behera
CRO & VP (Regulatory & Market Economics)
Email: iex-ra@iexindia.com

Copy To:

1. The Chief General Manager (RAC), TSSPDCL, Corporate Office, First Floor, Mint Compound, Hyderabad 500063.
2. The Chief General Manager (IPC & RAC), TSNPDCL, H. No. 2-5-31/2, Vidyuth Bhavan, Nakkalagutta, Hanamakonda 506001.

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1. 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. 3.43/ unit for H1 of FY 2023-24. 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.

2. ASC computation Methodology- Need to align with previous Additional Surcharge Order of the Hon'ble Commission dated 20.03.2023

2.1. In the present Petitions, the Discoms have aligned the computations of their claim with the directives issued by the Hon'ble Commission vide Order dated 20.03.2023 that:

- “
- a) to reflect the stranded capacity after netting off short-term purchases, if any, in the corresponding time-block; and
 - b) to reflect the distribution charges for only HT network (i.e., other than LT network) viz., 11 kV and 33 kV;
- ”

2.2. However, in the computations, the Petitioners have not considered to reduce the **“Demand charges collected by the TSDISCOMs from open access consumers”** from the **“Transmission and distribution charges payable by open access consumers”** while arriving at the **“Transmission charges to be paid by the Open Access consumers”**. As a result, the amount already paid by the consumers as demand charges are not being adjusted in the computations. This approach contravenes the approach and methodology adopted by the Hon'ble Commission in the past orders.

2.3. The Hon'ble Commission in the past Additional Surcharge orders vide O. P. No. 23 of 2020 dated 18.09.2020 has defined the methodology for computation of Additional Surcharge and further vide O.P.No.48 of 2021, O.P.No.49 of 2021, O.P.No.50 of 2021, O.P.No.51 of 2021 dated 24.12.2021, O. P. No. 61 of 2021, O. P. No. 62 of 2021 dated 22.03.2022, O.P.No.55 of 2022, O.P.No.56 of 2022 dated 27.09.2022 and O.P.No.75 of 2022, O.P.No.75 of 2022 dated 20.03.2023 has considered the reduction of demand charges paid by the Open Access Consumer to the Distribution Licensee for the energy consumed from the Discom.

2.4. The change in methodology proposed by the Petitioners is not aligned with the methodology already approved by the Hon'ble Commission. Since, the embedded open access consumers are already paying demand charges, the effect of same ought to be included in the computations else it will lead to additional financial burden on the OA Consumers.

2.5. In view of the above, the Hon'ble Commission is requested to consider the demand charge paid by the Open Access Consumer to the Distribution while computing Additional Surcharge.

3. Details of Fixed Charges of Power Purchase

3.1. The Discoms in the present submission has considered Rs. 6574.36 Crore as the fixed charges for H2 of FY 2022-23 for computation of Additional Surcharge. Further, the Discoms have only provided the generator wise breakup of fixed charges with no clarity on consideration of any supplementary charges or late payment surcharge or discount availed by the Discom on payment to Generators.

3.2. The Hon'ble Commission is requested to conduct a prudence check on the fixed cost submitted by the Discoms and also direct the Discoms to submit the detailed break up of generator wise fixed cost considered for computation of Additional Surcharge.

4. ISTS & STU Charges should not be considered for computation of Additional Surcharge

4.1. The Discoms for the computation of per unit transmission charges, considered the inter-state, intra-state transmission charges and SLDC charges. It is submitted that the inclusion of STU and ISTS charges while computing Additional Surcharge will lead to higher levy of ASC on the consumers.

4.2. 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/ Discom 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.”

4.3. 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.

4.4. 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

**IEX Comments on the Petitions of State Distribution Companies of Telangana for
Determination of Additional Surcharge for H2 of FY 2023-24**

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 H1- FY 23-24 while finalizing the Additional Surcharge to be levied on open access consumers.