



TELANGANA STATE ELECTRICITY REGULATORY COMMISSION
5th Floor, Singareni Bhavan, Red Hills, Lakdi-ka-pul, Hyderabad 500 004
PUBLIC NOTICE

In the matter of afresh determination of Cross Subsidy Surcharge for FY 2015-16 as per the directions of the Hon'ble Supreme Court in its order dated 07.11.2023 in Civil Appeal Nos.7517-7536, 7545-7552 and 7553-7560 of 2023 (SLP No.14047-14066 of 2019).

O.P.Nos.076 & 077 of 2015

Background:

1. Southern Power Distribution Company of Telangana Limited (TSSPDCL) and Northern Power Distribution Company of Telangana Limited (TSNPDCL) (hereinafter combinedly referred as licensees) have filed separate petitions viz., O.P.No.076 of 2015 by TSSPDCL and O.P.No.077 of 2015 by TSNPDCL, under Section 64 of the Electricity Act, 2003 before the Commission on 07.02.2015 for determination of Cross Subsidy Surcharge (CSS) along with ARR and Tariff proposals for FY 2015-16.

2. The Commission in two (2) separate orders dated 27.03.2015 read with its amendments has specified the CSS applicable to different categories of consumers availing open access in Transmission and Distribution system at different voltages during FY 2015-16 besides approving the ARR and Retail Supply Tariffs for FY 2015-16. The details of CSS as claimed by the licensees and approved by the Commission is as given below:

Particulars	Average Realization	Marginal PP	Wheeling Charges	Applicable Loss	CSS
	Rs./kWh	Rs./kWh	Rs./kWh	%	Rs/kWh
As claimed by the Licensees in their petitions					
<u>TSSPDCL</u>					
HT Category at 11 kV					
HT-I Indl. Segregated	8.12	5.80	0.36	12.46%	1.13
HT-II Industrial Non-Segregated	10.01	5.80	0.36	12.46%	3.02
HT-III Airport, Bus and Railway Station	12.15	5.80	0.36	12.46%	5.15
HT Category at 33 kV					
HT-I Indl. Segregated	6.72	5.80	0.12	7.85%	0.30
HT-II Industrial Non-Segregated	8.77	5.80	0.12	7.85%	2.35
HT Category at 132 kV					
HT-I Indl. Segregated	6.26	5.80	0.11	4.02%	0.11
HT-II Industrial Non-Segregated	8.89	5.80	0.11	4.02%	2.73
HT-V Railway Traction	6.94	5.80	0.11	4.02%	0.79
<u>TSNPDCL</u>					
HT Category at 11 kV					
HT-I Indl. Segregated	8.14	5.85	0.44	11.78%	1.06
HT-II Industrial Non-Segregated	9.28	5.85	0.44	11.78%	2.21

Particulars	Average Realization	Marginal PP	Wheeling Charges	Applicable Loss	CSS
	Rs./kWh	Rs./kWh	Rs./kWh	%	Rs/kWh
HT-III Airport, Bus and Railway Station	8.63	5.85	0.44	11.78%	1.56
HT Category at 33 kV					
HT-I Indl. Segregated	6.66	5.85	0.13	7.86%	0.18
HT-II Industrial Non Segregated	10.56	5.85	0.13	7.86%	4.08
HT Category at 132 kV					
HT-I Indl. Segregated	6.25	5.85	0.11	4.02%	0.05
HT-II Industrial Non-Segregated	10.56	5.85	0.11	4.02%	4.36
HT-V Railway Traction	6.75	5.85	0.11	4.02%	0.55
As approved/determined by the Commission in its order dated 27.03.2015					
Particulars	Sales	Revenue	Average Revenue Realization	Grossed up Average PP cost + Wheeling	CSS
	MU	Rs. crore	Rs./kWh	Rs./kWh	Rs/kWh
TSSPDCL					
HT Category at 11 kV					
HT-I Indl. Segregated	3036.43	2452.33	8.08	6.01	2.07
HT-II Industrial Non-Segregated	1233.61	1231.98	9.99	6.01	3.98
HT-III Airport, Bus and Railway Station	4.81	5.84	12.15	6.01	3.32*
HT Category at 33 kV					
HT-I Indl. Segregated	5071.48	3449.57	6.80	5.51	1.29
HT-II Industrial Non-Segregated	599.35	522.96	8.73	5.51	3.22
HT Category at 132 kV					
HT-I Indl. Segregated	2160.55	1362.85	6.31	5.38	0.93
HT-II Industrial Non-Segregated	72.63	64.64	8.90	5.38	2.98*
HT-III Airport, Bus and Railway Station	63.95	44.07	6.89	5.38	1.51
HT-V Railway Traction	200.42	136.29	6.80	5.38	1.42
TSNPDCL					
HT Category at 11 kV					
HT-I Indl. Segregated	564.24	455.80	8.08	6.07	2.00
HT-II Industrial Non-Segregated	100.40	92.55	9.22	6.07	3.14
HT-III Airport, Bus and Railway Station	8.63	7.45	8.63	6.07	2.55
HT Category at 33 kV					
HT-I Indl. Segregated	173.49	122.33	7.05	5.51	1.54
HT-II Industrial Non-Segregated	9.74	10.22	10.48	5.51	3.04*
HT Category at 132 kV					
HT-I Indl. Segregated	585.96	363.82	6.21	5.38	0.83
HT-II Industrial Non-Segregated	1.74	2.05	11.83	5.38	2.90*
HT-III Airport, Bus and Railway Station	0.00	0.00	-	5.38	-
HT-V Railway Traction	470.83	320.16	6.80	5.38	1.42

* The surcharge rates calculated found to be abnormally high as the volume of energy consumption for this sub-sector is very low as compared to the cost of service. The commission decided to normalize the Cross-Subsidy rates comparing with those of HT-II Others (which have highest Tariff)

Cross Subsidy Surcharge rates determined in the above-said order dated 27.03.2015 are:

- Subject to the final Judgment of the Hon'ble Supreme Court of India in Civil Appeal No.4936-4941 of 2007.
- Effective from 1st May, 2015 to 31st March, 2016.
- Applicable to different categories of consumers availing open access, except to those consumers who are availing solar power through open access from Solar Generators

located within the State of Telangana, to whom the Cross Subsidy Surcharge is exempted, at different voltages in the area of supply of the respective licensees.

3. The said CSS order of the Commission was challenged before the Hon'ble High Court of Telangana and the Hon'ble High Court in its order dated 29.10.2018 has allowed the Writ Petitions. The relevant portion of the judgment is reproduced hereunder:

“the writ Petitions are allowed and the order dt.27-03-2015 of the Commission in so far as fixation of the cross-subsidy surcharge for HT-I Industry General category for 33 kV supply is declared as contrary to the law, arbitrary, unsustainable and is accordingly set aside; and the cross-subsidy surcharge for HT-1 Industry General category for 33 kV supply is declared as Rs.0.30 per kWh as was sought by the Discom for the financial year 2015-16.

Consequently, the demands raised by the Discom on the petitioners on the basis of the order dt.27-03-2015 passed by the Commission are declared illegal and are also set aside”

4. Aggrieved by the order of the learned Single Judge, the Commission along with licensees have preferred appeals before the Division Bench of the Hon'ble High Court. The Division Bench of the Hon'ble High Court rejected the Writ Appeals viz., W.A.No.1672, 1683 of 2018, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 47, 48, 49, 50, 51, 52, 53, 54 of 2019 (W.A.No.262-269 of 2019) and (W.A.No.124-127, 129-132 of 2019) by order dated 11.03.2019.

5. Aggrieved by the order of the Division Bench of the Hon'ble High Court, the licensees have preferred an appeal before the Hon'ble Supreme Court in Civil Appeal Nos.7517-7536, 7545-7552 and 7553-7560 of 2023 (SLP No.14047-14066 of 2019). The Hon'ble Supreme Court disposed of the Civil Appeals by order dated 07.11.2023 and the relevant paragraphs of it are extracted below:

“5. Having considered the aforesaid facts and also the findings of the learned Single Judge that no opportunity had been given and no public notice had been issued while increasing the CSS, we find that the view taken by the learned Single Judge as affirmed by the Division Bench is not correct. The High Court should not have taken upon itself to determine the tariff of CSS, rather it should have been left to the expert body which is the Commission. Further, there was a remedy of appeal available to the respondents to challenge the order of the Commission, if so aggrieved, on admissible grounds.

6. Accordingly, we allow these appeals, set aside the impugned order(s) passed by the High Court as also the Commission and remit the matters back to the Regulatory Commission to decide the issue of CSS afresh after following due procedure prescribed under law and affording due opportunities to the parties concerned.

7. As the matter relates to the year 2015, we direct the Commission to take a fresh decision, as directed above, within a period of three months from the date of a certified copy being filed before it by either of the parties.

8. It goes without saying that the parties shall extend full cooperation in the hearing of the matters.

9. *It is made clear that any observation made in the impugned order(s) by the High Court would not come in the way of the Commission in taking a fresh decision.*
10. *With the above observations, the appeals are allowed."*

6. Either of the parties have not filed the certified copy before the Commission. However, the Assistant Registrar, Hon'ble High Court for the State of Telangana, vide letter No.T&P.S.C. Communication No.776/2023 dated 30.12.2023 (received on 09.01.2024) has communicated a copy of the Order dated 07.11.2023 passed by the Hon'ble Supreme Court of India in Civil Appeal Nos.7517-7536, 7545-7552 and 7553-5760 of 2023 for information and necessary action. As such, and as per the directions of the Hon'ble Supreme Court in the above said order dated 07.11.2023 the Commission has decided to take up the matter afresh in the matter of determination of Cross Subsidy Surcharge for FY 2015-16 duly following the procedure prescribed under law i.e., as per the provisions of the Electricity Act 2003, Tariff Policy 2006 [applicable during the period of FY 2015-16] and affording due opportunities to the parties concerned.

Statutory Provisions

7. Sections 39(2)(d)(ii), 40(c)(ii) and 42(2) of the Electricity Act, 2003 provide for payment of a surcharge by the consumer when a consumer avails of power under open access. Further, Section 42(2) of the Electricity Act, 2003 provides that the surcharge shall be determined by the State Commission and such surcharge shall be utilized to meet the requirements of current level of cross subsidy within the area of supply of the distribution licensee.

Tariff Policy - Methodology

8. The methodology, for determining the Cross Subsidy Surcharge, prescribed by the Tariff Policy, 2006 [applicable during the period of FY 2015-16] is as indicated below.

9. As per the Tariff Policy notified by MoP on 6th January 2006, SERCs may compute the cost of supply to the consumers of the applicable class as aggregate of (a) the weighted average of power purchase costs (inclusive of fixed and variable charges) of top 5% power sources at the margin, excluding liquid fuel based generation, in the merit order approved by the SERC adjusted for average loss compensation of the relevant voltage level and; (b) the distribution charges determined on the principles as laid down for intra-state transmission charges.

Cross Subsidy Surcharge formula:

10. The formula prescribed by Tariff Policy dated 6th January 2006 for computation of Cross Subsidy Surcharge is as given below:

$$S = T - [C (1+L / 100) + D]$$

Where,

S is the surcharge;

T is the Tariff payable by the relevant category of consumers;

C is the Weighted average cost of power purchase of top 5% at the margin excluding liquid fuel based generation and renewable power;

L is the system Losses for the applicable voltage level, expressed as a percentage;

D is the wheeling charge;

The proposals of the Commission

11. Based on the filings of the licensees in O.P.Nos.076 & 077 of 2015, the Commission has now proposed the CSS considering the same formula as adopted by the licensees in their filings viz., as specified in Tariff Policy, 2006 [applicable during the period FY 2015-16] to different categories of consumers availing open access in Transmission and Distribution system at different voltages during FY 2015-16 as shown below:

Particulars	Tariff payable by the relevant category of consumer i.e., Average Revenue Realization	Weighted average cost of power purchase of top 5% at the margin	System Losses for the applicable voltage level	Wheeling Charge	CSS in Rs./kWh
	(T)	(C)	(L)	(D)	(S)=T-[C(1+L/100)+D]
<u>TSSPDCL</u>					
HT Category at 11 kV					
HT-I(A) Industry - General	8.0763	5.0578	12.46	0.2295	2.16
HT-II Others	9.9868	5.0578	12.46	0.2295	4.07
HT-III Airport, Bus Stations and Railway Stations	12.1496	5.0578	12.46	0.2295	6.23
HT Category at 33 kV					
HT-I(A) Industry General	6.8019	5.0578	7.85	0.0207	1.33
HT-II Others	8.7255	5.0578	7.85	0.0207	3.25
HT Category at 132 kV and above					
HT-I(A) Industry - General	6.3079	5.0578	4.02	0.1065	0.94
HT-II Others	8.9005	5.0578	4.02	0.1065	3.53
HT-III Airport, Bus Stations and Railway Stations	6.8909	5.0578	4.02	0.1065	1.52
HT-V Railway Traction	6.8000	5.0578	4.02	0.1065	1.43
<u>TSNPDCL</u>					
HT Category at 11 kV					
HT-I(A) Industry - General	8.0763	5.0578	11.78	0.3419	2.08
HT-II Others	9.2185	5.0578	11.78	0.3419	3.22
HT-III Airport, Bus Stations and Railway Stations	8.6281	5.0578	11.78	0.3419	2.63
HT Category at 33 kV					
HT-I(A) Industry - General	7.0510	5.0578	7.86	0.0181	1.58
HT-II Others	10.4838	5.0578	7.86	0.0181	5.01
HT Category at 132 kV and above					
HT-I(A) Industry - General	6.2089	5.0578	4.02	0.1065	0.84
HT-II Others	11.8289	5.0578	4.02	0.1065	6.46
HT-V Railway Traction	6.8000	5.0578	4.02	0.1065	1.43

The Cross Subsidy Surcharge rates for FY 2015-16 proposed above are:

- a) Effective from 1st April, 2015 to 31st March, 2016.
- b) Applicable to different categories of consumers availing open access, except to those consumers who are availing solar power through open access from Solar Generators located within the State of Telangana, to whom the Cross Subsidy Surcharge is exempted, at different voltages in the area of supply of the respective licensees.

12. The calculations in arriving at the above rates of Cross Subsidy Surcharge are shown in Annexures 1 to 4.

Public Consultation Process

13. The Commission invites objections/suggestions, if any, on the above proposals, together with supporting material to be sent to the Commission Secretary/ TSERC in person or through Registered Post so as to reach on or before 15.02.2024 by 5 pm. The objections/suggestions should be duly signed and should carry full name, postal address, email id and contact number of the person(s) sending the objections/suggestions. If the objections/suggestions are filed on behalf of any organization or any category of consumers, it should be clearly mentioned. If the objector also wants to be heard in person it may also be specifically mentioned. The objection/suggestion should accompany the following statement.

Name & full address of the Objector along with e-mail id and contact number	Brief details of Objection(s)/ Suggestion(s)	Whether Objector wants to be heard in person (Yes/No)

14. This Public Notice as well as all the relevant documents and calculations sheets are uploaded in the website of TSERC viz., www.tserc.gov.in.

15. Telangana State Electricity Regulatory Commission intends to conduct a Public Hearing in this matter in the Court Hall of TSERC on 22.02.2024 (Thursday) from 11:00 hrs onwards. The stakeholders desiring to be heard in person shall inform to the Commission Secretary, TSERC before the date of Public Hearing.

Enclosures: Annexures 1 to 4

Place: Hyderabad

Date: 24.01.2024

**Commission Secretary
TSERC**

Annexure-1
CATEGORY WISE AVERAGE REVENUE REALIZATION (T)
(Tariff payable by relevant category of consumers)

Particulars	Sales (MU)		Revenue (Rs. Cr.)		Average Revenue Realization (Rs./kWh)	
	TSNPDCL	TSSPDCL	TSNPDCL	TSSPDCL	TSNPDCL	TSSPDCL
HT-I(A) Industry - General	564.24	3036.43	455.80	2452.33	8.0763	8.0763
HT-II Others	100.40	1233.61	92.55	1231.98	9.2185	9.9868
HT-III Airports, Bus Stations and Railway Stations	8.63	4.81	7.45	5.84	8.6281	12.1496
HT-I(A) Industry - General	173.49	5071.48	122.33	3449.57	7.0510	6.8019
HT-II Others	9.74	599.35	10.22	522.96	10.4838	8.7255
HT-I(A) Industry - General	585.96	2160.55	363.82	1362.85	6.2089	6.3079
HT-II Others	1.74	72.63	2.05	64.64	11.8289	8.9005
HT-III Airports, Bus Stations and Railway Stations.	-	63.95	0.00	44.07	-	6.8909
HT-V Railway Traction	470.83	200.42	320.16	136.29	6.8000	6.8000

Note: Category-wise Sales and Revenue have been considered as approved in Retail Supply Tariff Order for FY 2015-16

ANNEXURE – 2
WEIGHTED AVERAGE COST OF POWER PURCHASE OF TOP 5% AT THE MARGIN
EXCLUDING LIQUID FUEL BASED GENERATION AND RENEWABLE POWER (C)

Station	Avg. Cost	Total Despatch	TSNPDCL	TSSPDCL	TSNPDCL	TSSPDCL
	Rs./kWh	MU	MU	MU	PP Cost	PP Cost
					Rs. Cr	Rs. Cr
Total Hydro	1.85	4037.64	1189.08	2848.55	219.62	526.12
NPC-MAPS	2.14	132.13	38.91	93.21	8.31	19.92
Talcher Stage 2	2.21	1371.46	403.90	967.57	89.09	213.43
Stage-II	2.81	618.86	182.25	436.60	51.16	122.57
Stage-I	2.85	322.88	95.09	227.79	27.14	65.02
KTPS D	2.99	1766.97	520.37	1246.60	155.52	372.55
NPC-Kaiga unit I	3.03	419.45	123.53	295.92	37.38	89.55
NTPC (SR)	3.04	2183.36	643.00	1540.36	195.40	468.09
BSES	3.14	250.65	73.82	176.84	23.21	55.59
NPC-Kaiga unit II	3.17	444.79	130.99	313.80	41.55	99.54
APGPCL II - AllocatedCapacity	3.26	72.55	21.36	51.18	6.96	16.67
Vallur Thermal PowerPlant	3.32	612.33	180.33	432.00	59.81	143.28
RTS B	3.53	219.38	64.61	154.77	22.78	54.58
NTPC (SR) Stage III	3.54	559.33	164.72	394.61	58.30	139.67
Kakatiya Thermal Power Plant Stage II	3.56	2269.33	668.32	1601.02	237.90	569.92
Thermal Power	3.59	1990.99	586.35	1404.64	210.40	504.03
NTPCSimhadri Stage I	3.63	3718.97	1095.24	2623.74	397.16	951.43
KTPS C	3.63	832.85	245.27	587.58	88.98	213.16
KTPS A	3.64	824.03	242.68	581.35	88.26	211.42
Kondapalli (Gas)	3.65	536.17	157.90	378.27	57.70	138.22
KTPS B	3.67	788.78	232.30	556.48	85.36	204.50
APGPCL I - AllocatedCapacity	3.79	19.34	5.70	13.64	2.16	5.17
KSK Mahanadi (MT)	3.88	1570.60	462.54	1108.06	179.61	430.27
VTPS I	3.98	1053.25	310.18	743.07	123.57	296.02
Kakatiya Thermal Power Plant Stage I	3.99	1910.01	562.50	1347.51	224.59	538.03
VTPS II	4.00	1039.77	306.21	733.56	122.33	293.06
Spectrum	4.04	499.18	147.01	352.17	59.38	142.26
Hinduja	4.04	3652.74	1075.73	2577.01	434.68	1041.32
VTPS III	4.10	928.14	273.34	654.80	112.13	268.61
VTPS IV	4.32	1938.65	570.93	1367.72	246.55	590.64
NTPCSimhadri Stage II	4.32	1656.25	487.77	1168.48	210.90	505.23
Tuticorn	4.74	841.31	247.77	593.54	117.43	281.32
KTPS Stage VI	4.75	1565.10	460.92	1104.18	219.03	524.72
RTPP Stage-II	4.76	324.20	95.48	228.72	45.46	108.90
GVK	4.85	126.86	37.36	89.50	18.11	43.39
DamodaramSanjeevaiah Thermal power plant – I	5.06	2824.91	831.93	1992.97	420.78	1008.00
DamodaramSanjeevaiah Thermal power plant – II	5.06	2824.91	178.68	2646.22	90.38	1338.41
Total		46748.11	13114.07	33634.04	4789.10	12594.61
5% top Margin Purchase Required		2337.41	655.70	1681.70	331.64	850.57
Attributable price per Unit for 5% Top Margin Purchases as per NTP					5.0578	5.0578

Note: Power purchase cost is considered as approved in RST order for FY 2015-16.

Annexure-3
SYSTEM LOSSES FOR THE APPLICABLE VOLTAGE LEVEL IN % (L)

Voltage level	TSSPDCL	TSNPDCL
132 kV and above	4.02	4.02
Upto 33 kV	7.85	7.86
Upto 11kV	12.46	11.78

Note: System losses up to each voltage level is calculated based on the wheeling losses and transmission losses approved in Wheeling MYT order for 3rd control period, dated 27.03.2015 and Transmission Tariff Order for 3rd control period, dated 09.05.2014

Annexure-4
WHEELING CHARGES (D)

Table 1
Wheeling Charges

Voltage	TSNPDCL	TSSPDCL
	Rs./kW/month	
132 kV and above	76.66	76.66
	Rs./kVA/month	
33 kV	13.74	15.71
	Rs./kVA/month	
11 kV	259.09	173.97

Table 2
Wheeling Charge

Voltage	TSNPDCL	TSSPDCL
	Rs./kWh	
132 kV and above	0.11	0.11
	Rs./kWh	
33 kV	0.02	0.02
	Rs./kWh	
11 kV	0.34	0.23

Note: Wheeling charges and transmission charges are considered as approved in Wheeling MYT order for 3rd control period, dated 27.03.2015 and Transmission Tariff Order for 3rd control period, dated 09.05.2014.