



Northern Power Distribution Company of Telangana Limited

(A Govt. of Telangana undertaking)

Corporate Identity Number : U40109TG2000SGC034119

Registered Office & Corporate Office, Vidyuth Bhavan

H.No. 2-5-31/2, Nakkalagutta, Hanamkonda, Dist: Warangal Urban-506 001, Telangana, India.

Ph : 0870-2461501, Fax : 0870-2461519, website : www.tsnpdcl.in


**CERTIFIED COPY OF THE RESOLUTION APPROVED BY BOARD OF
DIRECTORS OF NORTHERN POWER DISTRIBUTION COMPANY OF
TELANGANA LIMITED ON 20, JULY, 2023.**

Sub: TSNPDCL- Authorization to Sri.D.Nageshwara Sarma, OSD/
Commercial TSPCC for appearing and conducting on behalf of
TSNPDCL in respect of the common issues related to TSDISCOMs
before the Hon'ble TSERC authorization req-Reg.

RESOLVED THAT the Board hereby authorize Sri.D.Nageshwara Sarma.
OSD/Commercial/TSPCC as the authorized person for appearing and conducting
on behalf of TSNPDCL in respect of the common issues related to TSDISCOMs
before the Hon'ble TSERC.

//Certified Copy//

For Northern Power Distribution Company of Telangana Limited


Company Secretary (Gr-II)
TSNPDCL, Warangal.

To
The Chief General Manager (IPC & RAC)/TSNPDCL, Warangal.
Sri.D.Nageshwara Sarma, OSD/Commercial/TSPCC.

U.O.Note.No.CS(GR-II)/TSNPDCL/F.NO.233/D.NO,419/23,Dt: 21.07.2023



**SOUTHERN
POWER**
DISTRIBUTION COMPANY OF T.S. LTD.
Powering up your lives

SOUTHERN POWER DISTRIBUTION COMPANY OF TELANGANA LIMITED
(A Govt. of Telangana Undertaking)
(Formerly Central Power Distribution Company of Andhra Pradesh Ltd)
Corporate office: 6-1-50, Mint Compound, Hyderabad 500063, Telangana State, India
CIN U40109TG2000SGC034116, Website: www.tssouthernpower.com

EXTRACT OF THE MINUTES OF THE 165TH MEETING OF THE BOARD OF DIRECTORS OF THE COMPANY HELD ON MONDAY, THE 6TH DAY OF SEPTEMBER, 2021 COMMENCED AT 05:00 P.M AT CORPORATE OFFICE, 6-1-50, MINT COMPOUND, HYDERABAD- 500063, TELANGANA STATE

16. CONSIDERATION AND RATIFICATION OF THE AUTHORIZATION OF SRI NAGESWARA SARMA, OSD/COMMERCIAL/TSPCC FOR APPEARING AND CONDUCTING ON BEHALF OF TSSPDCL IN RESPECT OF THE COMMON ISSUES RELATED TO TS DISCOMS BEFORE HON'BLE TSERC.

The Board after detailed discussions passed the following resolution:

"RESOLVED THAT Sri Nageswara Sarma, OSD/Commercial/TSPCC as the authorised person for appearing and conducting on behalf of TSSPDCL in respect of the common issues related to TS Discoms before Hon'ble TSERC be and is hereby ratified."

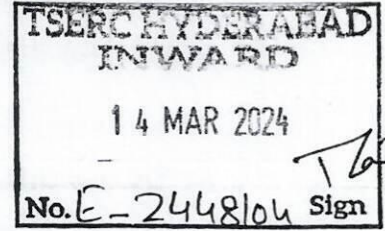
// CERTIFIED TRUE COPY //
FOR SOUTHERN POWER DISTRIBUTION COMPANY OF TELANGANA LTD

V. Anil Kumar.

SECRETARY
Corporate Office & Registered Office
6-1-50, Mint Compound,
HYDERABAD-500 063. T.S.

BEFORE THE TELANGANA STATE ELECTRICITY REGULATORY
COMMISSION :HYDERABAD

O.P.No.4 OF 2024



IN THE MATTER OF:

Filing of Multi Year Tariff (MYT) Petition in respect of 2x600 MW Singareni Thermal Power Project seeking approval of (a) Tariff Proposal for FY 2024-29 and (b) True up of FY 2022-23, in terms of Section 62 and 86.1 (a) of Electricity Act 2003 read with TSERC (Multi Year Tariff) Regulation 2023 and TSERC Tariff Regulations 2019 respectively.

Between:

M/s. Singareni Collieries company Limited (SCCL)

..... **Petitioner**

AND

1. Southern Power Distribution Company of Telangana Limited
2. Northern Power Distribution Company of Telangana Limited

..... **Respondents**

REPLY FILED BY THE RESPONDENTS

I, B.V. Shanthi Seshu, W/o. Shri Sunder Rao, aged about 60 years, Occ: Executive Director (Commercial)/TSPCC, Vidyut Soudha, Hyderabad, resident of Hyderabad, do hereby solemnly affirm and state as under-

1. The Petitioner, M/s.SCCL [being the owner of Singareni Thermal Power Project (STPP)] has filed the present Petition, under the Section No. 62,

AD (law)
P. Saleem
14/3/24

B.V. Shanthi Seshu
Executive Director (Comm.
TSPCC, Vidyut Soudha,
HYDERABAD - 500 082

Section 86 (1)(a) and Section 86 (1)(b) of the Electricity Act, 2003, praying for the following reliefs:

-
- a) To consider the submissions made by SCCL in this Multi-Year Tariff Petition for FY 2024-29 and the truing up of tariff/expenditure for the period FY 2022-23.
 - b) Approve Aggregate Revenue Requirement and the tariff for 2x600 MW STPP for each financial year for the Control period from FY 2024-25 to FY 2028-29 and for truing up of Tariff/expenditure for the period 1st April 2022 to 31st March 2023.
 - c) Pass orders **not to apply** the components of varied figures of normative/operation parameters stated in the present regulation, which are **less beneficial** to STPP Project of 2x600 MW.
 - d)
-

2. As could be seen from the basic prayer made by the Petitioner, the Petitioner is seeking the Hon'ble Commission to determine the tariff in respect of its STPP project for each financial year of the Control period FY2024-25 to FY2028-29, by considering the truing up expenditure / tariff for the year FY2022-23, basing on the TSERC (Multi-Year Tariff) Regulation, 2023 (Regulation No.2 of 2023).

3. In this regard, the kind attention of this Hon'ble Commission is drawn to the 3rd prayer, where-under the Petitioner has sought orders to not apply the components of normative / operation

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parameters stipulated in the Regulation No.2 of 2023, which are less beneficial to STPP Project.

4. At the outset, the Respondents humbly submit that Petitioners 3rd Prayer is in absolute contravention to the TSERC Tariff Regulation No.2 of 2023 as well as the provisions of the PPA (Preamble) as extracted below:

“The terms and conditions of the Power Purchase Agreement are as per prevailing TSERC regulations and any changes in TSERC regulations that may occur in future shall be applicable for all operating norms or any other parameters.....”.

5. Since the PPA between the parties is sacrosanct and binding upon the parties, while the Tariff Regulations are Statutory in character and binding on all the regulated entities including the Petitioner, hence, the 3rd Prayer of the Petitioner for selective application of norms /parameters of Tariff Regulation 2023 to its STPP Project, is legally not sustainable and the Hon'ble Commission is prayed to dismiss the same.
6. Before taking up the exercise of tariff determination for STPP Project for the Control period FY 2024-29, the Hon'ble Commission is required to undertake the Truing-up of expenditure / tariff claimed by the Petitioner, vis-a-vis the Tariff approved by the Hon'ble Commission for the previous Control period FY 2019-24, vide its orders dated 28th August 2020 in O.P.No.5 of 2019 & batch and also the orders dated 23rd March 2023, passed by the Commission in the Mid-Term Review order in the Petition, O.P.No.77 of 2022 filed by the Petitioner, where-under

the Hon'ble Commission has approved **revised** Annual Fixed Charges (AFC) for FY 2022-23 to FY 2023-24, after taking into account the truing up of expenditure of STPP upto FY2021-22. The Petitioner is obligated to file the True-up Petition for the balance period of previous Control period (FY2022-23 & FY 2023-24) in pursuance of the aforesaid Mid-term Review order, since the closing balances of outstanding Debt and Equity (as approved in the said order) as on 31st March 2024 would become the opening balances on 1st April 2024 for Tariff determination for the next Control period FY2024-29. However, since the financial year FY 2023-24 is yet to be completed and audited figures for FY 2023-24 would not be available to the Petitioner, as such, the Hon'ble Commission may undertake the exercise of Tariff determination for Multi-Year FY2024-29, basing on the actual audited figures of expenditure for FY 2022-23 subject to prudence check while the truing up of expenditure for FY 2023-24 can be taken up subsequently in the Mid-Term Performance Review.

7. Further, the Hon'ble Commission is also required to take into account, the Capital Investment Plan and Business Plan Petitions filed by the Petitioner for the next Control period (FY2024-29) under O.P.No.25 of 2023 and O.P.No. 26 of 2023 and the order passed by the Commission in these Petitions, as any Additional Capitalization, if approved in the said Petitions, would add to the outstanding Debt and Equity as on 1st April, 2024, viz., the beginning of the Control period FY 2024-29, which parameters will be used in the Tariff computation.

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8. It is pertinent to submit that some of the important details of Capital Cost approved in respect of 2x600 MW STPP Project and the outstanding Debt and Equity approved by the Hon'ble Commission in the Mid-term Review order dated 23rd March 2023 (in O.P.No. 77 of 2022) are extracted below, which are essential for examining the Petitioner's claim of True-up expenditure for FY 2022-23 & FY 2023-24.

A) Basic Costs approved by TSERC in respect of 2 x 600 MW STPP -

| Sl. No. | Details | Amount (Rs. Cr.) |
|----------------|--|--|
| 1. | Total Capital Cost approved (GFA : Gross Fixed Asset) | 7745.32 |
| 2. | Equity Base approved (30% of GFA) | 2323.60 |
| 3. | Return on Equity (RoE @15.5% without MAT gross-up) | 360.158 |
| 4. | ROE grossed up with Minimum Alternate Tax (MAT) @ 17.472% | 436.40 |
| 5. | Depreciation approved year-wise @ 5.17% of GFA for the Control period FY 2019-24 | 400.36 <i>(Table-55 of MYT order dated 28.08.2020)</i> |
| 6. | Approved Rate of Interest on Loan after Loan Refinancing | 7.16 % p.a |
| 7. | Income Tax /MAT Rate approved | 17.472 % |
| 8. | Outstanding Loan (year-wise) | <i>Separate table is provided below as Item-B</i> |
| 9. | Additional Capitalization allowed for Control Period (FY 2019-24) | NIL |
| 10. | Additional Capitalization allowed for Control Period (FY 2024-29) | NIL |

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B) Outstanding Loan Balances approved by TSERC

(as extracted from MYT order dated 28.08.2020 in O.P.No.5 of 2019 & batch)

Table 56: (MYT order dated 28.08.2020)

(Rs. Crs)

| Sl. No. | Financial Year | Approved | | Average Loan = (Opening Loan + Closing loan) /2 |
|---------|----------------|--------------|--------------|--|
| | | Opening Loan | Closing Loan | |
| 1. | 2019-20 | 4531.41 | 4131.05 | 4331.23 |
| 2. | 2020-21 | 4131.05 | 3730.69 | 3930.87 |
| 3. | 2021-22 | 3730.69 | 3330.33 | 3530.51 |
| 4. | 2022-23 | 3330.33 | 2929.97 | 3130.15 |
| 5. | 2023-24 | 2929.97 | 2529.61 | 2729.79 |

9. Now the individual components of Fixed charges claimed by the Petitioner are discussed below:

(i) Computation of Return on Equity –

The Respondents submit that the Petitioner has claimed the Return on Equity (RoE) at the base rate of 15.5% on enhanced Equity (after considering **Additional Capitalization of Rs.16.96 Crore** (30% as equity @ **Rs.5.09 Crore**) for FY 2022-23 and **Rs. 43.35 Crore** (30% as equity @ Rs.13.005 Crore) for FY 2023-24, thereby raising the Base Equity to **Rs. 2341.69 (increase in equity @ Rs.18.09 Cr.)** as against the approved Base equity of **Rs.2323.60 Crore, even without obtaining the approval of the Hon'ble Commission,** and calculated simple RoE @

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Rs.362.96Cr. as against the **approved RoE @ 360.158 Cr.** which is not permissible. Further, the Petitioner grossed up the simple RoE with the regular income tax rate @ 25.17% (rate applicable for the SCCL Company as a whole for Coal and Power business) as against the **concessional MAT rate of 17.472%** allowed for STPP Power generation business, which has led to higher RoE claim of Rs. 481.81 Crore for FY 2022-23 & Rs. 483.69 Cr. for FY 2023-24 as against the **approved RoE of Rs.436.40 Crore.** In fact, this Hon'ble Commission disallowed the grossing up of RoE with higher Income Tax rate in the Mid-term Review order dated 23.03.2023 (Table 3.37 of TSERC order), since the Petitioner's claim was not in consonance with the Tariff Regulations No. 11.3.4 & 11.3.5 (stipulated exclusion of the income of non-generation business for Income Tax computation) of Regulation No.1 of 2019 and this will also burden the consumers. Despite that, the Petitioner continued the truing up with enhanced Equity besides grossing up of RoE with higher income tax rate, which is not permissible. Further, the Petitioner is seeking the enhanced Equity and higher RoE grossing up based on **Audited figures** for FY 2022-23. In this regard, the Hon'ble Commission in the Mid-term Review order, has already relied on the ratio decided in the Case law in Ld. APTEL's judgment dated 10th August 2010 in **Appeal No.37 of 2010 (Meghalaya State Electricity Board vs. Meghalaya State ERC)**, wherein it was held that the State Commission has to make Prudence Check of the expenditure and is not bound by the Certificates of Auditors. In view of the above,

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the Hon'ble Commission is requested to restrict the claim of RoE to the approved figure of Rs. 436.40 Crore.

(ii) Interest and financing charges on loan –

The Petitioner stated that the Hon'ble Commission in the Mid-term Review order has allowed refinancing of loan in respect of STPP and allowed interest on loan accordingly. Therefore STPP claims the sharing of gains accrued due to refinancing in the truing up of FY 2022-23 by applying Regulation 12 of TSERC **Regulation No.1 of 2019**. Further, the Petitioner stated that the interest and financing charges on loan for MYT period 2024-29 have been computed as given in **Clause 31 of Regulation 2 of 2023**.

In this regard, the Respondents submit that as already submitted in the RoE computation reply, the Petitioner has added the additional loan component of additional Capitalization of (11.87 Cr. for FY 2022-23 i.e., 70% of Rs.16.96 Cr. & Rs.30.34 Cr. for FY 2023-24 i.e. 70% of Rs. 43.35 Cr.) to the outstanding loan balances approved in the MYT order (**Table 56:** (MYT order dated 28.08.2020)), **even without obtaining the approval of this Commission** and worked out higher interest sums arbitrarily by applying the rate of interest @ 7.66% to 8.70% (claims as Audited) as against the rate of interest approved @ 7.16% p.a., which claim is not in accordance with the Mid-term Review order. If there is a change in the interest rate on outstanding loan, then the Net Savings have to be re-worked out. Further, the Petitioner

has also claimed one-third share of Savings of interest amount accrued due to loan refinancing while truing up for FY 2022-23 & FY 2023-24 (provisional). The Petitioner has continued claiming the one-third share of loan refinancing even in the next control period (FY2024-29) , by simply citing the relevant Clause (No.31) of Regulation No.2 of 2023.

With regard to loan refinancing taken up by the Petitioner during the previous Control period vz. FY 2019-24, it is submitted that though there was a saving in interest rate (@ 1.36%) after loan refinancing, yet the cost associated with such loan refinancing was significant at Rs. 77.84 Cr., which was entirely passed on to the Respondents upfront. Therefore the Hon'ble Commission in its Mid-term order allowed the one-third share of gains of Net Saving to the STPP/ SCCL **as a one time basis** during FY 2020-21 and allowed the Respondents to retain the Net savings for subsequent years i.e. FY 2021-22 to FY 2023-24 without any sharing. Disregarding the set procedure, the Petitioner has trued-up the expenditures by claiming the one-third share of gain of loan refinancing even for the balance period of the previous control period, which is not permissible. If the Petitioner is aggrieved by the methodology, then it should have filed appeal against such order, but not filed appeal before Ld. APTEL within the prescribed time period. But now the petitioner claims that it has filed appeal on limited aspects against the Mid-term Review order. As of now, no Stay of the said TSERC order has been granted by Ld. APTEL. As such, the Petitioner' claim on adjusting

the one-third share of gains of loan refinancing for the period of truing up i.e. FY 2021-22 to FY 2023-24 has to be disallowed in toto.

Further, the Petitioner has continued to claim the one-third share of gains of loan refinancing even to next Control period FY 2024-29, by referring to the Clause 31 of Regulation 2 of 2023. In this regard, the Respondents have extracted the provision of Loan Refinancing (Clause-31) of new Tariff Regulation vis-à-vis the similar provision of Regulation No.1 of 2019 as below, for critical examination by the Hon'ble Commission.

.....
TSERC Regulation No.1 of 2019 (Tariff Regulation):

12.6: Refinancing

12.6.1: The Generating Entity shall make every effort to re-finance the loan as long as it results in net savings on interest and in that event the costs associated with such refinancing shall be borne by the beneficiaries and the net savings shall be shared between the Beneficiaries and the Generating Entity in the ratio of 2:1 respectively subject to Prudence Check by the Commission.

.....
TSERC Regulation No.2 of 2023:

31. Interest and Finance Charges on Loan

.....
31.10: The generating entity or the licensee or the SLDC, as the case may be, shall make every effort to re-finance the loan as long as it results in net savings on interest and

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in that event, the costs associated with such re-financing shall be borne by the Beneficiaries and the net savings shall be shared between the Beneficiaries and them in the ratio of 2:1, subject to prudence check by the Commission.

.....
Provided also that **the net savings in interest shall be calculated as an annuity for the term of the loan**, and the annual net savings shall be shared between the entity and Beneficiaries in the specified ratio.

.....
It could be seen from the above provisions that in the New tariff Regulations, it is specifically prescribed that the Net Savings in interest shall be calculated as an Annuity for the term of the Loan, whereas such methodology was not prescribed in the Previous Tariff Regulation (No. 1 of 2019). In the Annuity computation methodology, the **Present Values** of interest cost saving before and after loan refinancing have to be worked out by considering the discount rate at the interest rate of Post refinancing. This exercise has to be done to examine whether the claim of loan refinancing is beneficial to the TSDISCOMs even after passing on the Costs associated with loan refinancing to them. Apparently, the Petitioner has not carried out such exercise. Also, if further Loan Refinancing is taken up by the Petitioner in the next Control period viz. FY 2024-29, then the Regulation No.2 of 2023 allows the Petitioner to make such a claim. Without making any such effort, the Petitioner is not entitled to make a claim on sharing of gains of Loan Refinancing. The Petitioner has failed to distinguish the Loan Refinance Provisions in the

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aforesaid two Tariff Regulations. As such, the Petitioner's claim for unilaterally adjusting the one-third share of gain to it, is legally not permissible.

The Hon'ble Commission is requested to disallow the same and restrict the rate of Interest on Loan @ 7.16% besides disallowing the sharing of one-third share of gain on Loan Refinancing for FY 2021-22 to FY 2023-24 and also for next Control period FY 2024-29 as the claim is not in accordance with Clause 31 of Regulation 2 of 2023.

(iii) Claim for Depreciation –

The Petitioner has claimed higher depreciation sums for FY2022-23 (Rs. 400.54 Cr.) & FY 2023-24 (Rs. 401.81 cr.) than approved in the MYT order dated 28.08.2020 (**Table – 69**), at a constant Value of Rs. 400.36 Cr. Since no additional Capitalization was allowed to STPP in the previous Control Period (FY2019-24) and there would be no change in the GFA (Gross Fixed Asset) of STPP Project, the Hon'ble Commission is requested to restrict the recovery of Depreciation by the Petitioner to the already approved figure of Rs. 400.36 Crore.

(iv) Interest on Working Capital –

The Petitioner computed the Working Capital requirement by summing up the individual components, such as Coal Stock requirement for 20 days /30 days for generation corresponding to Target availability (85%) etc., and the Price considered for Cost of

Coal is Bridge Linkage Pricing, which will be high priced than the Notified Price of Coal, higher by 20 to 30% (Rs. 5741 to 5981 per Ton). By considering high price of Coal being supplied to STPP under Bridge Linkage Policy, the Working Capital gets increased and consequently the Interest claimed on Working Capital would be higher. The Respondents have already contested on the high Priced Coal being used by SCCL for power generation in the STPP Project, by filing a Petition, **O.P.No.13 of 2023** before the Hon'ble Commission, which was heard and orders reserved long back (TSERC RoP dated 21st August 2023) in the matter. Therefore, the Hon'ble Commission is requested to consider to regulate the pricing of Coal Supply to Power Sector at Notified Prices, in terms of Regulatory Powers under Section 86(1)(b) of the Electricity Act, 2003, else it translates into higher Energy Charges and burden the end consumers.

(v) Operating and Maintenance (O&M) Expenses –

The Petitioner has claimed higher O&M charges in the truing up of expenditure for each year of the previous Control period FY 2019-24, as against the approved / trued up figures as below:

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Approved in MYT order dt.28.08.2020 (Table 65)

(Rs. Crores)

| Particulars | FY2019-20 | FY2020-21 | FY2021-22 | FY2022-23 | FY2023-24 |
|-------------------------------|----------------|---------------|---------------|---------------|---------------|
| Employee Expenses | 90.99 | 95.03 | 99.25 | 103.65 | 108.25 |
| R&M Expenses | 82.833 | 86.39 | 90.09 | 93.95 | 97.97 |
| A&G Expenses | 30.36 | 31.53 | 32.75 | 34.016 | 35.32 |
| Total O&M Expenses | 204.183 | 212.95 | 222.09 | 231.61 | 241.54 |

TRUED-UP FIGURES (Mid-Term Review order dt.23.03.2023)

(Rs. Crores)

| Particulars | REVISED O&M | | | REVISION APPROVED based on Actual true-up for FY 2019-20 to FY 2021-22 | |
|-------------------------------|---------------|---------------|---------------|--|---------------|
| | FY2019-20 | FY2020-21 | FY2021-22 | FY2022-23 | FY2023-24 |
| Employee Expenses | 76.348 | 74.55 | 87.85 | | |
| R&M Expenses | 82.833 | 80.77 | 80.46 | | |
| A&G Expenses | 32.115 | 33.27 | 33.99 | | |
| Total O&M Expenses | 191.30 | 188.59 | 202.30 | 220.09 | 225.07 |

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Actually Claimed (Audited/Estimated) by the Petitioner in the Trued up Statement

(Rs. Crores)

| Particulars | FY2019-20 | FY2020-21 | FY2021-22 | FY2022-23 | FY2023-24 |
|-------------------------------|---------------|---------------|---------------|---------------|---------------|
| Employee Expenses | 77.12 | 75.30 | 88.74 | 153.76 | 161.60 |
| R&M Expenses | 101.90 | 116.07 | 126.95 | 94.61 | 125.73 |
| A&G Expenses | 48.63 | 58.57 | 66.07 | 58.55 | 48.01 |
| Total O&M Expenses | 227.65 | 249.95 | 281.77 | 306.92 | 335.34 |

Observations :

1. The Employee Cost has increased significantly (in the range of 73–82%) during FY 2022-23 & FY 2023-24 (Estimated) vis-a-vis FY 2021-22. No justification has been submitted.
2. Even the R&M Expenses and A&G Expenses have also gone up considerably. No justification has been submitted.
3. The O&M Expenses for STPP Project were approved by the Hon'ble Commission on **Normative basis** as per the TSERC Regulation No. 1 of 2019. The Truing up procedure has to be based on **Point to Point change** (means Current month inflation rate over same month of last year as per MOSPI) in the WPI & CPI-IW Inflation factors as published by the Ministry of Commerce & Industry & Ministry of Statistics & Programme Implementation (MoSPI), Govt. of India, and the computation shall be as per the formula given for Employee Cost, R&M Expenses and A&G Expenses at Regulation No. 19. The Base

values already approved in the MYT order will not change. However, the Petitioner has overlooked the prescribed procedure and claimed higher O&M Expenses, which is not in consonance with the methodology specified in the Regulation No.1 of 2019. As such, the Petitioner's claim of O&M expenses has to be restricted to figures already approved, with the truing up with actual WPI /CPI-IW Inflation factors data only.

4. Though the Petitioner's claim is based on Audited figures, yet the Hon'ble Commission is not bound by the Auditors Certifications and the Commission has to undertake the Prudence Check of the Expenses claimed in terms of Ld. APTEL's judgment dated 10th August 2010 in **Appeal No.37 of 2010**.
5. The Hon'ble Commission is also requested to restrict the O&M claims for MYT 2024-29 duly taking into consideration the methodology stipulated at Regulation 45 of the TSERC Regulation No.2 of 2023.

(vi) **Operating Norms –**

The Operational Norms as stipulated in the TSERC Tariff Regulation 2 of 2023 is binding on the Parties and the Petitioner has to claim the Energy Bills as per the Norms prescribed.

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Executive Director (Comm.),
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(vii) Energy Charges –

The Petitioner has been claiming the Energy charges in respect of the power supplied from STPP Project, basing the Coal pricing under the Bridge Linkage Policy since the year 2016, which pricing has to be dispensed forthwith, since the Price considered towards the Coal supply under the Bridge Linkage Pricing, is high priced than the SCCL Notified Price of Coal, viz. higher by 20 to 30% (Rs. 5741 to 5981 per Metric Ton). By considering high price of Coal being supplied to STPP, the Energy charges are claimed higher.

The Respondents have already contested on the high Priced Coal being used by SCCL for power generation in the STPP Project, by filing a Petition, **O.P.No.13 of 2023** before the Hon'ble Commission, which was heard and orders were reserved long back (TSERC RoP dated 21st August 2023) in the matter.

Therefore, the Hon'ble Commission is requested to consider to regulate the pricing of Coal Supply to STPP at Notified Prices, in terms of Regulatory Powers under Section 86(1)(b) of the Electricity Act, 2003 (even the Petitioner has also filed the present Petition under Section 86(1)(b) of the Electricity Act, 2003), else it translates into higher Energy Charges and burden the end consumers.

D.V. Shanthi Seshu
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Further, the delay of commissioning of the NAINI Captive Coal Mine to SCCL/STPP Project is entirely attributable to SCCL and the Respondents cannot be burdened for long under the Bridge Linkage Coal Pricing, which is a Short term linkage but the Petitioner is taking undue advantage of the same and charging coal supply to STPP at additional 20-30% price over and above the Notified Price of corresponding grade of coal. The Hon'ble Commission is requested to restrict the Coal supply pricing to STPP at Notified Prices published by SCCL from time to time, in terms of the **Regulation 50.4** of TSERC Tariff Regulation No. 2 of 2023.

(viii) Incentive –

The Incentive stipulated in the TSERC Tariff Regulation 2 of 2023 is binding on the Parties and the Petitioner has to claim the Energy Bills including Incentive as prescribed. But the Petitioner may not be allowed to claim Incentive for power generation beyond the Target PLF, by using high priced Bridge Linkage Coal, as this will burden the Respondents with higher Energy charges as well as additional payment of Incentive. Both claims will be a loss proposition to TSDISCOMs.

(ix) Integrated Mine (Naini) –

The Petitioner has stated that since SCCL is working on the swapping of coal from Naini coal mines, Odissa, it is not

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submitting any proposal for determination of input cost of coal from Naini Mines.

The Respondents submit that SCCL has been repeatedly submitting before the Hon'ble Commission that it is working on swapping of coal from Naini Coal Mines to Telangana, but even after **7 years** of commissioning of STPP project there is no progress in this regard. In fact, the Bridge linkage coal pricing is advantageous to the Petitioner. Unless the price of Bridge linkage coal being supplied to STPP is regulated by the Hon'ble Commission, no swapping of coal supply can be expected from SCCL.

(x) Additional Capitalization allowed for FY 2024-29 –

The Petitioner while working out the tariff components has re-claimed Additional Capitalization of Rs. 20.77 Crore, by citing the directions of this Hon'ble Commission. Before discussing the same, the relevant portion of the directions of TSERC order dated 29.12.2023 are extracted below:

.....
TSERC order dated 29th December 2023 in O.P.No.25 of 2023 (Capital Investment Plan for FY 2024-25 to FY 2028-29) & O.P.No.26 of 2023 (Business Plan):

B.V. Shanthi Leela
Executive Director (Comm.)
TSPCC, Vidyut Soudha,
HYDERABAD - 500 082

.....

Para-4.3: Summary

4.3.1:

Table-6: Capital Investment Plan for the period from FY 2024-25 to FY 2028-29 approved in this Order.

| Particulars | Claimed | Approved |
|---|----------------|-----------------|
| FGD System | 736.00 | Deferred |
| In-furnace modifications for NOx compliance | 40.00 | 0.00 |
| O&M Modules | 68.00 | 0.00 |
| Railway works | 240.00 | 0.00 |
| Township civil works | 6.00 | 0.00 |
| Implementation of flexible operation scheme as per CEA Regulation | 20.77 | 0.00 |

.....

As could be seen from the above Table/order, though the Petitioner has proposed Capital Investment during FY 2024-25 for Implementation of Flexible operation scheme as per CEA Regulation for **Rs. 20.77 Crore**, yet the Hon'ble Commission has not approved the proposal, since the Petitioner was asked to submit the justification for the proposal along with necessary cost details and specifically asked to submit as to why SCCL cannot achieve the compliance of CEA Regulation without incurring the expenditure.

However, the Petitioner has not replied to the specific query raised by the Hon'ble Commission nor submitted justification of its Capital Investment proposal, except stating the Commission's suggestion to seek approval in accordance with the provisions of the Multi-Year tariff Regulation No.2 of 2023. Further, the Petitioner has not furnished the

relevant provision under which it is seeking Additional Capitalization of Rs. 20.77 Crore. As such, the Additional Capitalization proposed in the present MYT Petition, need not be considered.

10. The Hon'ble Commission is prayed to take into account the aforesaid submissions in the Tariff determination for STPP Project for the control period FY 2024-29 in the present Petition.

B.V. Shanthi Seshu

Deponents / Respondents
Executive Director (Comml.)
TSPCC, Vidyut Soudha,
HYDERABAD - 500 082

**BEFORE THE TELANGANA STATE ELECTRICITY REGULATORY
COMMISSION :HYDERABAD**

O.P.No.4 OF 2024

IN THE MATTER OF:

Filing of Multi Year Tariff (MYT) Petition in respect of 2x600 MW Singareni Thermal Power Project seeking approval of (a) Tariff Proposal for FY 2024-29 and (b) True up of FY 2022-23, in terms of Section 62 and 86.1 (a) of Electricity Act 2003 read with TSERC (Multi Year Tariff) Regulation 2023 and TSERC Tariff Regulations 2019 respectively.

Between:

M/s. Singareni Collieries company Limited (SCCL)

..... **Petitioner**

AND

1. Southern Power Distribution Company of Telangana Limited
2. Northern Power Distribution Company of Telangana Limited

..... **Respondents**

AFFIDAVIT

I, B.V. Shanthi Seshu, W/o. Shri Sunder Rao, aged about 60 years, Occ: Executive Director (Commercial)/TSPCC, Vidyut Soudha, Hyderabad, resident of Hyderabad, do hereby solemnly affirm and says as follows:

I am the Executive Director (Commercial)/TSPCC, I am competent and duly authorized by the Respondents 1 & 2 to affirm, swear, execute and file this Reply.

B.V. Shanthi Seshu
**Executive Director (Comm-
TSPCC, Vidyut Soudha),
HYDERABAD - 500 082**

I have read and understood the content of the accompanying Affidavit drafted pursuant to my instructions. The statements made in the accompanying affidavit now shown to me are true to my knowledge derived from the officials records made available to me and are based on information and advice received which I believe to be true and correct.

B.V. Shanthi Leshu

Deponents / Respondents
Executive Director (Comml.)
TSPCC, Vidyut Soudha,
HYDERABAD - 500 082

VERIFICATION

The above named Deponent solemnly affirm at Hyderabad on 14th March, 2024 that the contents of the above affidavit are true to my knowledge no part of it is false and nothing material has been concealed there from.

Solemnly affirmed and signed before me.

B.V. Shanthi Seshu
Deponents / Respondents
Executive Director (Comm.)
TSPCC, Vidyut Soudha,
HYDERABAD - 500 082