



# NAVA BHARAT ENERGY INDIA LIMITED

NAVA BHARAT CHAMBERS, RAJ BHAVAN ROAD, HYDERABAD - 500 082, TELANGANA, INDIA

NAVA BHARAT

NBEIL/FIN/59 /2022-23

January 31, 2022

**The Secretary,  
Telangana State Electricity Regulatory Commission  
5<sup>th</sup> Floor, Singareni Bhavan, Red Hills,  
Hyderabad- 500 004**

Dear Sir,

Sub: Proposal of TS DISCOMs for determination of Grid Support charges for parallel operation of CPPs for the FY 2023-24 and your Notice for inviting Comments and Suggestions thereon- Submission of our objections -Reg..

Ref: TS DISCOMS ARR filing dated 30.11.2022 and Public Notice dated 21.12.2022.

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With reference to the above-mentioned subject, we are herewith submitting our objections in the matter of ARR filed by TSNPDCL and TSSPDCL for determination of Grid Support charges for parallel operation of Captive power generating plants in Telangana.

We request the Hon'ble Commission to provide us the opportunity and permit us to submit further submission during the course of public hearing on 22.02.2023 and 24.02.2023 or as determined by the Hon'ble Commission either by us/our representative and our legal counsel, details as furnished below.

1. Mr. GRK Prasad,  
E-mail: [grkprasad@nbv.in](mailto:grkprasad@nbv.in) and [psrinivas@nbv.in](mailto:psrinivas@nbv.in)  
Contact No. 9849029429, 9848699935

2. Mr. Challa Gunaranjan,  
CKR Associates,  
Advocates and Legal Advisors  
E-mail: [cgr@ckrassociates.in](mailto:cgr@ckrassociates.in)  
Contact No. 9849503922

Thanking you,

**Yours faithfully,  
For Nava Bharat Energy India Limited**

**GRK Prasad  
Director**

Encl: As above

Copy to : 1. The Chief General Manager, (IPC& RAC) , TSNPDCL, Warangal.  
2. The Chief General Manager, (IPC&RAC), TSSPDCL, Mint compound,  
Hyderabad



Name & Full Address of the Objector alongwith email ID & Contact Number	Brief Details of objections/suggestions of TSSPDCL & TSNPDCL	Whether the copy of the objections and proof of delivery at Licensees' office enclosed	Whether the objector wants to be heard in person
<p><b>Nava Bharat Energy India Limited,</b> (Formerly Nava Bharat Ventures Limited) #6-3-1109/1, Nava Bharath Chambers, Raj Bhavan Road, Somajiguda, Hyderabad, Telangana - 500 082.</p> <p>Represented by its Director, Sri.GRK Prasad., Phone Number: 9849029429</p>	<p>The Objections are in relation to the proposed levy of Grid Support Charges by the Licensees.</p> <ul style="list-style-type: none"> <li>a) There is no jurisdiction to levy GSC on Merchant power plants</li> <li>b) The Applicant DISCOMs have no right to propose or levy GSC.</li> <li>c) There is no justification for levy of GSC.</li> <li>d) There is no revenue/cost shown against the proposed levy and the same is unjust enrichment of the Discoms at the cost of generators.</li> <li>e) There is no justification for the proposed rate of GSC and is arbitrary and excessive or why there is differentiation between generators.</li> <li>f) There is no justification for levy of GSC on all generators.</li> </ul>	<p>Yes. Proof of delivery enclosed.</p>	<p>Yes. The Objector wishes to be heard in person.</p>

**BEFORE THE HONOURABLE TELANGANA STATE ELECTRICITY  
REGULATORY COMMISSION**

AT ITS OFFICE AT V TH FLOOR, SINGARENI BHAVAN,  
RED HILLS, HYDERABAD

**O. P. No. 80 of 2022**

**AND**

**O.P.No.81 of 2022**

**In the matter of:** Determination of the Aggregate Revenue Requirement (ARR) for Retail Supply Business for the year FY 2023-24 under Section 62 of the Electricity Act, 2003.

**In the matter of:**

**Southern Power Distribution Company of Telangana Ltd., &**

**Northern Power Distribution Company of Telangana Ltd.**

**...Applicants**

And

**Nava Bharat Energy India Limited,**  
#6-3-1109/1, Nava Bharath Chambers,  
Raj Bhavan Road, Somajiguda, Hyderabad, Telangana - 500 082.

Having its 150 MW Independent /Merchant power plant at:  
Palwancha, Bhadradi Kothagudem District,  
Telangana-507154.

**...Objector**

**OBJECTIONS FOR THE PROPOSAL OF GRID SUPPORT CHARGES FOR FY 2023-24**

While filing the Tariff Proposals (ARR) for FY 2023-24, the Distribution Licensees in Telangana have proposed, inter alia, a levy of Grid Support Charges on all the power generating plants in Telangana for parallel operation with Grid as mentioned below.

1. The licensees in the tariff filings for FY 2022-23 have proposed to levy Grid Support Charges on the Captive consumers in their area, for the alleged benefits they were availing during their parallel operation with the licensees' grid network. The licensees had requested the Hon'ble Commission to consider the





methodology adopted in the APERC Order dated 08.02.2002 and subsequently upheld by Supreme Court via judgment dated 29.11.2019 as below:

*“Persons operating Captive Power Plants (CPPs) in parallel with T.S. Grid have to pay ‘Grid Support Charges’ for FY 2022-23 on the difference between the capacity of CPP in kVA and the contracted Maximum Demand in kVA with Licensee and all other sources of supply, at a rate equal to 50% of the prevailing demand charge for HT Consumers. In case of CPPs exporting firm power to TSTRANSCO, the capacity, which is dedicated to such export, will also be additionally subtracted from the CPP capacity”.*

2. Regarding the above proposal, the Hon’ble Commission, in the Retail Supply Tariff Order for FY 2022-23 dated 23.03.2022 in O.P.Nos.58 & 59 of 2021 has referred the matter to the Grid Coordination Committee (constituted in accordance with Clause 5.1 of the Regulation No. 4 of 2018). The relevant extracts of the Hon’ble Commission’s ruling in the RSTO for FY 2022-23 is as follows:

*“6.25.6 In accordance with Clause 5.1 of the Regulation No.4 of 2018, a Grid Coordination Committee has been constituted with representation from wide spectrum of generating companies, transmission licensees, distribution licensees, electricity traders, OA consumers etc. Clause 5.2(v) of the Regulation No. 4 of 2018 specifies that “the Grid Coordination Committee shall be responsible for such matters as may be directed by the Commission from time to time”. The Commission finds it appropriate to refer the matter to the Grid Coordination Committee for a detailed study on the issue of parallel operation of CPPs and consequent levy of GSC.”*

3. In line with the Hon’ble Commission’s ruling, the Grid Coordination Committee has initiated the detailed study on the matter of parallel operation of CPPs and consequent levy of GSC; however, admittedly, the proposal for levy of GSC for FY 2022-23 has not attained finality as on date.
4. The 3<sup>rd</sup> meeting of the Grid Coordination Committee (GCC) was held on 16.07.2022 on study on the issue of parallel operation of CPPs and consequent levy of Grid Support Charges(GSC). As a member of the GCC, on behalf of Captive Power generating plants, the Objector had submitted its written submissions to The Chairperson, GCC, under a copy to this Hon’ble Commission that grid support charges are not at all required to be collected in the state of Telangana and requested the DISCOMS to withdraw the proposal.
5. **The Applicant Licensees now propose to levy Grid Support Charges for FY 2023-24 on all the generators (Captive Generating Plants, Cogeneration Plants, Third party Generation units, Merchant Power Generation units, Rooftop Power Plants etc.) who are not having PPA/having PPA for partial capacity with the licensees as follows:**



*Grid Support Charges = Total Installed Capacity X Rate of GSC  
(Rs./kW/month) Rate of GSC:*

- i. The parallel operation/grid support charges are to be applied to the total installed capacity of the generators connected to the Grid.*
- ii. Conventional generators shall pay Rs. 50 per kW per month.*
- iii. Renewable energy plants including waste heat recovery plants, the plants based on municipal solid waste, and the co-gen plants shall pay Rs.25 kW per month.*
- iv. Rooftop solar plants under net metering/gross metering policy shall pay Rs.15 per kW per month.*
- v. Co-gen sugar mills shall pay charges of Rs. 25 per kW per month, for a period of 4 months or actual operation period, whichever is higher.*
- vi. These charges shall not be applicable when the plants are under shutdown for any reason and when such shutdown period exceeds two months.*
- vii. To the extent of PPA capacities of the generators with the DISCOMs shall be exempted from payment of these charges.*

6. In the above matter, this Hon'ble Telangana Commission has invited the stakeholders to file their comments/suggestions/objection, if any, on or before 31.01.2023.

7. The Objector runs a 150 MW Independent /Merchant thermal power plant and export the entire generated power through Grid at all times.

**Our objections against the proposed Grid Support Charges are set out below for this Hon'ble Commission's kind consideration and disposal:**

#### **I. THE IMPACT OF THE ELECTRICITY ACT, 2003:**

1. In 2003, the Electricity Act, 2003 ("Act") came into force. The Act brought in substantial changes to the previous regime, including the establishment of State Commissions, delicensing of Generation, unbundling of transmission and distribution, specification of tariffs and charges, crystallized the scheme of Open Access, brought in procedures and standards to enforce discipline, etc. However, it left the Commissions established by States under earlier State enactments (such as the AP Electricity Reform Act, 1998) untouched and treated them to be Commissions established under the Act, essentially conferring them with powers under both Acts, in as much as the State enactments were not in derogation to the Act.





2. Open Access was introduced under Section 42 of the Act, in pursuance to which APERC Regulation Nos.2 of 2005 and 2 of 2006 were also promulgated by the erstwhile Commission.

**No jurisdiction to Propose or Levy GSC:**

- 2.0 Earlier TS DISCOMS proposed to levy the grid support charges on captive generating plants considering captive load burden on Grid . **But we surprise to note that now the DISCOMS proposed to levy such charges on all generating plants including Independent power generating plants and Merchant power generating plants without explaining any reason/basis for levy of such charges.**
- 2.1 **The IPPs and Merchant power generating plants are meant for generate and export entire power to grid and accordingly always supportive to grid but never opt grid support to run the plant.**
3. Under the provisions of the Act, separate entities, being the SLDC/RLDC/NLDC were created to take care of the Grid. SLDC/RLDC is responsible for maintaining grid security, Load forecasting, scheduling and dispatching and balancing of generation and demand (load). The ARR of SLDC was already approved in the MYT Tariff 2021-23. The DISCOMs have no role in maintaining Grid security and have to comply with the directions issued by SLDC/RLDC. Hence, in the present scenario, there is no need to propose GSC by DISCOMs and the DISCOMs have no role in seeking GSC at all.
4. The Applicant DISCOMs are responsible for their distribution business only and can at most levy wheeling charges, and nothing more. Any GSC as sought to be levied would have to be proposed and substantiated by TSSLDC, being the entity tasked with grid security under the Act. Therefore, DISCOMs have nothing to do with GSC. The ARR of the Applicant DISCOMs Distribution Business is recovered through wheeling charges as approved in the relevant MYT orders. As the present the ARR and the FPT is to recover the costs of the Applicants' Retail Supply Business, and the Applicant DISCOMs have no role in proposing GSC, and certainly not at 132 KV voltage.
5. It is also pertinent to note that this Hon'ble Commission is constituted under the Act, and thus the earlier AP Electricity Reform Act, 1998 under which GSC were earlier determined is neither applicable nor relevant to IPPs and Merchant Power generating plants. The Act, 2003 specifically lays down the charges and tariffs to be collected, and no charges beyond what is prescribed can be levied. Admittedly, there is no charge such as GSC mentioned in the Act or the regulations, let alone under S.62 under which the present petitions are filed, and as such, any such proposal to levy GSC is without jurisdiction.
6. It is thus submitted that the scope of present ARR for Retail Supply Business for FY 2023-24 should be strictly confined in terms of Section 62 of the Act r/w Regulation 4 of 2005 as adopted under Regulation 1 of 2014, and Section 42 of the



Act for the purpose of determination of CSS and any proposal of the Applicant DISCOMs to levy GSC is itself misconceived and patently without jurisdiction.

**Without Prejudice to above submissions of the very authority and jurisdiction to levy GSC, the following further submissions are made In relation to the Proposal made by the Applicant Discoms:**

7. The Applicant Discoms have proposed Grid Support Charges for all generators, including captive, cogeneration, merchant power plants/IPPs, rooftop power plants etc., which is completely against the reasoning of GSC in the first place.
8. The Applicant Discoms have arbitrarily and without any substantiation proposed different rates of GSC for different types of generators. There is no reason stated as to why or on what basis such differentiation is made.
9. There is no justification at all for how rates of GSC have been arrived at. The proposed levy has no basis and is grossly excessive, arbitrary, and so requires to be rejected.
10. There is no mention of basis and methodology by DISCOMS for the proposed GSC of Rs.50 KW per Month.
11. The proposed levy of GSC appears to be lifted from the Hon'ble APERC's RSTO for FY 2022-23, which levy itself has been stayed by the Hon'ble APTEL vide order dated 20.05.2022 in DFR No.186/2022, and orders dated 01.07.2022 in DFR Nos.240/2022, 241/2022 and 271/2022.
12. There is no revenue or costs that are shown to be associated corresponding to the levy of GSC. As such, once the entire costs are recovered by the proposed RST alone, any further levy of GSC amounts to illegal and unjust enrichment of the Applicant Discoms at the cost of generating companies.
13. There is no provision in the statute that empowers the DISCOMS to levy Grid Support Charges on the Merchant power plants

**P R A Y E R**

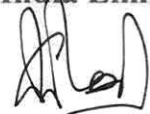
That, in view of the above, we pray that the Hon'ble Commission may be graciously pleased to

- a) reject the proposal levy of Grid Support Charges as there is no such provision in the Statute/Electricity Act, whereas the STU /Transmission and Distribution Licensees are duty bound under the Electricity Act, 2003 and the National Electricity Policy, 2005 to provide connectivity to the generating stations



- b) In the event the Hon'ble Commission holds the proposal of GSC is valid, within the powers and jurisdiction and are leviable, it is prayed to engage an independent reputed third party to conduct a thorough system study and technical issues
- c) To hold the levy till the third-party analysis is completed to the satisfaction of the Hon'ble TSERC;
- d) To permit us to submit further submission, if any, on such an independent study for consideration of the Hon'ble Commission either during the course of public hearing or separately
- e) Consider our foregoing objections, grant us a personal hearing and grant leave to adduce further evidential data in our support at the time of hearing;
- f) It is also requested to permit us to submit further submission, if any, during the course of public hearing either by our representative or legal counsel.

**For Nava Bharat Energy India Limited**



**GRK Prasad**  
Director

Place: Hyderabad:

Date: 31.01.2023



## Sriram Kumar C

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**From:** Srinivas Pasala  
**Sent:** 31 January 2023 14:11  
**To:** Sriram Kumar C  
**Subject:** FW: Proposal of TS DISCOMs for determination of Grid Support charges vide ARR submitted for the FY 2023-24 -Submission of our objections -Reg  
**Attachments:** Filing of NBEIL's Objections against DISCOM's Proposal of Grid support charges for the FY 2022-23.pdf

**From:** Srinivas Pasala  
**Sent:** 31 January 2023 14:09  
**To:** 'secy@tserc.gov.in' <secy@tserc.gov.in>; 'cgmir@tsnpdcl.in' <cgmir@tsnpdcl.in>; 'cgmfin@tsnpdcl.in' <cgmfin@tsnpdcl.in>; 'seipc@tssouthernpower.com' <seipc@tssouthernpower.com>; 'cgmcomml@tssouthernpower.com' <cgmcomml@tssouthernpower.com>  
**Subject:** Proposal of TS DISCOMs for determination of Grid Support charges vide ARR submitted for the FY 2023-24 - Submission of our objections -Reg

Dear Sir,

Sub: Submission of our objections against the ARR filed by the TS DISCOMS for the FY 2023-24 -Reg.

With reference to the TS DISCOMS proposal for determination of Grid Support Charges for the FY 2023-24, please find the attached file for our details of objections.

We request the Hon'ble Commission/TSNPDCL/TSSPDCL to provide the opportunity and permit us to submit further submission during the course of public hearing on 22.02.2023 and 24.02.2023 or as determined by the Hon'ble Commission either by us/our representative and our legal counsel, details as furnished in the attached filing and also as mentioned below.

1. Mr. GRK Prasad,  
E-mail: [grkprasad@nbv.in](mailto:grkprasad@nbv.in) and [psrinivas@nbv.in](mailto:psrinivas@nbv.in)  
Contact No. 9849029429, 9848699935

2. Mr. Challa Gunaranjan,  
CKR Associates,  
Advocates and Legal Advisors  
E-mail: [cgr@ckrassociates.in](mailto:cgr@ckrassociates.in)  
Contact 9849503922

Thanking you,

Yours truly,  
Srinivas P

**Nava Bharat Energy India Limited**  
Corporate Office, Hyderabad  
Contact: 9848699935