



No. IEX/RA/073/23-24

24th Jan. 2024

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 H1 of FY 2024-25

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, on the said Petition are enclosed herewith for your kind consideration.

Yours Sincerely,


Gaurav Maheshwari
AVP- Regulatory Affairs
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.

**IEX Comments on the Petitions of State Distribution Companies of Telangana for
Determination of Additional Surcharge for H1 of FY 2024-25**

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. 1.95/ unit for H1 of FY 2024-25. IEX comments in the subject petition are as under.

Additional Surcharge not to be applicable on the OA Consumer to the extent of contract demand being maintained with the distribution licensees

- 1.1. It is submitted that Additional Surcharge under Section 42(4) is only towards meeting the fixed cost of the distribution licensee out of its obligation to supply electricity. This fixed cost is the stranded power purchase commitments of the licensees on account of the open access consumers. The surcharge being compensatory in nature, is applicable only if there is stranded power purchase cost on account of the open access consumers and for no other reason.
- 1.2. The National Tariff Policy, 2016 clarifies the condition when additional surcharge would be applicable, namely, if the distribution licensees conclusively demonstrate the stranded cost caused by the open access consumers. The National Tariff Policy, inter-alia, reads as under:

“8.5.4 The additional surcharge 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 a licensee, in terms of existing power purchase commitments, has been and continues to be 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.”

(Emphasis supplied)

- 1.3. The Ministry of Power recently issued Electricity (Amendment) Rules, 2024 on 10.01.2024 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. The relevant extract of the Electricity (Amendment) Rules, 2024 is provided below:

*“(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:

Provided also that the additional surcharge shall be applicable only for the Open Access Consumers who are or have been consumers of the concerned Distribution licensee.”

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- 1.4. Therefore, it is understood from the above rules 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. The Hon'ble Commission is requested to kindly consider the same while finalising the current petition.

2. ISTS & STU Charges may not be considered for computation of ASC

- 2.1. For the computation of per unit transmission charges, the Discoms have considered Rs. 2908 Cr. as paid during H1 FY 2023-24.
- 2.2. It cannot be ascertained from the submissions whether the inter-state, intra-state transmission charges and SLDC charges are also included in the transmission charges. Inclusion of ISTS and STU charges while computing Additional Surcharge will lead to excessive recovery of revenue by the Discom and inter-alia result in overburdening of the Open Access consumers.
- 2.3. 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.”

- 2.4. 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.
- 2.5. 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 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 24-25 while finalizing the Additional Surcharge to be levied on open access consumers.