



The Federation of Telangana Chambers of Commerce and Industry

(Formerly known as FTAPCCI)

ISO 9001:2015

Empowering Industry, Commerce & Trade

Registered under the Companies Act, 1956

REGD OFFICE : Federation House, Federation Marg , 11-6-841, Red Hills, Hyderabad 500004,
Telangana, India. Tel : 91-40-23395515 to 22 (8 lines), Fax : 91-40-23395525
e-Mail : info@ftcci.in ; Website : www.ftcci.in

CIN U91110TG1964NPL001030

Anil Agarwal
President

Meela Jayadev
Senior Vice President

Suresh Kumar Singhal
Vice President

The Federation of Telangana Chambers of Commerce and Industry (FTCCI)

Statement of Objections

on

**the Petitions (O.P. No. 55 & 56 of 2022) for determination of Additional
Surcharge to be levied on Open Access consumers as per provisions of the
Electricity Act, 2003 and National Tariff Policy, 2016 for the H2 of the
Financial Year 2022-23**

filed by

Southern Power Distribution Company of Telangana Limited (TSSPDCL)

&

Northern Power Distribution Company of Telangana Limited (TSNPDCCL)

8th August, 2022

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THE STATEMENT OF OBJECTIONS BY THE OBJECTOR

1 STATEMENT OF OBJECTIONS

The distribution licensees namely Southern Power Distribution Company of Telangana Limited and Northern Power Distribution Company of Telangana Limited (hereinafter referred to as the 'discoms' or 'TS discoms' or 'Petitioners' or 'distribution companies' or 'Licensees') have filed the Petition for determination of Additional Surcharge to be levied on Open Access consumers as per provisions of the Electricity Act, 2003 (hereinafter referred to as the 'Act') and National Tariff Policy, 2016 (hereinafter referred to as the 'Tariff Policy, 2016') for the Second Half (H2) of the Financial Year 2022-23.

The Statement of Objections is herein being filed on behalf of 'The Federation of Telangana Chambers of Commerce and Industry (FTCCI)', formerly known as The Federation of Telangana and Andhra Pradesh Chambers of Commerce and Industry (FTAPCCI), (hereinafter also referred to as Objector), an Association which was started in 1917 as a Chamber of Commerce and currently having its office at the Federation House 11-6-841, Red Hills, FTCCI Marg, Hyderabad 500004, Telangana, India (hereinafter called the 'Objector'). The main function of the FTCCI is to promote and protect the interests of trade, commerce and industry.

The Industrial consumers are characterised by flatter load curve and consumption pattern and enable better capacity utilisation and comparatively low Cost of Service for the Utilities. They are also the subsidising category of consumers for the utilities.

FTCCI has been working pro-actively to facilitate issues related to open access for its consumers and in facilitating a competitive power market in the country. The electricity cost accounts for about 25-30% of the overall cost of industries and therefore has a significant bearing on the financial viability of these industries. In the past, owing to severe power crises in the erstwhile Andhra Pradesh, the industrial consumers were compelled by force and not by choice to look out for other options of competitive power purchase and the current framework of power purchase through open access route has been helpful in this regard. Another set of industrial consumers had also taken a decision to install captive units and procure power from such units through open access provided under the existing framework

of the Act. All such consumers are open access consumers as defined under Section 2(15) of the Act, operating in the area of supply of TS discoms. It is pertinent to mention here that all consumers availing open access through a captive generating plant are exempted from any surcharge in terms Clause 39(2)(d)(ii) of the Act.

The Objector strongly objects to the claim of Additional Surcharge from the Open Access consumers during H2 of FY 2022-23 (herein after referred to as the 'Petitions') and prays that the same may be rejected *in limine*, in the interest of justice and equity.

The brief facts, propositions, analysis, grounds and objections to the Petition are narrated herein below:

1.1 ADDITIONAL SURCHARGE FOR H2 OF FY 2022-23 CLAIMED BY THE DISCOMS IS UNCOMPETITIVE

- a) It is submitted that the Additional Surcharge Rate of Rs. 6.81/unit in the instant petition is highly uncompetitive as compared to other states.
- b) Furthermore, it is submitted that the Hon'ble Commission, in its Order dated 24.12.2021, in O.P.s No. 48, 49, 50 and 51 of 2021 & I.A.s No. 21, 22, 23 and 24 of 2021 pertaining to Additional Surcharge for H1 and H2 of FY 2021-22 for Telangana Discoms had recognized the importance of promoting competition as enshrined in the Electricity Act, and had duly limited the final approved Additional Surcharge, in the interest of all of the stakeholders. The relevant extract of the Order is reproduced below:

"4.2.9 As per the above computations, the AS for H2 of FY 2021-22 works out to Rs.2.38 / kWh. The preamble of the Electricity Act, 2003 emphasises, amongst others, taking measures conducive to development of electricity industry, promoting competition therein, protection of interest of consumers and rationalisation of electricity tariffs, as the objectives. The Commission has to do a balancing act in fulfilment of the mandate of the Electricity Act, 2003. The DISCOMs are entitled to the AS computed as above but at the same time such AS, being significantly higher than the present levels of AS, could hinder the very competition that the Electricity Act, 2003 advocates. Therefore, in the interest of all the stakeholders, the Commission decides to allow AS of Rs.0.96/kWh (~40% of Rs.2.38 / kWh)."

(Emphasis supplied)

A similar approach is followed in Order dated 22.03.2022 passed by Hon'ble Commission with regards to O.P. No 61 & 62 for H1 of 2022-23. The relevant extract is reproduced below:

4.1.10 As per the above computations, the Additional Surcharge for H1 of FY 2022-23 works out to Rs.3.48/kWh. The preamble of the Electricity Act, 2003 emphasises, amongst others, "for taking measures conducive to development of electricity industry, promoting competition therein, protecting interest of consumers and rationalisation of electricity tariffs". The Commission has to do a balancing act in fulfilment of the mandate of the Electricity Act, 2003. TSDiscoms are entitled to the Additional Surcharge computed as above but at the same time such Additional Surcharge, being significantly higher than the present level of Additional Surcharge, could hinder the promotion of competition that the Electricity Act, 2003 advocates. Therefore, in the interest of all the stakeholders, the Commission decides to allow Additional Surcharge of Rs.1.15/kWh (i.e., ~ 33% of Rs.3.48/kWh).

(Emphasis supplied)

- c) Hence the Objector humbly prays that the Hon'ble Commission may allow only a competitive additional surcharge after a through prudence check.

1.2 DISTRIBUTION COST

- a) The Petitioners have submitted the Distribution Cost per unit at the rate of Rs. 1.05/unit assuming the Distribution ARR for LT as well as HT Consumers.
- b) But, it is humbly submitted that this is an incorrect approach and rather the distribution cost be attributed to only HT consumer. As per the applicable APERC Terms and Conditions of Open Access to Intra-State Transmission and Distribution Network Regulation No. 2 of 2005 (Clause 8: Phasing of Open Access), the Hon'ble Commission allowed the open access to consumers having contracted capacity of 1 MW or more than 1 MW.
- c) Hence, adhering to the regulation, it can clearly be derived that the mentioned distribution cost is for open access consumer connected at 11 KV and above. Accordingly, the loading of distribution cost on the LT consumer is not allowable.
- d) It is humbly submitted that the Objector has considered the Distribution Cost per unit at the rate of Rs. 0.23/unit (for 33 kV) as approved in the RST order dated 23.03.2022 for FY 2022-23 against the petitioner's claim of Rs. 1.05/unit.

The same from the RST order dated 23.03.2022 is reproduced below:

ANNEXURE 14: CALCULATION OF VOLTAGE WISE DISTRIBUTION CHARGES FOR FY 2022-23

Particulars	TSSPDCL		TSNPDCL	
	Charge (Rs./kVA/month)	Rs./kWh	Charge (Rs./kVA/month)	Rs./kWh
11 kV	231.52	0.64	346.34	0.83
33 kV	19.95	0.24	15.62	0.23
132 kV and above	116.51	0.20	116.51	0.20

The same methodology has been followed in the last Hon'ble Commission order dated 22.03.2022 wrt H1 of FY 2022-23.

The relevant extract is reproduced below:

*4.1.5 The TS Discoms have claimed the distribution charges of Rs.1.08/kWh by considering the total distribution cost of Rs.7363.41 crore as approved for FY 2021-22 in the Amendment Order dated 01.03.2021 and dividing the same by the power purchase quantum of 68225.31 MU, purported to be for whole year of FY 2021-22. **The Retail Supply Tariffs determined in the Commission's Order dated 27.03.2018 were continued for FY 2021-22 in the absence of separate Orders on determination of ARR for FY 2021-22. Therefore, the distribution cost and the quantum of energy shall have to be considered as per the Order dated 27.03.2018.***

Therefore, the Commission has worked out the distribution charges of Rs.0.87/kWh by considering the total distribution cost of Rs.5019.19 crore and dividing the same by the power purchase quantum of 57631.27 MU, the same as approved in Order dated 27.03.2018.

- e) The Hon'ble is therefore requested to consider the distribution cost as per Objector's Assessment for the computation of Additional Surcharge.

Particulars	Petitioner's Claim	Objector's Assessment as per RST Order dt.23.03.2022
Distribution Cost	Rs.1.01/kWh	Rs.0.23/kWh

1.3 INTER-STATE TRANSMISSION CHARGES AND SLDC CHARGES

- a) As per the consistent methodology of the Hon'ble Commission, in the case of transmission charges, only intra-state transmission charge ought to be considered for the determination of Additional Surcharge since CERC (Sharing of Inter-State Transmission Charges and Losses) Regulations, 2020 provide for

reimbursement of such ISTS charges paid by the consumers availing STOA, back to the state where the entity is located.

The relevant extract is reproduced below:

"11. Transmission charges for Short Term Open Access

(1) Short Term Open Access Rate (in paise/kWh) shall be published for each billing month by the Implementing Agency which shall be calculated State-wise as under:

Transmission charges of the State for the billing month (in rupees) / (7200 X the quantum, in MW, of Long Term Access plus Medium Term Open Access of the State for the corresponding billing period)

(2) Transmission charges for Short Term Open Access shall be payable by generating stations and embedded entities located in the State, as per the last published Short Term Open Access Rate for the State, along with other charges or fees as per Open Access Regulations, 2008 and the Transmission Deviation charges, if any, as per these regulations.

(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.

...."

- b) Despite this, it is observed that the Petitioners have claimed inter-state transmission charges and SLDC charges, which is violative of the set principle.

1.4 DISCREPANCIES IN THE PRESENT COMPUTATIONS

While thoroughly analysing the present petitions, the Objector found some discrepancies in the computations done by the Petitioners. The following discrepancies is apparent and needs to be thoroughly examined:

The Petitioners have claimed Rs. 6063.77 Crores and Rs. 2080.86 Crores under the head of Fixed charges paid and Transmission charges paid respectively for TS Discoms without providing any clarity about Fixed charges paid towards NCE power procurement.

The Objector while verifying the claims, has found that only TSSPDCL audited accounts are available in public domain for respective quarters. The relevant extracts are reproduced below:

As per Q3 Audited Accounts for TSSPDCL

23 - POWER PURCHASE COST

Particulars	For Q3 of 2021-22	For Q2 of 2021-22	For Q1 of 2021-22	For 2020-21
	₹ (in Crore)	₹ (in Crore)	₹ (in Crore)	₹ (in Crore)
Purchase of Power - Fixed Cost	2,858.52	7.60	2,049.01	8,035.47
Purchase of Power - Variable Cost	2,870.18	6,270.77	3,390.63	13,662.47
Transmission Charges	335.34	586.53	587.58	2,565.36
Other Power Purchase Costs	(135.50)	24.00	14.33	(560.24)
Total	5,928.54	6,888.90	6,041.55	23,703.06

As per Q4 Audited Accounts TSSPDCL

23 - POWER PURCHASE COST

Particulars	For Q4 of 2021-22	For Q3 of 2021-22	For Q2 of 2021-22	For Q1 of 2021-22	For 2020-21
	₹ (in Crore)	₹ (in Crore)	₹ (in Crore)	₹ (in Crore)	₹ (in Crore)
Purchase of Power - Fixed Cost	3,137.12	2,858.52	7.60	2,049.01	8,035.47
Purchase of Power - Variable Cost	3,669.77	2,870.18	6,270.77	3,390.63	13,662.47
Transmission Charges	1,561.58	335.34	586.53	587.58	2,565.36
Other Power Purchase Costs	163.49	(135.50)	24.00	14.33	(560.24)
Total	8,531.96	5,928.54	6,888.90	6,041.55	23,703.06

The Petitioners have not furnished a reconciliation statement for the same. Subsequently, in the absence of reconciliation statement and relevant audited accounts report, the veracity of the said claims of Petitioners could not be checked.

Additionally, the Objector humbly submits that the Actual Fixed Costs as a part of Actual Power Purchase Cost, ought to be subjected to strict prudence check in terms of Regulation 12 of the Tariff Regulations:

"12.1 The Distribution Licensee shall be allowed to recover the cost of power it procures, including from State generators, independent power producers, Central generating stations, non-conventional energy generators, and others, for supply to consumers, based on the Commission-approved Power Procurement Plan of the Distribution Licensee covering each year of the Control Period:

Provided that where the procurement is for sale to consumers permitted open access by the Nodal Agency under the Open Access Regulation or purchase for trading, the Distribution Licensee shall provide an Allocation Statement as referred to in clause 5 clearly specifying the costs that are attributable to the sales made to such consumers, utilities, etc.

12.2 Except in the case of Retail Supply Business insofar as for the first Control Period is concerned:

a. The Commission shall adopt the Sales Forecast, the Distribution loss trajectory and the Power Procurement Plan approved as part of the Resource

Plan for the purpose of determining the Power Purchase Requirement of the Distribution Licensee for the Control Period;

b. The power procurement plan will not generally require any revisions during the Control Period, and the Commission-approved category-wise power procurement forecast shall be applied for estimating the Distribution Licensees' power procurement requirement for each year of the Control Period;

c. While approving the cost of power procurement, the Commission shall determine the quantum of electricity to be procured, consistent with the power procurement plan, from various sources of supply, in accordance with the principle of merit order schedule and dispatch, based on a ranking of-all approved sources of supply in the order of variable cost or price."

It is prayed that the Hon'ble Commission may direct the Discoms to provide a reconciliation with the audited accounts and the Fixed cost component of power purchase may be accordingly allowed subject to prudence check.

The Objector, in the absence of a reconciliation statement, has considered the claims of the Petitioners for the computation.

1.5 ADDITIONAL SURCHARGE FOR H2 OF FY 2022-23 AS PER OBJECTOR'S ASSESSMENT

Based on the data available, the Objector has computed the allowable Additional Surcharge for H2 of FY 2022-23, as follows:

Additional Surcharge as per Objector's Assessment

Additional Surcharge		Unit	As per Objector's Assessment
{A}	Long term available capacity	MW	8,546.53
{B}	Capacity stranded due to open access	MW	152.29
{C}	Fixed Charges paid	Rs. crore	6,063.77
$\{D\}=\{C\}\div\{A\}$	Fixed Charges per MW	Rs. crore/MW	0.71
$\{E\}=\{D\}\times\{B\}$	Fixed Charges for stranded capacity	Rs. crore	108.05
{F}	Transmission charges paid	Rs. crore	2,080.86
{G}	Actual Energy scheduled	MU	36,015.42
$\{H\}=\{F\}\div\{G\}$	Transmission charges per unit	Rs./kWh	0.58
I	Distribution charges as per RST Order dt.23.03.2022	Rs./kWh	0.23
$\{J\}=\{H\}+\{I\}$	Total transmission and distribution charges per unit	Rs./kWh	0.81
{K}	Energy consumed by open access consumers from the DISCOM	MU	1,993.20

Additional Surcharge		Unit	As per Objector's Assessment
$\{L\} = \{K\} \times \{J\}$	Transmission and distribution charges to be paid by open access consumers	Rs. crore	161.00
$\{M\}$	Demand charges recovered by the DISCOM from open access consumers	Rs. crore	179.95
$\{N\} = \{M\} - \{L\}$	Demand charges to be adjusted	Rs. crore	18.95
$\{O\} = \{E\} - \{N\}$	Net stranded charges recoverable	Rs. crore	89.11
$\{P\}$	Open access sales	MU	370.34
$\{Q\} = \{O\} \div \{P\}$	Additional Surcharge computed	Rs./kWh	2.41
$\{R\} = \{Q\} * 33\%$	Proposed Capping on additional surcharge by 33 % as per approach in Order dated 22.03.2022 passed by Hon'ble Commission with regards to O.P. No 61 & 62 of 2021 for H1 of 2022-23	Rs./kWh	0.79

PRAYERS

The Objector most respectfully prays that this Hon'ble Commission may be pleased to:

- A. Consider the above Objection Statement filed by the Objector;
- B. Consider the Distribution Cost as per RST Order dt.23.03.2022 for FY 2022-23 for the computation of Additional Surcharge;
- C. May allow the Transmission charges duly considering the CERC (Sharing of Inter-State Transmission Charges and Losses) Regulations, 2020;
- D. May direct the Discoms to provide a reconciliation with the audited accounts and the Fixed cost component of power purchase may be accordingly allowed subject to prudence check;
- E. May disallow the claim of Additional surcharge due to Discrepancies in computation and absence of reconciliation statement with audited accounts for the claim proposed by the Petitioners;
- F. Consider the methodology/approach/computation to work out the Additional Surcharge, if any, attributable to the open access consumers as assessed by the Objector;
- G. May approve Additional Surcharge as assessed by the Objector;
- H. Pass necessary orders as may be deemed appropriate in the facts and circumstances of the case in the interest of competition, as has been enshrined in the Electricity Act;

Date: August 6, 2022

Place: Hyderabad

Objector

FTCCI



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of Commerce and Industry**

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**The Federation of Telangana
Chambers of Commerce and Industry
(FTCCI)**

Additional Submission

to

Statement of Objections

on

**the Petitions(O.P. No. 55&56 of 2022) for determination
of Additional Surcharge to be levied on Open Access
consumers as per provisions of the Electricity Act, 2003
and National Tariff Policy, 2016 for the H2 of the Financial
Year 2022-23**

filed by

**Southern Power Distribution Company of Telangana
Limited (TSSPDCL)**

&

**Northern Power Distribution Company of Telangana
Limited (TSNPDCL)**

20th August,2022

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ADDITIONAL SUBMISSION TO THE STATEMENT OF OBJECTIONS BY THE OBJECTOR

1 STATEMENT OF OBJECTIONS

The distribution licensees namely Southern Power Distribution Company of Telangana Limited and Northern Power Distribution Company of Telangana Limited (hereinafter referred to as the 'discoms' or 'TS discoms' or 'Petitioners' or 'distribution companies' or 'Licensees') have filed the Petition for determination of Additional Surcharge to be levied on Open Access consumers as per provisions of the Electricity Act, 2003 (hereinafter referred to as the 'Act') and National Tariff Policy, 2016 (hereinafter referred to as the 'Tariff Policy, 2016') for the Second Half (H2) of the Financial Year 2022-23.

The Statement of Objections is herein being filed on behalf of 'The Federation of Telangana Chambers of Commerce and Industry (FTCCI)', formerly known as The Federation of Telangana and Andhra Pradesh Chambers of Commerce and Industry (FTAPCCI), (hereinafter also referred to as Objector), an Association which was started in 1917 as a Chamber of Commerce and currently having its office at the Federation House 11-6-841, Red Hills, FTCCI Marg, Hyderabad 500004, Telangana, India (hereinafter called the 'Objector'). The main function of the FTCCI is to promote and protect the interests of trade, commerce and industry.

FTCCI has been working pro-actively to facilitate issues related to open access for its consumers and in facilitating a competitive power market in the country. The electricity cost accounts for about 25-30% of the overall cost of industries and therefore has a significant bearing on the financial viability of these industries. In the past, owing to severe power crises in the erstwhile Andhra Pradesh, the industrial consumers were compelled by force and not by choice to look out for other options of competitive power purchase and the current framework of power purchase through open access route has been helpful in this regard. Another set of industrial consumers had also taken a decision to install captive units and procure power from such units through open access provided under the existing framework of the Act. All such consumers are open access consumers as defined under Section 2(15) of the Act, operating in the area of supply of TS discoms. It is pertinent to mention here that all consumers availing open access through a captive generating plant are exempted from any surcharge in terms Clause 39(2)(d)(ii) of the Act.

The Objector strongly objects to the claim of Additional Surcharge from the Open Access consumers during H2 of FY 2022-23 (herein after referred to as the 'Petitions')

and prays that the same may be rejected in limine, in the interest of justice and equity.

The Objector has also submitted the Statement of Objections on the petitions earlier for determination of Additional Surcharge to be levied on Open Access consumers for H2 of FY 2022-23.

The Additional Submission to the Statement of Objections on the Additional Surcharge Petitions for H2 of FY 2022-23 are narrated below:

1.1 ADDITIONAL SURCHARGE FOR H2 OF FY 2022-23 CLAIMED BY THE DISCOMS IS UNCOMPETITIVE

- a) It is submitted that the Additional Surcharge Rate of Rs. 6.81/unit in the instant petition is highly uncompetitive as compared to other states.
- b) Furthermore, it is submitted that the Hon'ble Commission, in its Order dated 24.12.2021, in O.P.s No. 48, 49, 50 and 51 of 2021 & I.A.s No. 21, 22, 23 and 24 of 2021 pertaining to Additional Surcharge for H1 and H2 of FY 2021-22 for Telangana Discoms had recognized the importance of promoting competition as enshrined in the Electricity Act, and had duly limited the final approved Additional Surcharge, in the interest of all of the stakeholders. The relevant extract of the Order is reproduced below:

"4.2.9 As per the above computations, the AS for H2 of FY 2021-22 works out to Rs.2.38 / kWh. The preamble of the Electricity Act, 2003 emphasises, amongst others, taking measures conducive to development of electricity industry, promoting competition therein, protection of interest of consumers and rationalisation of electricity tariffs, as the objectives. The Commission has to do a balancing act in fulfilment of the mandate of the Electricity Act, 2003. The DISCOMs are entitled to the AS computed as above but at the same time such AS, being significantly higher than the present levels of AS, could hinder the very competition that the Electricity Act, 2003 advocates. Therefore, in the interest of all the stakeholders, the Commission decides to allow AS of Rs.0.96/kWh (~40% of Rs.2.38 / kWh)."

(Emphasis supplied)

A similar approach is followed in Order dated 22.03.2022 passed by Hon'ble Commission with regards to O.P. No 61 & 62 for H1 of 2022-23. The relevant extract is reproduced below:

4.1.10 As per the above computations, the Additional Surcharge for H1 of FY 2022-23 works out to Rs.3.48/kWh. The preamble of the Electricity Act, 2003 emphasises, amongst others, "for taking measures conducive to development of electricity industry, promoting competition therein, protecting interest of consumers and rationalisation of electricity tariffs". The Commission has to do a balancing act in fulfilment of the mandate of the Electricity Act, 2003. TSDiscoms are entitled to the Additional Surcharge computed as above but at the same time such Additional Surcharge, being significantly higher than the present level of Additional Surcharge, could hinder the promotion of competition that the Electricity Act, 2003 advocates. Therefore, in the interest of all the stakeholders, the Commission

decides to allow Additional Surcharge of Rs.1.15/kWh (i.e., ~ 33% of Rs.3.48/kWh).

(Emphasis supplied)

c) Furthermore, the Section 8.5 of the Tariff Policy 2016 also provides:

"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".

d) In spite of clear provision allowing levy of Additional Surcharge only when existing power purchase commitments has been and continues to be stranded due to Open Access, there is an inverse trend of increasing Additional Surcharge with decreasing Open Access sales. The same trend is represented in tabular form below:

Particulars	Units	ASC Order H2 2021-22	ASC Order H1 2022-23	ASC Petition H2 2022-23
OA sales	MU	844.11	645.90	370.34
Additional Surcharge Determined	(Rs./unit)	2.38	3.48	6.81
Additional Surcharge Approved	(Rs./unit)	0.95	1.15	-

*ASC – Additional Surcharge

e) This inverse increasing trend of increasing Additional Surcharge with decreasing Open Access sale is divergent to the essence of National Tariff policy and quite onerous to the favour of consumers. The relevant extract in support from Tariff Policy has been reproduced below:

8.5 Cross-subsidy surcharge and additional surcharge for open access

8.5.1 National Electricity Policy lays down that the amount of cross-subsidy surcharge and the additional surcharge to be levied from consumers who are permitted open access should not be so onerous that it eliminates competition which is intended to be fostered in generation and supply of power directly to the consumers through open access.

f) Hence the Objector humbly prays that the Hon'ble Commission may allow only a competitive additional surcharge after a through prudence check.

1.2 DISTRIBUTION COST

- a) The Petitioners have submitted the Distribution Cost per unit at the rate of Rs. 1.05/unit assuming the Distribution ARR for LT as well as HT Consumers.
- b) But, it is humbly submitted that this is an incorrect approach and rather the distribution cost be attributed to only HT consumer. As per the applicable APERC Terms and Conditions of Open Access to Intra-State Transmission and Distribution Network Regulation No. 2 of 2005 (Clause 8: Phasing of Open Access), the Hon'ble Commission allowed the open access to consumers having contracted capacity of 1 MW or more than 1 MW.
- c) Hence, adhering to the regulation, it can clearly be derived that the mentioned distribution cost is for open access consumer connected at 11 KV and above. Accordingly, the loading of distribution cost on the LT consumer is not ethical.
- d) Even the Hon'ble Commission in its past order regarding H1 of 2022-23 has approved the Additional Surcharge to be levied on Open Access Consumers by allowing the composite claim of Distribution Charges (Including HT as well as LT consumers) without any providing any rationale for the same. It is depicting a picture that Hon'ble Commission is allowing the Discoms to recover the LT network charges twice. First is from LT consumer in the form of tariff and second is from HT consumer in the form of Additional Surcharge.
- e) However, while analysing the past methodology the Objector finds out that Hon'ble Commission in its two Tariff Orders clearly determined the voltage wise distribution charges to be levied on the Open Access consumers.
- Tariff Order - RST & Cross Subsidy Surcharge for FY 2022-23 dated 22.03.2022 (Chapter 8, Page no 192) – Attached as **Annexure A**
 - Aggregate Revenue Requirement (ARR) and Wheeling Tariffs for Distribution Business for 4th Control Period (FY 2019-20 to FY 2023-24) dated 29.04.2020 (Chapter 5, Page no 59) – Attached as **Annexure B**
 - Tariff Order - RST & Cross Subsidy Surcharge for FY 2022-23 dated 22.03.2022 (Annexure 14, Page no 283) – same is reproduced below
- f) It is humbly submitted that the Objector has considered the Distribution Cost per unit at the rate of Rs. 0.23/unit (for 33 kV i.e. HT>11 kV) as approved in the RST order dated 23.03.2022 for FY 2022-23 against the petitioner's claim of Rs. 1.05/unit. The same from the RST order dated 23.03.2022 is reproduced below:

ANNEXURE 14: CALCULATION OF VOLTAGE WISE DISTRIBUTION CHARGES FOR FY 2022-23

Particulars	TSSPDCL		TSNPDCL	
	Charge (Rs./kVA/month)	Rs./kWh	Charge (Rs./kVA/month)	Rs./kWh
11 kV	231.52	0.64	346.34	0.83
33 kV	19.95	0.24	15.62	0.23
132 kV and above	116.51	0.20	116.51	0.20

- g) The same methodology has been followed in the last Hon'ble Commission order dated 22.03.2022 with respect to H1 of FY 2022-23. The relevant extract is reproduced below:

*4.1.5 The TS Discoms have claimed the distribution charges of Rs.1.08/kWh by considering the total distribution cost of Rs.7363.41 crore as approved for FY 2021-22 in the Amendment Order dated 01.03.2021 and dividing the same by the power purchase quantum of 68225.31 MU, purported to be for whole year of FY 2021-22. **The Retail Supply Tariffs determined in the Commission's Order dated 27.03.2018 were continued for FY 2021-22 in the absence of separate Orders on determination of ARR for FY 2021-22. Therefore, the distribution cost and the quantum of energy shall have to be considered as per the Order dated 27.03.2018.***

Therefore, the Commission has worked out the distribution charges of Rs.0.87/kWh by considering the total distribution cost of Rs.5019.19 crore and dividing the same by the power purchase quantum of 57631.27 MU, the same as approved in Order dated 27.03.2018.

- h) The Hon'ble is therefore requested to consider the distribution cost as per Objector's Assessment for the computation of Additional Surcharge.

Particulars	Petitioner's Claim	Objector's Assessment as per RST Order dt.23.03.2022
Distribution Cost	Rs.1.01/kWh	Rs.0.23/kWh

1.3 PROPOSED ADDITIONAL SURCHARGE IS HIGHER THAN APPROVED ACoS

a) The TS Discoms has proposed an additional surcharge at a rate of Rs. 6.81/unit for H2 of FY 2022-23. The Hon'ble Commission in its last RST order FY 2022-23 dated 23.03.2022 has approved voltage wise cost of supply. It can be clearly pointed out that the approved cost of supply for HT categories (33 kV and 132 kV) is far less than the proposed additional surcharge. The same from the RST order is reproduced below:

5.1.8 The CoS computed for each consumer category is as shown below:

Table 5-1 Cost of Service for FY 2022-23 (Rs./kWh)

Consumer Category		Claimed		Approved		
		TSSPDCL	TSNPDCCL	TSSPDCL	TSNPDCCL	State
LT Categories						
LT-I	Domestic	7.82	8.92	6.82	7.76	7.10
LT-II	Non-Domestic/ Commercial	7.20	8.23	6.53	7.46	6.75
LT-III	Industrial	7.05	7.85	6.59	7.46	6.77
LT-IV	Cottage Industries	7.17	10.29	6.43	9.76	8.05
LT-V	Agricultural	9.20	8.96	8.38	8.34	8.36
LT-VI	Street Lighting & PWS	7.58	10.09	6.40	9.74	7.74
LT-VII	General Purpose	8.23	9.77	7.43	9.74	8.52
LT-VIII	Temporary Supply	8.23	9.77	9.31	11.65	9.45
LT-IX	Electric Vehicle Charging station	8.94	9.77	6.16	NA	6.16
HT Categories						
HT-I	Industry Segregated					
	11 kV	6.78	5.86	7.64	9.13	7.90
	33 kV	5.82	5.37	5.76	5.96	5.77
	132 kV and above	5.29	4.96	5.01	5.29	5.05

b) Even the total sum of Additional surcharge proposed, CSS as approved in RST order FY 2022-23 dated 22.03.2022 and voltage wise wheeling charges approved for FY 2022-23 is far more than the approved ACoS. A comparison between the approved Average Cost of Supply and Open charges for HT category eligible for Open Access in tabular form is shown below:

(All Figures in Rs./kWh)

TSSPDCL	Approved ACoS	Total Charges	Proposed Additional Surcharge	Approved CSS	Approved Wheeling Charges
HT Industry		(D = A+B+C)	(A)	(B)	(C)
11 kV	7.90	9.42	6.81	1.97	0.64
33 kV	5.77	8.79	6.81	1.74	0.24
132 kV	5.05	8.71	6.81	1.70	0.20

c) From the analysis presented in above table, it can be clearly pointed out that claim proposed by Discoms in its instant petitions is highly abrupt and against the consumer interest.

d) It is humbly requested that the Hon'ble Commission may conduct a thorough prudence check over the proposed claim.

1.4 INTER-STATE TRANSMISSION CHARGES AND SLDC CHARGES

- a) The methodology used in order dated 18.04.2018 in regard to determination of Additional Surcharge for FY 2018-19 by the Hon'ble Commission which we believe is correct, i.e., only intra-state transmission charge ought to be considered for the determination of Additional Surcharge. But in the past Additional Surcharge orders for FY 2021-22 and 2022-23, the Hon'ble Commission has allowed the inclusion of ISTS charges. The same procedure is followed by Petitioner in the instant Petition.
- b) ISTS charges are paid by the Discoms on the account of accessing ISTS system for Open Access as notified by NLDC.
- c) Consumer availing interstate Open Access also pays against the cost of ISTS system for the power availed. A snippet of payment schedule of an Open access consumer is presented below for reference purpose only:

9. Payment Schedule:

Payment Due Date: 24/12/2021

(i) Transmission Charges			
Trans. Systems	Rates (Rs./MWh)	MWh	Total (Rs.)
(a) Intra-State			
UPPTCL	242.1	144	34862
(b) Inter-State (ISTS Charges)			
ISTS Charges (Madhya Pradesh)	448	144	64512
Total Of (i)			99374
(ii) Operating Charges			
RLDC/SLDC	Rates (Rs./Days)/ (Rs./MWh)	No Of Days/ Mwh	Total (Rs.)
WRLDC	1000	1	1000
NRLDC	1000	1	1000
Uttar Pradesh SLDC	1000	1	1000
Total Of (ii)			3000
(iii) Non-Refundable Application Fee (if not paid earlier)			5000
Grand Total (i + ii + iii)			107374

- d) This payment against the ISTS system paid by open access consumer results in the benefit to state in the form of reduced POC charges.
- e) The said benefit is as per the CERC (Sharing of ISTS charges and Losses) Regulation 2020 which provides reimbursement of such ISTS charges paid by the consumers availing STOA, back to the state where the entity is located. The relevant extract is reproduced below:

"11. Transmission charges for Short Term Open Access

(1) Short Term Open Access Rate (in paise/kWh) shall be published for each billing month by the Implementing Agency which shall be calculated State-wise as under:

Transmission charges of the State for the billing month (in rupees) / (7200 X the quantum, in MW, of Long Term Access plus Medium Term Open Access of the State for the corresponding billing period)

(2) Transmission charges for Short Term Open Access shall be payable by generating stations and embedded entities located in the State, as per the last published Short Term Open Access Rate for the State, along with other charges or fees as per Open Access Regulations, 2008 and the Transmission Deviation charges, if any, as per these regulations.

(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.

....”

- f) Despite this, it is observed that the Open access consumer are double levied by inter-state transmission charges first at the time of availing Open Access and second at the time of paying Additional Surcharge, which is violative and unjustified in nature of the set principle. Even if the benefit is passed in the future ARR, this impact has already made open access infeasible for the state consumers.
- g) The Objector request the Hon'ble Commission may reevaluate the view of allowing such inclusion of ISTS charges in the determination of Additional Surcharge.

1.5 VERIFICATION OF FIXED CHARGES PAID AND RECOVERY OF DEMAND CHARGES

- a) The Objector has observed an inverse trend depicting increase in proposed fixed charges paid in H1 of 2022-23 to approved fixed charges paid in H2 2022-23 with decreasing long term available capacity. The same is tabulated below for reference;

Particulars	Proposed for H2 2022-23	Approved for H1 2022-23
Fixed Charges Paid (Crores)	6,063.77	6,004.53
Long Term Available Capacity(MW)	8,546.53	9,227.98
Fixed charges paid per MW(Crores/MW)	0.71	0.65

- b) Objector also observed an increase of more than 200 % in interest on Pension Bonds as per instant claim of Rs. 805 Crores in H2 of FY 2022-23 against the approved amount of Rs. 342 Crores in H1 of FY 2022-23.
- c) The total Power Procurement dues of Telangana Discom has been increased from Rs. 12914 Crores at the beginning of Oct 2021 to Rs. 15341 Crores at the end of March 2022 as per the GOI PRAAPTI portal. But the Telangana Discoms have only paid 6-7% of the outstanding dues. The detailed payment statement from the PRAAPTI portal has been represented below:

(All Figures in Crores)

As per PRAAPTI Portal	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22
Amount Billed to TS Discom	1212.1	1830.45	1281.94	1414.26	1509.87	1266.84
Amount Paid by TS Discom Against Current Dues	107	103	97	28	64	146

- d) From the above analysis it can be seen that Discoms is collecting tariff for clearing the power purchase bills rather than clearing the current dues.
- e) The Hon'ble Commission is requested to reevaluate the approach and direct the Petitioner to submit element wise break up of Fixed charges paid in order to check the veracity of claim.
- f) Further, it is observed that there is trend of decreasing fixed cost recovery from past years leading to increase in Additional Surcharge (Despite of no tariff change in FY 2021-22). The same observed trend is shown below:

Followed Trend from the Past Years:

	FY 2017-18	FY 2018-19	H2 FY 21-22	H1 FY 22-23	H2 FY 22-23
Additional Surcharge	Order dated 13.12.2017	Order dated 27.03.2018	Order dated 24.12.2021	Order dated 22.03.2022	Petition
Energy consumed by OA consumers from DISCOM (MU)	1,209.78	1,448.97	1,590.80	1,785.41	1,993.20
Demand charges recovered by DISCOM from OA consumers (Rs. Crores)	234.54	223.22	185.60	186.90	179.95
Per unit Charges recovered from OA Consumers (Rs./ unit)	1.94	1.54	1.17	1.05	0.90
Additional Surcharge (Rs./ unit)	0.51	0.52	0.95	1.15	6.81

- g) The veracity of above shown data needs to be verified by the Hon'ble Commission to avoid any loading of inefficiency of Discom on state Consumers in the form of Additional Surcharge.

1.6 DISCREPANCIES IN THE PRESENT COMPUTATIONS

- a) While thoroughly analysing the present petitions, the Objector found some discrepancies in the computations done by the Petitioners. The following discrepancies is apparent and needs to be thoroughly examined.
- b) The Petitioners have claimed Rs.6063.77 Crores and Rs.2080.86 Crores under the head of Fixed charges paid and Transmission charges paid respectively for TS Discoms without providing any clarity about Fixed charges paid towards NCE power procurement.
- c) The Objector while verifying the claims, has found that only TSSPDCL audited accounts are available in public domain for respective quarters. The relevant extracts are reproduced below:

As per Q3 Audited Accounts for TSSPDCL

23 - POWER PURCHASE COST

Particulars	For Q3 of 2021-22	For Q2 of 2021-22	For Q1 of 2021-22	For 2020-21
	₹ (in Crore)	₹ (in Crore)	₹ (in Crore)	₹ (in Crore)
Purchase of Power - Fixed Cost	2,858.52	7.60	2,049.01	8,035.47
Purchase of Power - Variable Cost	2,870.18	6,270.77	3,390.63	13,662.47
Transmission Charges	335.34	586.53	587.58	2,565.36
Other Power Purchase Costs	(135.50)	24.00	14.33	(560.24)
Total	5,928.54	6,888.90	6,041.55	23,703.06

As per Q4 Audited Accounts TSSPDCL

23 - POWER PURCHASE COST

Particulars	For Q4 of 2021-22	For Q3 of 2021-22	For Q2 of 2021-22	For Q1 of 2021-22	For 2020-21
	₹ (in Crore)	₹ (in Crore)	₹ (in Crore)	₹ (in Crore)	₹ (in Crore)
Purchase of Power - Fixed Cost	3,137.12	2,858.52	7.60	2,049.01	8,035.47
Purchase of Power - Variable Cost	3,669.77	2,870.18	6,270.77	3,390.63	13,662.47
Transmission Charges	1,561.58	335.34	586.53	587.58	2,565.36
Other Power Purchase Costs	163.49	(135.50)	24.00	14.33	(560.24)
Total	8,531.96	5,928.54	6,888.90	6,041.55	23,703.06

- d) The Petitioners have not furnished a reconciliation statement for the same. Subsequently, in the absence of reconciliation statement and relevant audited accounts report, the veracity of the said claims of Petitioners could not be checked.
- e) Additionally, the Objector humbly submits that the Actual Fixed Costs as a part of Actual Power Purchase Cost, ought to be subjected to strict prudence check in terms of Regulation 12 of the Tariff Regulations:

"12.1 The Distribution Licensee shall be allowed to recover the cost of power it procures, including from State generators, independent power producers, Central generating stations, non-conventional energy

generators, and others, for supply to consumers, based on the Commission-approved Power Procurement Plan of the Distribution Licensee covering each year of the Control Period:

Provided that where the procurement is for sale to consumers permitted open access by the Nodal Agency under the Open Access Regulation or purchase for trading, the Distribution Licensee shall provide an Allocation Statement as referred to in clause 5 clearly specifying the costs that are attributable to the sales made to such consumers, utilities, etc.

12.2 Except in the case of Retail Supply Business insofar as for the first Control Period is concerned:

a. The Commission shall adopt the Sales Forecast, the Distribution loss trajectory and the Power Procurement Plan approved as part of the Resource Plan for the purpose of determining the Power Purchase Requirement of the Distribution Licensee for the Control Period;

b. The power procurement plan will not generally require any revisions during the Control Period, and the Commission-approved category-wise power procurement forecast shall be applied for estimating the Distribution Licensees' power procurement requirement for each year of the Control Period;

c. While approving the cost of power procurement, the Commission shall determine the quantum of electricity to be procured, consistent with the power procurement plan, from various sources of supply, in accordance with the principle of merit order schedule and dispatch, based on a ranking of-all approved sources of supply in the order of variable cost or price."

- f) It is prayed that the Hon'ble Commission may direct the Discoms to provide a reconciliation with the audited accounts and the Fixed cost component of power purchase may be accordingly allowed subject to prudence check.

- g) The Objector, in the absence of a reconciliation statement, has considered the claims of the Petitioners for the computation.

1.7 ADDITIONAL SURCHARGE FOR H2 OF FY 2022-23 AS PER OBJECTOR'S ASSESSMENT

- a) Based on the data available, the Objector has computed the allowable Additional Surcharge for H2 of FY 2022-23, as follows:

Additional Surcharge as per Objector's Assessment

Additional Surcharge		Unit	As per Objector's Assessment
{A}	Long term available capacity	MW	8,546.53
{B}	Capacity stranded due to open access	MW	152.29
{C}	Fixed Charges paid	Rs. crore	6,063.77
$\{D\}=\{C\}\div\{A\}$	Fixed Charges per MW	Rs. crore/MW	0.71
$\{E\}=\{D\}\times\{B\}$	Fixed Charges for stranded capacity	Rs. crore	108.05
{F}	Transmission charges paid	Rs. crore	2,080.86
{G}	Actual Energy scheduled	MU	36,015.42
$\{H\}=\{F\}\div\{G\}$	Transmission charges per unit	Rs./kWh	0.58
I	Distribution charges as per RST Order dt.23.03.2022	Rs./kWh	0.23
$\{J\}=\{H\}+\{I\}$	Total transmission and distribution charges per unit	Rs./kWh	0.81
{K}	Energy consumed by open access consumers from the DISCOM	MU	1,993.20
$\{L\}=\{K\}\times\{J\}$	Transmission and distribution charges to be paid by open access consumers	Rs. crore	161.00
{M}	Demand charges recovered by the DISCOM from open access consumers	Rs. crore	179.95
$\{N\}=\{M\}-\{L\}$	Demand charges to be adjusted	Rs. crore	18.95
$\{O\}=\{E\}-\{N\}$	Net stranded charges recoverable	Rs. crore	89.11
{P}	Open access sales	MU	370.34
$\{Q\}=\{O\}\div\{P\}$	Additional Surcharge computed	Rs./kWh	2.41
$\{R\}=\{Q\}\times 33\%$	Proposed Capping on additional surcharge by 33 % as per approach in Order dated 22.03.2022 passed by Hon'ble Commission with regards to O.P. No 61 & 62 of 2021 for H1 of 2022-23	Rs./kWh	0.79

PRAYERS

The Objector most respectfully prays that this Hon'ble Commission may be pleased to:

- A. Consider the above Objection Statement filed by the Objector;
- B. Consider the Distribution Cost as per RST Order dt.23.03.2022 for FY 2022-23 for the computation of Additional Surcharge;
- C. May allow the Transmission charges duly taking into account the CERC (Sharing of Inter-State Transmission Charges and Losses) Regulations, 2020;
- D. May Conduct a Prudence check over the Fixed Charges Paid and Demand Charges recoveries from Open Access Consumers;
- E. May direct the Discoms to provide a reconciliation with the audited accounts and the Fixed cost component of power purchase may be accordingly allowed subject to prudence check;
- F. May disallow the claim of Additional surcharge due to Discrepancies in computation and absence of reconciliation statement with audited accounts for the claim proposed by the Petitioners;
- G. Consider the methodology/approach/computation to work out the Additional Surcharge, if any, attributable to the open access consumers as assessed by the Objector;
- H. May approve Additional Surcharge as assessed by the Objector;
- I. Pass necessary orders as may be deemed appropriate in the facts and circumstances of the case in the interest of competition, as has been enshrined in the Electricity Act;

Date: 20th August, 2022

Place: Hyderabad

Objector

Annexure A

8.2.5 As per the Tariff Policy, 2016, State Electricity Regulatory Commissions (SERCs) may calculate the cost of supply of electricity by the distribution licensee to consumers of the applicable class as aggregate of (a) per unit weighted average cost of power purchase including meeting the renewable purchase obligation; (b) transmission and distribution losses applicable to the relevant voltage level and commercial losses allowed by the SERC; (c) transmission, distribution and wheeling charges up to the relevant voltage level; and (d) per unit cost of carrying regulatory assets, if applicable.

8.2.6 The Tariff Policy, 2016 specifies the following formula for computation of CSS:

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

Where,

S - is the surcharge

T - is the tariff payable by the relevant category of consumers, including reflecting the Renewable Purchase Obligation

C - is the per unit weighted average cost of power purchase by the Licensee, including meeting the Renewable Purchase Obligation

D - is the aggregate of transmission, distribution and wheeling charge applicable to the relevant voltage level

L - is the aggregate of transmission, distribution and commercial losses, expressed as a percentage applicable to the relevant voltage level

R - is the per unit cost of carrying regulatory assets.

8.3 CROSS SUBSIDY SURCHARGE FOR FY 2022-23

DISCOMs' submissions

8.3.1 The DISCOMs have filed CSS for FY 2022-23 as per the Tariff Policy, 2016 considering the following for the respective DISCOM:

- Category wise average realisation from the proposed tariffs.
- Weighted average power purchase cost.
- Wheeling charges and losses computed at different load factors across voltages considering wheeling charges approved by the Commission.

8.3.2 The CSS proposed by the DISCOMs for FY 2022-23 is as shown below:

Table 8-1: Cross Subsidy Surcharge proposed by the DISCOMs for FY 2022-23

Consumer Category		TSSPDCL	TSNPDCL
HT Category at 11 kV			
HT-I	Industry	1.91	1.03
HT-II	Others	2.32	2.43
HT-III	Airports, Railway Stations and Bus Stations	2.03	1.84
HT-IV	Irrigation, Agriculture & CPWS	0.84	1.73

Consumer Category		TSSPDCL	TSNPDCL
HT-VI	Townships and Residential Colonies	1.87	0.53
HT-VII	Temporary Supply	3.14	3.02
HT Category at 33 kV			
HT-I	Industry	1.70	1.84
HT-IB	Ferro Alloys	1.54	1.59
HT-II	Others	2.03	2.31
HT-IV	Irrigation, Agriculture & CPWS	2.26	2.15
HT-VI	Townships and Residential Colonies	1.80	1.71
HT-VII	Temporary Supply	2.82	2.76
HT Category at 132 kV			
HT-I	Industry	1.55	1.47
HT-IB	Ferro Alloys	1.48	-
HT-II	Others	1.97	6.31
HT-III	Airports, Railway Stations and Bus Stations	1.66	-
HT-IV	Irrigation, Agriculture & CPWS	1.44	1.37
HT-V	Railway Traction/HMR	1.80	1.30
HT-VI	Townships and Residential Colonies	-	1.65

- 8.3.3 The DISCOMs further submitted that the “Consultation Paper on Issues pertaining to open access, Aug '17” issued by MoP, GoI highlighted the issue of limiting the CSS to 20% of tariff applicable to the consumer category which is reproduced below:

“The Tariff Policy 2016 mandates SERCs to determine roadmap for reduction of cross subsidy and bring tariff at +/- 20% Average Cost of Supply, however it restricts Cross Subsidy Surcharge at 20% of the consumer tariff. In case the consumer tariff is more than 120% of Average Cost of Supply, DISCOM will not be able to recover losses through cross subsidy surcharge in case consumer opts for open access. It is essential for SERCs to implement both Para 8.3 -2 and First proviso to para 8.5.1 of the Tariff Policy 2016 simultaneously. If one of the provision could not be implemented due to some reason, the second provision should also not be implanted to that extent.”

- 8.3.4 Referring to the above, the DISCOMs requested the Commission not to restrict the CSS at 20% of tariff payable by the consumer as the tariffs are not within $\pm 20\%$ average cost of supply so that there is no under recovery in determination of CSS.

Commission’s view

- 8.3.5 The Commission has adopted the CSS computation formula as specified in the Tariff Policy, 2016 for determination of CSS for FY 2022-23.

- 8.3.6 As regards the limiting of CSS at 20% of the tariff payable by the consumer, the

views expressed in the consultation paper cited by the DISCOMs are not binding on the Commission as the consultation paper does not have the force of law. Therefore, the Commission does not accept the DISCOMs submission in this regard.

8.3.7 The Commission has computed DISCOM wise, category-wise, voltage-wise 'T', i.e. per unit tariff (Rs./ unit) realized for FY 2022-23 from the relevant category of consumers, calculated based on category wise revenue anticipated from the approved sales at tariff determined for that category, divided by the approved sales. The value of T computed for each category has been presented in **Annexure 12**.

8.3.8 The Commission has computed DISCOM wise 'C', i.e., per unit (Rs./unit) weighted average cost of power purchase divided by the approved energy requirement. The value computed for each licensee has been presented in **Annexure 13**.

8.3.9 The Commission has computed 'D', i.e., per unit aggregate of transmission, and distribution charges by taking transmission charges and voltage wise distribution charges approved for FY 2022-23.

8.3.10 The Commission has computed 'L', i.e., aggregate of transmission, and distribution losses voltage wise for FY 2022-23, based on the percentage loss in the transmission system and voltage wise approved distribution loss trajectory for FY 2022-23.

8.3.11 The Commission has not approved any regulatory assets in this Order for FY 2022-23, hence 'R' (i.e., per unit cost of carrying regulatory assets) does not arise.

8.3.12 Based on the above, the Commission has computed the DISCOM wise, voltage wise CSS for different categories of consumers applicable to consumers availing of open access at different voltages in the area of supply of the respective DISCOM as below:

Table 8-2: CSS determined by the Commission for FY 2022-23

Consumer Category		TSSPDCL	TSNPDCL
HTCategory at 11 kV			
HT-I	Industry	1.97	1.99
HT-II	Others	2.33	2.35

Consumer Category		TSSPDCL	TSNPDCL
HT-III	Airports, Railway Stations and Bus Stations	2.26	2.13
HT-IV	Irrigation, Agriculture & CPWS	1.05	0.64
HT-VI	Townships and Residential Colonies	1.88	1.97
HT-VII	Temporary Supply	3.34	3.18
HT-IX	Electric Vehicle Charging Station	1.38	0.72
HT Category at 33 kV			
HT-I	Industry	1.74	1.83
HT-II	Others	2.03	2.28
HT-IV	Irrigation, Agriculture & CPWS	1.24	1.25
HT-VI	Townships and Residential Colonies	1.78	1.67
HT-VII	Temporary Supply	2.97	2.90
HT Category at 132 kV and above			
HT-I	Industry Segregated	1.53	1.70
HT-II	Others	1.98	4.10
HT-III	Airports, Railway Stations and Bus Stations	1.62	-
HT-IV	Irrigation, Agriculture & CPWS	1.41	1.52
HT-V	Railway Traction & HMR	1.40	1.38
HT-VI	Townships and Residential Colonies	-	1.63

8.4 APPLICABILITY

- 8.4.1 The CSS applicable for FY 2022-23 as approved by the Commission in this Order shall be effective from 01.04.2022 to 31.03.2023.
- 8.4.2 Exemption from payment of CSS for the eligible Open Access consumers shall be as per the Government Policy in force. The DISCOMs may take up the issue of making good of revenue loss due to such exemption, if any, with the State Government for proper relief.

Annexure B

TSERC

Particulars	Claimed			Approved		
	TSSPDCL	TSNPDCL	Total	TSSPDCL	TSNPDCL	Total
Special appropriations	50.00	60.41	110.41	20.00	20.00	40.00
Aggregate Revenue Requirement	6130.77	4824.65	10955.42	5253.00	3751.68	9004.68
Less: Non-Tariff Income	536.47	175.46	711.93	536.47	175.46	711.93
Less: Revenue from OA	50.33	0.00	50.33	45.81	0.00	45.81
Net Aggregate Revenue Requirement (to Retail Supply Business)	5543.97	4649.19	10193.16	4670.72	3576.22	8246.94
FY 2023-24						
Operation & Maintenance expenses	3973.56	3455.30	7428.86	3629.21	2867.65	6496.86
Return on Capital Employed	1171.20	1112.46	2283.66	932.52	654.92	1587.44
Depreciation	1609.01	1073.01	2682.02	1158.53	654.92	1813.45
Taxes on Income	84.53	43.05	127.58	63.47	44.57	108.04
Special appropriations	50.00	59.97	109.97	20.00	20.00	40.00
Aggregate Revenue Requirement	6888.31	5743.78	12632.09	5803.72	4242.07	10045.79
Less: Non-Tariff Income	585.52	188.44	773.95	585.52	188.44	773.95
Less: Revenue from OA	52.74	0.00	52.74	49.84	0.00	49.84
Net Aggregate Revenue Requirement (to Retail Supply Business)	6250.05	5555.35	11805.40	5168.36	4053.63	9222.00

5.15 WHEELING CHARGES FOR 4TH CONTROL PERIOD

Petitioners' submission

5.15.1 The Wheeling Charges proposed by the DISCOMs for 4th Control Period is as shown in the Table below:

Table 5–25: Wheeling Charges proposed by the DISCOMs for 4th Control Period

Rs./kVA/month

Particulars	FY 2019-20		FY 2020-21		FY 2021-22		FY 2022-23		FY 2023-24	
	TSSPDCL	TSNPDCL	TSSPDCL	TSNPDCL	TSSPDCL	TSNPDCL	TSSPDCL	TSNPDCL	TSSPDCL	TSNPDCL
33 kV	35.88	50.05	37.43	59.49	38.22	70.93	39.93	85.48	40.96	100.82
11 kV	302.81	508.28	314.71	594.07	327.55	702.02	348.78	841.21	368.33	981.19
LT	791.92	1078.42	853.33	1243.51	905.81	1451.42	981.85	1696.73	1068.48	1955.64

Commission's View

5.15.2 The Commission has determined the Wheeling Charges for 4th Control Period considering the methodology adopted by the Commission for 3rd Control Period:

- The year wise approved ARR for each year of 4th Control Period has been allocated amongst 33 kV, 11 kV and LT voltage levels.
- Employee cost and A&G expenses have been apportioned among number of substations, line length, number of DTRs and number of consumers in the ratio of 49%, 21%, 10% and 20% respectively.
- R&M expenses have been allocated in proportion of GFA for each voltage level as the expense is driven by GFA.
- Depreciation, RoCE, taxes on income, non-tariff income have been allocated in proportion of GFA for each voltage level as these expenses are driven by GFA.

- v. The capitalised O&M expenses have been allocated in proportion to each voltage wise O&M expenses to total O&M expenses.
- vi. Having allocated the components of ARR among each voltage, the cost attributable for each voltage has been computed.
- vii. The demand incident at each voltage level has been arrived at by considering the voltage wise demands as submitted by the DISCOMs and approved losses.
- viii. The voltage wise wheeling charges have been computed by dividing the apportioned ARR at each voltage level by the demand at that voltage level.

5.15.3 Based on the above methodology, the Wheeling Charges determined by the Commission for 4th Control Period is as shown in the Table below:

Table 5–26: Wheeling Charges determined by the Commission for 4th Control Period

Particulars	Rs./kVA/month									
	FY 2019-20		FY 2020-21		FY 2021-22		FY 2022-23		FY 2023-24	
	TSSPDCL	TSNPDCCL	TSSPDCL	TSNPDCCL	TSSPDCL	TSNPDCCL	TSSPDCL	TSNPDCCL	TSSPDCL	TSNPDCCL
33 kV	31.03	45.75	32.27	48.81	33.90	54.69	36.26	61.28	38.82	71.84
11 kV	283.72	462.66	291.78	497.60	304.11	553.19	322.51	637.80	341.95	718.89
LT	708.44	1004.48	733.06	1077.47	764.19	1188.22	809.98	1308.42	860.67	1426.36

5.16 WHEELING LOSSES FOR 4TH CONTROL PERIOD

Petitioners' submission

5.16.1 The wheeling losses proposed by the DISCOMs for 4th Control Period are as shown in the Table below:

Table 5–27: Wheeling losses proposed for 4th Control Period

Voltage level	FY 2019-20		FY 2020-21		FY 2021-22		FY 2022-23		FY 2023-24	
	TSSPDCL	TSNPDCCL	TSSPDCL	TSNPDCCL	TSSPDCL	TSNPDCCL	TSSPDCL	TSNPDCCL	TSSPDCL	TSNPDCCL
33 kV	3.68%	3.58%	3.66%	3.58%	3.64%	3.57%	3.63%	3.57%	3.61%	3.57%
11 kV	4.65%	3.92%	4.61%	3.92%	4.56%	3.92%	4.51%	3.92%	4.47%	3.91%
LT	5.93%	5.01%	5.81%	5.00%	5.69%	5.00%	5.58%	4.99%	5.47%	4.99%

5.16.2 The DISCOMs submitted that they are striving to reduce the losses by implementation of loss reduction measures. However, the actual losses have been higher than the approved loss levels for 3rd Control Period. Citing Clause 5.11(h) of the Tariff Policy, 2016, the DISCOMs requested the Commission to consider the actual loss level of FY 2018-19 as base for approving the trajectory for 4th Control Period.

Commission's View

5.16.3 The comparison of approved target for wheeling losses vis-à-vis actual achievement for 3rd Control Period is as shown in the Table below:

Table 5–28: Wheeling losses for TSSPDCL for 3rd Control Period

Voltage level	FY 2014-15		FY 2015-16		FY 2016-17		FY 2017-18		FY 2018-19	
	Tariff Order	Actual	Tariff Order	Actual	Tariff Order	Actual	Tariff Order	Actual	Tariff Order	Actual
33 kV	3.99%	3.15%	3.99%	3.30%	3.99%	3.31%	3.99%	3.52%	3.99%	3.70%
11 kV	5.00%	5.09%	5.00%	5.08%	4.50%	4.50%	4.40%	4.40%	4.25%	4.70%
LT	7.50%	10.95%	6.50%	8.33%	5.50%	7.92%	5.25%	7.71%	5.00%	6.05%

Table 5–29: Wheeling losses for TSNPDCL for 3rd Control Period

Voltage level	FY 2014-15		FY 2015-16		FY 2016-17		FY 2017-18		FY 2018-19	
	Tariff Order	Actual	Tariff Order	Actual	Tariff Order	Actual	Tariff Order	Actual	Tariff Order	Actual
33 kV	4.00%	4.48%	4.00%	4.42%	4.00%	4.31%	4.00%	4.12%	4.00%	3.58%
11 kV	4.25%	4.70%	4.25%	4.62%	4.23%	4.50%	4.20%	4.24%	4.15%	3.92%
LT	7.00%	7.57%	6.00%	7.19%	5.50%	6.56%	5.25%	5.34%	5.00%	5.01%

5.16.4 By the end of 3rd Control Period, TSSPDCL could achieve the target loss level for 33 kV only while TSNPDCL could achieve the target loss level for 33 kV and 11 kV and slightly higher for LT. The DISCOMs have cited Clause 5.11(h) of the Tariff Policy, 2016 which stipulates as under:

“2. In cases where operations have been much below the norms for many previous years, the initial starting point in determining the revenue requirement and the improvement trajectories should be recognized at “relaxed” levels and not the “desired” levels. Suitable benchmarking studies may be conducted to establish the “desired” performance standards. Separate studies may be required for each utility to assess the capital expenditure necessary to meet the minimum service standards.”

5.16.5 It is pertinent to mention that TSSPDCL has incurred more capital investment than approved by the Commission for 3rd Control Period yet, the target loss levels could not be achieved. Therefore, the Commission does not find it prudent to consider the higher actual loss as base values for specifying the trajectory for 4th Control Period.

5.16.6 The Commission has considered the base level of loss as lower of approved and actual for each voltage level. Thereafter, the Commission has considered the annual reduction of 0.02%, 0.03% and 0.05% for 33 kV, 11 kV and LT levels respectively.

5.16.7 Based on the above, the wheeling losses approved by the Commission for 4th Control Period is as shown in the Table below:

Table 5–30: Wheeling losses approved for 4th Control Period

Voltage level	FY 2019-20		FY 2020-21		FY 2021-22		FY 2022-23		FY 2023-24	
	TSSPDCL	TSNPDCL	TSSPDCL	TSNPDCL	TSSPDCL	TSNPDCL	TSSPDCL	TSNPDCL	TSSPDCL	TSNPDCL
33 kV	3.68%	3.56%	3.66%	3.54%	3.64%	3.52%	3.62%	3.50%	3.60%	3.48%
11 kV	4.22%	3.89%	4.19%	3.86%	4.16%	3.83%	4.13%	3.80%	4.10%	3.77%