

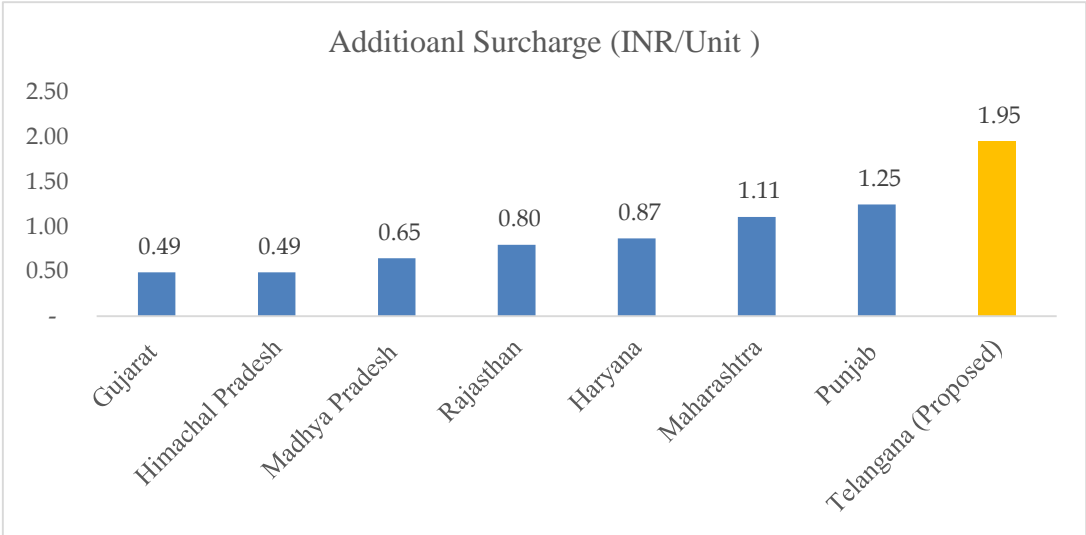


Annexure-I: Comments in the matter of approval for Additional Surcharge for FY 2017-18

Petition Sr No./Page No.	Petition Reference	Comments / Suggestion by InWEA										
Page No. 2	<p>Computation Methodology of Additional Surcharge</p> <p>The licensee humbly requests the Hon'ble Commission to allow the licensees to collect the Additional Surcharge as per the computation method mentioned in the petition</p>	<p>At the outset, InWEA would like to submit that the proposed Additional Surcharge on OA consumers is unjustified and the need for the same has merely arisen out of poor planning by both the DISCOMS in terms of poor load growth projection coupled with contracting of excess Power. In view of the same InWEA would like to plea to the Commission that the present proposal of levying Additional Surcharge should not be approved.</p> <p>InWEA would like to highlight that the petitioner has proposed Additional Surcharge considering the total Annual fixed Cost (including Hydro and Renewable stations) for FY 2017-18 as INR 13,898 Crore. However as per the Retail Supply Tariff Order dated 26.08.2017 the annual Fixed cost approved by the Commission for FY 2017-18 is INR 10,212 Crore only. Therefore, we would like to request the Commission to consider the annual fixed cost as INR 10,212 Crore, as approved in the Retail Supply tariff order. Based on the revised Fixed cost the Additional Surcharge as per the methodology specified by the petitioner comes out to be INR 1.26 per kVAh as shown in the table below: -</p> <table border="1" data-bbox="1070 1326 2040 1409"> <thead> <tr> <th data-bbox="1070 1326 1144 1409">SN</th> <th data-bbox="1144 1326 1621 1409">Component</th> <th data-bbox="1621 1326 1776 1409">UoM</th> <th data-bbox="1776 1326 1901 1409">Petition</th> <th data-bbox="1901 1326 2040 1409">InWEA analysis</th> </tr> </thead> <tbody> <tr> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> </tr> </tbody> </table>	SN	Component	UoM	Petition	InWEA analysis					
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		a	Total power purchase cost for FY 2017-18 as filed	INR crore	24,421	21,692.20
		b	Fixed cost including renewables and hydro	INR crore	13,898	10,212.53
		c	Average Peak demand of state met in FY 2016-17	MW	7,642	7,642.00
		d	Peak Demand of the state met in FY 2016-17	MW	9,191	9,191.00
		e	Fixed cost to be recovered (b*10000/c/12)	INR per kVA per month	1,516	1,113.64
		f	Fixed cost recovered via Fixed charges	INR per kVA per month	390	390.00
		g	Fixed cost to be recovered via additional surcharge (f-e)	INR per kVA per month	1,126	723.64
		h	Fixed cost to be recovered via additional surcharge (g/30)	INR per kVA per day	37.5	24.12
		i	Additional Surcharge assuming 80% LF of open access capacity	INR per kVAh	1.95	1.26

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		<p>We would further like to emphasise that in order to conclusively demonstrate that Open Access has actually resulted in stranded Cost obligations as per the provisions of Section 42(4) of the act, the petitioner should be asked to submit monthly back down data, similar to the approach followed by various Commission such as MERC, GERC, RERC etc., and as clarified by APTEL for Computation of Additional Surcharge , whereby the historical back down MUs of past 1 year(or 6 Months), have to be used to conclusively demonstrate that Open Access in the past period, has resulted in stranded capacity of generating stations, and accordingly the Discoms were allowed to recover additional surcharge to provide for the fixed cost obligation due to stranded capacity. However, the petitioner has not submitted any back down data, which does not demonstrate that Open Access has actually resulted in stranded Cost obligations as per the provisions of Section 42(4) of the act read with clause 8.5.4 of the Tariff policy 2016.</p> <p>Relevant clause of the Tariff Policy 2016 is reproduced as under:</p> <p><i>“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</i></p>

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		<p><i>incidence to bear fixed costs consequent to such a contract. The fixed costs related to network assets would be recovered through wheeling charges."</i></p> <p>In view of the above deficiencies, the present Petition should be rejected and the Additional surcharge may not be approved.</p>																		
Page No. 4	<p>Computation of Additional Surcharge Recoverable... The licensee humbly requests the Hon'ble commission to allow the licensees to collect the Additional Surcharge... of Rs 1.95/Unit during the FY 2017-18</p>	<p>The Proposed Additional Surcharge of Rs. 1.95/kWh is the highest as compared to the existing level of Addition Surcharge across various States.</p>  <table border="1"> <caption>Additioanl Surcharge (INR/Unit)</caption> <thead> <tr> <th>State</th> <th>Surcharge (INR/Unit)</th> </tr> </thead> <tbody> <tr> <td>Gujarat</td> <td>0.49</td> </tr> <tr> <td>Himachal Pradesh</td> <td>0.49</td> </tr> <tr> <td>Madhya Pradesh</td> <td>0.65</td> </tr> <tr> <td>Rajasthan</td> <td>0.80</td> </tr> <tr> <td>Haryana</td> <td>0.87</td> </tr> <tr> <td>Maharashtra</td> <td>1.11</td> </tr> <tr> <td>Punjab</td> <td>1.25</td> </tr> <tr> <td>Telangana (Proposed)</td> <td>1.95</td> </tr> </tbody> </table> <p>The proposed Additional Surcharge is as high as 1.56 times the highest Additional Surcharge prevailing in the country i.e., 1.25 Rs/Unit in Punjab.</p>	State	Surcharge (INR/Unit)	Gujarat	0.49	Himachal Pradesh	0.49	Madhya Pradesh	0.65	Rajasthan	0.80	Haryana	0.87	Maharashtra	1.11	Punjab	1.25	Telangana (Proposed)	1.95
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		<p>The proposed Additional Surcharge would make Open Access transaction which currently form merely 4.5% of the total Sales for FY 2016-17, in the State financially unviable. Therefore, such high Level of Additional surcharge should not be allowed to be recovered by Discoms.</p> <p>We would further like to humbly request the Hon'ble Commission to <u>not to</u> Levey Additional Surcharge on Open Access Procured through wind Generators in line with promotional aspects of Government's policies for Non-Conventional Energy generators.</p>