



TELANGANA ELECTRICITY REGULATORY COMMISSION
5th Floor, Singareni Bhavan, Red Hills, Lakdi-ka-pul, Hyderabad 500 004

O. P. No. 5 of 2024

Dated 03.07.2024

Present

Sri. T. Sriranga Rao, Chairman
Sri. M. D. Manohar Raju, Member (Technical)
Sri. Bandaru Krishnaiah, Member (Finance)

In the matter of TGSLDC proposals seeking approval of remuneration and charges payable to state agency for discharge of its functions under RPPO being Regulation No. 07 of 2022.

ORDER

BACKGROUND:

1. The Commission had notified the Telangana Electricity Regulatory Commission Renewable Power Purchase Obligation (Compliance by Purchase of Renewable Energy / Renewable Energy Certificates) Regulation, 2022 being Regulation No. 7 of 2022 exercising power under sec 181 of the Electricity Act, 2003 (Act, 2003) providing for purchasing of renewable energy or certificates by obligated entities. The said regulation has also provided for the State Load Despatch Centre for the state of Telangana (TGSLDC) to collect remuneration and charges as decided by the Commission towards discharge of the functions under this regulation as a state agency.
2. The TGSLDC has made a request to the Commission vide letter dated 23.06.2023 exercising its authority in terms of clause 6 (6) of Regulation No. 7 of 2022 duly proposing and seeking approval of the remuneration as well as charges payable to state agency for discharge of the functions under the above said regulation. The same are extracted below.

a. TGS LDC has submitted the proposals for remuneration and charges payable to the TGS LDC as per the current charges being collected from RE generators for the REC accreditation as per CERC order dated 09.12.2022 in Petition No. 15 / SM / 2022 since the scope of work to be carried out by the TGS LDC under Regulation No. 07 of 2022 is similar in nature as that of REC accreditation work. The rates proposed by TGS LDC are as follows

- i) Every RPPO obligated entity shall pay the One Time Charge at the rate of Rs. 30,000/-.
- ii) Every RPPO obligated entity shall pay an 'Annual Charge' at the rate of Rs. 10,000/- and the annual charges shall be payable by 30th April of every year.
- iii) The taxes and duties on fee and charges shall be applicable as per prevailing norms.
- iv) In case the obligated entity does not pay any charges for any specific year to the state agency for discharging its functions under RPPO regulation, the status of the RPPO compliance of that entity shall not be computed. Further, its RPPO compliance will be treated as unfulfilled for that specific year and the same will be informed to the TSERC for imposing suitable penalty for not paying the RPPO one time and annual charges.

3. Clause 6 of Regulation No. 7 of 2022 enumerates the functions of the state agency as has been identified in the regulation. Specifically, the regulation at sub-clause (6) provides as extracted below.

“Remuneration and Charges:- The Commission may from time to time based on the proposals in this regard from the State Agency fix the remuneration and charges payable to the State Agency for discharge of its functions under this Regulation. The fee and charges paid by the obligated entities and the renewable energy generating companies shall be collected by the State Agency and utilized for its operations in respect of furthering objects of this Regulation.

Explanation: The words for its operation would include both technical and administrative action for carrying out the purpose of this Regulation.”

4. Having examined the proposals of the TGSLDC, the Commission has placed the relevant documents in the website of the Commission that is www.tgerc.gov.in and also caused public notice on 19.09.2023 inviting the objections / suggestions / comments in the matter from the stakeholders on or before 11.10.2023. The copy of the notice issued is enclosed as Annexure – I.

STAKEHOLDERS SUBMISSION

5 The Commission is in receipt of objections / suggestions / comments from the TSDISCOMs vide letters dated 09.10.2023 and 10.10.2023, wherein, they have requested the Commission to exempt the distribution licensees from making payment of the proposed fee towards remuneration and charges payable to the state agency under Regulation No. 7 of 2022 in the interest of consumers.

6. The Commission having regard to the submissions of the stakeholders required the TGSLDC to offer its replies to the objections by email dated 25.11.2023. In response to the above direction of the Commission, the TGSLDC has conveyed its views on the comments received from the stakeholders as below.

“Adverting to the subject and references (2) & (3), TGERC has sent the objections of M/s. Penna Cement Industries Limited & DISCOMs vide ref. (4) and requested to submit the reply to the objections with regard to remuneration & charges as per Regulation No. 7 of 2022 to be levied.

SLDC views on the objections raised by entities are as below:

- a. Both the Distribution Licensees have agreed on the remuneration charges proposed by SLDC vide ref. (5) cited.
- b. The proposal of M/s. Penna Cement Industries Limited for dismissing the charges proposal is not acceptable as per the clause 6 (6) of regulation No. 7 of 2022.

Hence, it is requested to approve the charges as proposed by TGSLDC in accordance with the RPPO Regulation No. 7 of 2022.”

COMMISSION'S VIEW

7. The Commission had notified the regulation on 04.04.2022 and the same had come into operation with effect from 01.04.2022. The SLDC had made proposals for giving effect to the provisions of the regulation by its letter dated 10.11.2022. The

proposals made by the SLDC is with respect to remuneration and charges as provided at clause 6 of the said regulation, which is extracted at para 3 above.

8. The SLDC is presently functioning under the aegis of the transmission corporation. Sections 26 to 33 of the Electricity Act, 2003 (Act, 2003) govern the load despatch functions and particularly sections 30 to 33 of the Act, 2003 are applicable to the SLDC. The state agency has been defined at clause 2 (1) (y) of the Regulation No. 7 of 2022.

9. The SLDC collects annual fee and operating charges by virtue of clause 5 of Regulation No. 1 of 2006 being the Andhra Pradesh Electricity Regulatory Commission (Levy and collection of fees and charges by State Load Despatch Centre) Regulation, 2006. Such charges are determined by the Commission upon filing an application made by the SLDC and clause 6 of Regulation No. 1 of 2006.

10. The SLDC collects the annual fee and operating charges under clause 5 of Regulation No. 1 of 2006, which is extracted below.

“5. COLLECTION OF SLDC FEE AND CHARGES

5.1 The SLDC charges (Annual Fee and Operating charges) shall be payable by Generating companies (including captive generating plants), Distribution Licensees and Trading Licensees using the intra-State transmission network under any agreement or arrangement with the Transmission Licensee in proportion to the capacity contracted.

5.2 Fees: The annual fee as specified by the Commission shall be paid by all Users in advance in two equal instalments, by 10th of April and 10th of October, every financial year starting from 2007-08 onwards:

Provided that in case where the usage of intra-state transmission system commences after the 10th of April or the 10th October of a year, the fee for the period up to 30th September of the year and 31st March of the subsequent year respectively shall be required to be paid before the commencement of intra-state transmission.

5.3 Operating charges: The operating charges of SLDC shall be paid monthly.

- 5.4 If the fee and charges as the case may be are not paid by the due date(s), surcharge at the rate of two percent per month shall be levied on the unpaid amounts.
- 5.5 An amount equivalent to two months operating charges shall have to be deposited in advance by every User as security against default in payment of operating charges.”

11. In this direction, the Commission had determined annual fee and operating charges for the control period 2019-20 to 2023-24 by an order dated 02.03.2020 in O. P. No. 2 of 2019. As such, now deciding remuneration and charges again would amount to double levy on the same stakeholders, though the Commission would be exercising different authorities under different regulation.

12. The consumer, namely, M/s. Penna Cements Limited had rightly raised objection to the proposal of SLDC as stated below.

- “1. As you mentioned in the letter dated 10.11.2022, CERC order dated 21.09.2010, the remuneration is fixed by CERC for eligible entities (sellers) of REC accreditation not for obligated entities (buyers). If TSSLDC seeks permission for obligated entities, it is just unfair & unreasonable excessive and violative of fundamental principles of CERC guidelines.
2. Further, these charges are an additional financial burden to obligated entities apart from REC purchases from power exchanges.
3. Therefore, it is requested the Commission to dismiss the TSSLDC proposal dated 23.06.2023 for remuneration of charges for obligated entities (buyers).”

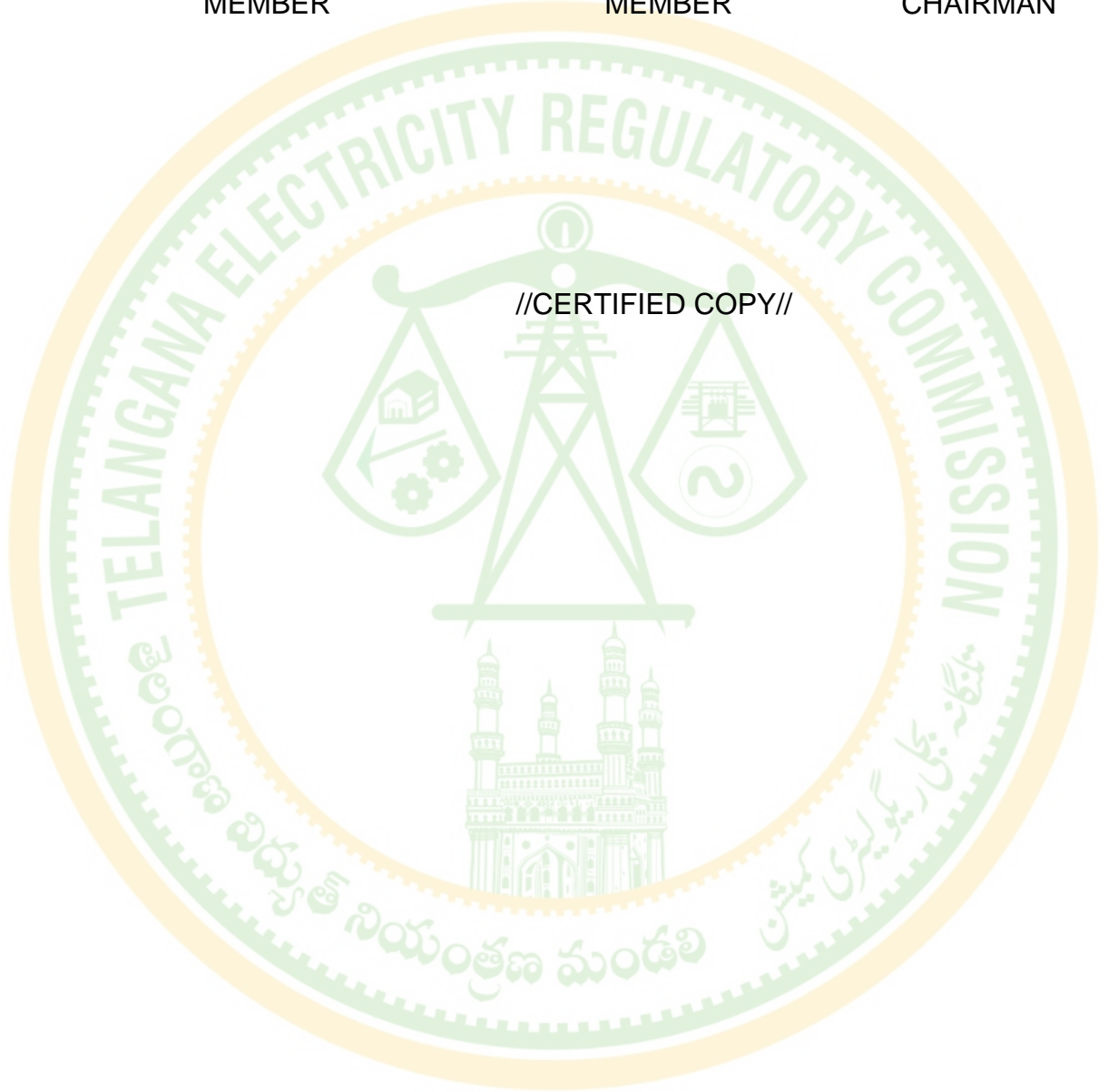
13. The Commission is of the view that the charges and remuneration now proposed is inappropriate and excessive for the reason the same stakeholders are already paying annual fee and operating charges as fixed earlier by the Commission. It is also of the view that the objection raised by the consumer is appropriate and sustainable.

14. The Commission is of the considered view that the regulation notified by it does not make it mandatory for determination of the remuneration and charges but is an

optional exercise as the provision employs the word 'may' and not 'shall'. Keeping in view the foregoing discussion, the Commission is not inclined to accept the proposal of the SLDC. Thus, the proposals stand refused.

This Order is corrected and signed on this 3rd day of July, 2024.

Sd/- (BANDARU KRISHNAIAH) MEMBER
Sd/- (M. D. MANOHAR RAJU) MEMBER
Sd/- (T. SRIRANGA RAO) CHAIRMAN





TELANGANA STATE ELECTRICITY REGULATORY COMMISSION
5th Floor, Singareni Bhavan, Red Hills, Lakdi-ka-pul, Hyderabad 500004

NOTICE

1. Telangana State Load Dispatch Centre (TSSLDC) in terms of Clause 6 (6) of TSERC RPPO Regulation No 07 of 2022 submitted the proposals before the Telangana State Electricity Regulatory Commission (TSERC) seeking approval of remuneration and charges payable to stage agency for discharge of its functions under RPPO Regulation No 07 of 2022 at the following rates
 - a. Every RPPO Obligated Entity shall pay the 'One Time Charge' at the rate of Rs. 30,000/-
 - b. Every RPPO Obligated Entity shall pay an 'Annual Charge' at the rate of Rs. 10,000/- by 30th April of every year
 - c. The taxes and duties on fee and charges shall be applicable as per prevailing norms
 - d. In case the obligated entity does not pay any charges for any specific year to the state agency for discharging its functions under RPPO regulation, the status of the RPPO compliance of that entity shall not be computed. Further, its RPPO compliance will be treated as unfulfilled for that specific year and the same will be informed to Hon'ble TSERC for imposing suitable penalty for not paying the RPPO one time and annual charges.

The TSSLDC has requested the Commission to accord approval to the above-mentioned proposals

- 2.** Copies of the proposals along with the related documents are uploaded on the Commission's website www.tserc.gov.in. Suggestions/Objections/Comments in the subject matter are invited from all stakeholders and public at large, so as to reach the following address on or before **11.10.2023 by 5.00 P.M.**

Commission Secretary [FAC]
Telangana State Electricity Regulatory Commission
5th Floor, Singareni Bhavan, Red Hills, Lakdi-ka-pul,
Hyderabad 500004
E-mail id: secy@tserc.gov.in

DATE: 19.09.2023


COMMISSION SECRETARY [FAC]

Annexure-II

List of stakeholders who submitted written suggestions and comments

Sl. No.	Name of the Stakeholder
1	M/s Penna Cement Industries Limited, Lakshmi Nivas 705, Road No. 3, Banjara Hills, Hyderabad – 500 034.
2	TSDISCOMs

