



SOUTHERN POWER DISTRIBUTION COMPANY OF TELANGANA LIMITED

From

Chief General Manager (IPC & RAC),
TSSPDCL, Corporate Office,
6-1-50, Ground Floor, Mint Compound,
Hyderabad - 500 063.

To

The Commission Secretary,
TSERC, 11-4-660, 5th Floor,
Singareni Bhavan, Red Hills,
Hyderabad - 500 004.

Lr No. CGM (IPC & RAC)/SE(RAC)/F. PPAs/D.No 362 /21, Dt: 28.06.2021

Sir,

Sub:- TSSPDCL - IPC - Proposal for consent of PPAs entered between the TSDISCOMs and TSGENCO - O.P. No's 15 to 19 of 2021- Replies to Objections/Suggestions received - Submitted - Reg

- Ref:- 1) Public Notice Dt 02.06.2021 in the matter of proceedings on Suo-moto approval of the PPAs between TSDISCOMs and TSGENCO in O.P. No's 15 to 19 of 2021
- 2) Objections and Suggestions dated 05.06.2021 & 18.06.2021 received from Sri M. Venugopala Rao, Senior Journalist & Convener, Centre for Power Studies
- 3) Objections and Suggestions dated 24.06.2021 received from Sri M. Thimmareddy, Convener, People's Monitoring Group on Electricity Regulation
- 4) Objections and Suggestions dated 24.06.2021 received from the Federation of Telangana Chambers of Commerce and Industry



Hon'ble Commission Vide ref (1) cited above has issued public notice in the matter of proceedings on Suo-moto approval of the PPAs between TSDISCOMs and TSGENCO in O.P. No's 15 to 19 of 2021 and invited for suggestions/objections/comments from all stakeholders and public at large.

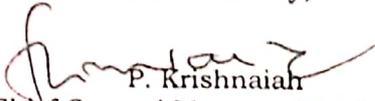
Objections and suggestions were received from the following objectors vide ref (2 to 4) cited above.

- M. Venugopala Rao, Senior Journalist & Convener, Centre for Power Studies
- M. Thimmareddy, Convener, People's Monitoring Group on Electricity Regulation
- Federation of Telangana Chambers of Commerce and Industry

The views/replies of TSDISCOMs on the objections received from various objectors in this matter are submitted herewith.

Encl: As above

Yours faithfully,


P. Krishnaiah
Chief General Manager (IPC & RAC)
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**Reply to the Objections/Suggestions raised by Sri M.Venugopal Rao, Senior Journalist and Convenor
Dt: 05.06.2021 in OP NOS.15 TO 19 of 2021**

Sl. No.	Suggestions/Objections	Comments/Replies of TSDISCOMS
1	The Commission has initiated the Suo-Moto proceeding for approval of PPAs entered between TSDISCOMS and TSGENCO.” However, it is found that, except the public notice, neither the 11 PPAs, nor copies of petitions or proposal and submissions of TS Discoms, are uploaded in the website of the Hon’ble Commission. We request the Hon’ble Commission to get the same uploaded in its website.	5 No PPAs (against 11 Nos Generating Stations) were already uploaded in TSERC website.
2	If “based on the submissions made by TSDISCOMS, the Commission has initiated the Suo-Moto proceeding for approval of PPAs,” the submissions of the Discoms also should be made public for the purpose of public hearing. If the “proposal for consents of PPAs” and “submissions” of the TS Discoms are the basis for initiating proceeding for approval of PPAs, it is difficult to understand how the proceeding for approval of PPAs is suo moto?	-
3	<p>The public notice has not asked the objectors to send copies of their submissions to the petitioners, i.e., the TS Discoms. Moreover, virtual public hearing is scheduled to be held on 24.6.2021, i.e., within five days from the last date for submission of objections, etc., to the Commission. This approach is deficient for the following reasons, among others:</p> <p>a) Unless the said “proposal” and “submissions” of the Discoms are made public, and unless the Hon’ble Commission directs objectors to send copies of their submissions to the Discoms and the latter to respond to the same, it is difficult to understand whether the Discoms would respond to the submissions of the objectors.</p> <p>b) Relating to issues like inflated capital costs of the projects of TS Genco with whom the Discoms had entered into PPAs, delay in execution of the projects, payment of penalties for such impermissible delays, etc., whether the Discoms made their stand clear in their “proposal” and “submissions” also is not known. During the virtual public hearing on the petitions of TSGENCO for determination of capital costs of, and tariffs for, their projects, the Discoms did not participate in the public hearing held on 31.05.2021, except the mere presence of the CMD of TSSPDCL, and make any submissions.</p>	<p>PPAs submitted to the Hon’ble TSERC are as per the TSERC Regulations and in line with earlier PPAs approved by then APERC.</p> <p align="right">Both the DISCOMS attended the public hearing held on 31.05.2021</p>

Sl. No.	Suggestions/Objections	Comments/Replies of TSDISCOMS
	<p>c) As petitioners the TS Discoms, and as respondent the TS Genco, have to participate in the public hearings and respond to the submissions of the objectors. But, in the contents of the said public notice, there is no indication even to this effect.</p> <p>d) whether the Hon'ble Commission is satisfied with the information submitted by the Discoms for holding public hearing or whether it has sought further relevant information and clarifications from them also is not known. If further relevant information and clarifications are sought by the Hon'ble Commission and submitted by the Discoms, the same should be made public by uploading the same in the website of the Commission, We therefore request the Hon'ble Commission to extend the last date for submissions of objectors, say, up to 2nd July, and public hearing, say, upto 15th July, 2021, and direct the Discoms to send their responses to submissions of objectors within one week to enable the latter to study the responses of the Discoms and make further submissions during the public hearing.</p> <p>e) When the said PPAs were submitted to the Hon'ble Commission and by whom and when "proposal" and "submissions" for approval of the PPAs were made by the Discoms are not known. In view of the same, the need and justification for holding public hearing on the PPAs in the manner as proposed in the said public notice is difficult to understand. Needless to say, to study the 11 PPAs will take considerable time. 16 days is not sufficient for this purpose for various reasons.</p> <p>f) Therefore, we request the Hon'ble Commission to direct the Discoms and TS Genco to participate in the public hearing, make their submissions, and respond to the submissions of objectors, as has been the standard and meaningful practice since the inception of ERCs.</p>	<p>Both the DISCOMS will participate in the public hearings.</p>
4	<p>We look forward to a prompt and favourable response of the Hon'ble Commission to our above-mentioned requests and submissions.</p>	-

REPLY TO THE FURTHER OBJECTIONS/SUGGESTIONS RAISED BY SRI M.VENUGOPAL RAO, SENIOR JOURNALIST AND CONVENOR DT: 18.06.2021 IN OP NOS.15 TO 19 OF 2021

Sl. No.	Suggestions/Objections	Comments/Replies of TSDISCOMS
1	I thank the Hon'ble Commission for extending time for filing submissions and postponing virtual public hearing to 30.6.2021. I hope that the Hon'ble Commission has directed TS Discoms and TS Genco to make their submissions in the subject petitions and make the same available to interested objectors.	-
2	The subject Power Purchase Agreements are full of deficiencies in their terms and conditions and fail to protect the interests of the Discoms and of their consumers of power. They also contain one-sided provisions to ensure undue benefit to Genco at the cost of the Discoms and their consumers of power, bereft to Genco of level playing field. The failures of commission and omission in the terms and conditions of the PPAs need to be corrected by applying regulations applicable at the time of taking up the projects concerned for their execution by the developer and in their operation later during the period of PPAs. Present regulations should not be applied to them with retrospective effect.	<p>These are standard PPAs with terms and conditions as approved by erstwhile APERC adopted by TSERC vide Regulation 1 of 2014.</p> <p>After issuance of Regulation 1 of 2019, the applicable regulations have been considered for the PPAs entered for the new projects such as BTPS and YTPS.</p> <p>For the existing PPAs entered prior Regulation 1 of 2019, the present Regulations are not being applied with retrospective effect.</p>
3	<p>A power purchase agreement (PPA) should be judged fundamentally from three angles:</p> <p>a) need for purchasing power from the project concerned for the period specified to meet demand growth.</p>	<p>PPAs are entered into considering the future load growth of 8% in addition to Lift Irrigation Loads of Kaleswaram, PalmuruRanga Reddy, Sitaram Projects & 24x7 power supply to Agriculture pump sets.</p>

<p>(b) cost effectiveness and various options available to get power at the lowest possible or competitive tariff in given circumstances.</p> <p>(c) propriety and legality of provisions in the PPA and their adverse impact on tariffs to be paid by the consumers. Power from the TS Genco's projects is being purchased by the Discoms straight away entering into PPAs, without adopting any competitive bidding for selecting the same, and even without getting consents of the Hon'ble Commission to the PPAs.</p>	<p>It may be noted that if PPAs are entered into with Other State Generators instead of the TS State Generators, the POC charges would be burden on the DISCOMs which would be passed on to the consumers. POC charges are increasing every year in view of concessions given to Renewable Energy.</p> <p>Moreover, the Clause 5.2 of National Tariff Policy 2016 states that "All future requirement of power should continue to be procured competitively by distribution licensees except in cases of expansion of existing projects or where there is a company owned or controlled by the State Government as an identified developer and where regulators will need to resort to tariff determination based on norms provided that expansion of generating capacity by private developers for this purpose would be restricted to one time addition of not more than 100% of the existing capacity".</p> <p>As stated above in Clause 5.2 of National Tariff Policy 2016, there is an exemption for power procurement through competitive bidding from state generators. After entering PPAs with GENCO, DISCOMs are addressing letter to State Regulatory for consent of the PPA. The Hon'ble TSERC approves the capital cost and tariff after prudence check.</p>
<p>4 The PPAs do not contain time schedule for completion of the projects and declaration of their commercial operation dates unit-wise. Liquidated damages to be paid by the developer of projects to the Discoms for impermissible delay in execution of the projects do not figure in the terms and conditions of the PPAs. If the Hon'ble Commission disallows impermissible components of capital costs, including additional IDC, of the</p>	<p>Power Purchase Agreements are being signed by the TSDISCOMS with TSGENCO before declaration of CoD. TSGENCO plants are being taken up exclusively to meet TSDISCOM's Demand. TSDISCOMS are submitting the details of all projects to Hon'ble TSERC in the ARR filings and TSERC issuing Retail Supply Tariff Order duly considering the all projects.</p>

projects for the failures of commission and omission of the developer, as per regulations applicable during that period, to that extent that will prevent imposition of unjustified burdens on the Discoms and their consumers. At the same time, if penalties are not imposed on, and collected from, the developer Genco for failures to generate and supply power to the Discoms in permissible time, it will do injustice to the Discoms and their consumers of power.

For compensating the Discoms for such additional costs in power purchase during that period, penalties need to be imposed on, and collected from, the developer. If PPAs are signed between the Discoms and the developer in time, incorporating the said terms and conditions providing for disallowing impermissible components of capital costs of the projects and imposition of penalties for delay in execution of the projects, it would make the developer accountable for their actions and failures of commission and omission, on the one hand, and ensure protection of the legitimate interests of the Discoms and of their consumers of power, on the other. That is the reason why PPAs should be signed in time by the Discoms and the developer and submitted to the Hon'ble Commission for its consideration and approval. Moreover, commissioning of the projects and their timing should be in consonance with requirement of power by the Discoms to meet growing demand periodically. Without such time schedules, declaring CoDs implies the untenable and unrealistic presumption that as and when the projects declare CoDs then only the Discoms require power, unrelated to their actual requirement for power. Needless to say, timely implementation of the projects benefits the developer as well as the Discoms and their consumers of power. That is the reason why it is generally considered that time is the essence of an agreement.

Normally in the PPAs being entered, the time schedule for the completion of the project and declaration of their commercial operation dates unit-wise are not being indicated. Similarly, in the PPAs of Central Generating Stations like NTPC and NLC and other State Generating stations the aforesaid data is not indicated.

The time schedule of the projects depending on the capacity of the plant is as per the Regulations and the declaration of the commercial operation dates unit-wise of the plant is arrived on the zero date of the project.

Hence, as stated by the objector, the Capital Cost is not effected by the date of signing the PPA and submission by TSDISCOMs to Hon'ble Commission for consent.

The Commission will determine the Capital Cost and tariff after Prudence Check based on the bench mark norms specified from time to time.

While determining the Capital cost or tariff of the project, the Hon'ble Commission will scrutiny the reasonableness of the capital expenditure, financing plan, interest during construction, use of efficient technology, cost overrun due to delay in execution of the project, time overrun and such other matters considered appropriate.

Signing of the PPA's are not done belatedly, Soon after signing the PPA, the Hon'ble TSERC was addressed for issuing in principle consent to the PPA's as per section 86 (1) (b) of Electricity Act 2003. The PPAs are entered for BTSP on 17.09.2019 and the consent letter addressed to Commission on 26.09.2019 and for YTPS, PPA was signed on 11.03.2020 a

	<p>letter was addressed to Regulatory for consent on 26.03.2020.</p> <p>It is not correct to allege that there is delay in execution of the Projects. After formation of Telangana State all efforts are being made to complete the project as per schedule. KTPS-VII stage has declared CoD within a period of 48 months. The delay in BTPS project is due to court cases filed in various Courts.</p>																				
<p>5 The capital costs of projects are getting inflated, mainly on account of delay in their execution due to various reasons. Capital costs and fixed charges based on the same of all such old plants need to be considered after taking into account the depreciation charges paid to them from the date of their CoDs as per terms and conditions in their PPAs after the Hon'ble Commission examines them and as per the order to be given by it.</p>	<p>The Hon'ble Commission while determining the capital cost of the project, will compare with similar projects executed in the same period and the Benchmark costs & Standard timelines for Prudence Check.</p> <p>The cost per MW for similar projects of NTPC is as follows:</p> <table border="1" data-bbox="1182 703 2096 1015"> <thead> <tr> <th>Station Name</th> <th>Capacity (MW)</th> <th>Total Cost (Rs. Crs)</th> <th>Cost per MW</th> </tr> </thead> <tbody> <tr> <td>Lara STPS</td> <td>2x800</td> <td>12269.23</td> <td>7.66</td> </tr> <tr> <td>Gadarwara STPP</td> <td>2x800</td> <td>12600.42</td> <td>7.87</td> </tr> <tr> <td>Khargone</td> <td>2x660</td> <td>11148.86</td> <td>8.44</td> </tr> <tr> <td>TnSTPP-Ph-1</td> <td>2x800</td> <td>12000</td> <td>7.5</td> </tr> </tbody> </table> <p>The state Regulatory examines the capital cost and other costs based on Regulations. Depreciation is computed as per TSERC Regulation No.1 of 2019.</p>	Station Name	Capacity (MW)	Total Cost (Rs. Crs)	Cost per MW	Lara STPS	2x800	12269.23	7.66	Gadarwara STPP	2x800	12600.42	7.87	Khargone	2x660	11148.86	8.44	TnSTPP-Ph-1	2x800	12000	7.5
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6 For some of these projects TS Genco is claiming additional capital costs, as submitted by it to the Hon'ble Commission in OP Nos.5 and 6 of 2021. TS Genco also is claiming tariffs based on such inflated capital costs. It will make claims for further increase in capital costs, and resultant increase in tariffs and true-up claims, in future also. Such exorbitant costs, if permitted by the Hon'ble Commission, would be detrimental to legitimate interests of consumers of the Discoms on a long-term basis. Such claims of TS Genco need to be examined in conjunction with PPAs concerned to take a holistic and comprehensive view. Therefore, I request the Hon'ble Commission to consider my submissions in the subject petitions in conjunction with my submissions made in OP Nos.5&6 of 2021 and vice versa. In this connection, it may be noted that Article 10.8 of Regulation No.1 of 2008 of the Commission says, inter alia, that "the Capital Cost as determined above, shall also include further capital expenditure incurred if any up to the first financial year closing one year after the date of commercial operation of the last unit of the project, its stage or the unit, as the case may be, is admitted by the Commission." The same regulation should be applied to projects which were being implemented during the period when the said regulation continued to be in force.

The TSERC Tariff Regulation 2019 provides at **Article 7.19.1** for Additional Capitalization on the following counts, **in respect of the works covered within the Original Scope of works, after the COD and upto the Cut-off Date**, may be admitted by the Commission, subject to Prudence Check.

The cut-off date as defined in the TSERC regulation 1 of 2019 is below:

"...2.23 "Cut-off Date" means the 31st March of the year ending after two years of the year of Start of commercial operation of the project and in case of a project is declared to be under commercial operation in the last quarter of a year, it shall mean the 31st March of the year ending after 3 years of the year start of such commercial operation....."

It is not correct to allege that Capital costs are inflated. The delay in some of the projects is due to the court cases filed against environmental clearances.

The Commission provisionally approved the Capital cost of KTHP_II, LJHES & PCHES stations in its Generation tariff order dated:05.06.2017 for the control period 2014-19. Further Commission treated some of the works as capital works in progress. In respect of KTHP-V, the R&M works have been carried out to improve the generation & efficiency of the Plant.

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As parties to the said PPAs, TS Discoms are expected to participate in the regulatory process and submit their responses to the claims of TS Genco, especially in view of inflated capital costs and claims for determination of such capital costs and tariffs based on the same and need for proper interpretation and even amending questionable provisions in the PPAs. It is imperative on the part of the Discoms to agitate their concerns before the Hon'ble Commission in order to protect their interests and those of their consumers of power. Taciturnity or silence is no virtue when the TS Discoms should be making their forthright submissions openly, clearly and firmly. Silence or non-response of the Discoms is tantamount to shirking their responsibility and allowing themselves to act mechanically, or not to act, maybe at the behest of higher authorities. Such forced or self-imposed helplessness shows the Discoms in a bad light, as if they were bereft of functional independence to protect their interests and those of their consumers of power.

TSDISCOMS are very clear about their submissions to Hon'ble TSERC. TSDISCOMS are participating in all the concerned public hearings.

8 Provisions for opening of letter of credit and escrow account by the Discoms are incorporated in the PPAs. In principle, opening of LC and escrow are unwarranted, as one of these accounts would serve the intended purpose and avoid additional expenditure for the Discoms for opening and operating the second account. It is incorporated in some of the PPAs that "TSDISCOMs shall open an Escrow account by entering Escrow Agreement with a Nationalised Bank (for the entire period of PPA) thirty days (30) prior to effective date, to cover one month receivables valid for the tenure of the PPA as a backup to the Letter of credit." Unless Commission's consent is given to the PPA, it cannot come into force. Without PPA coming into force, effective date cannot be considered and the question of opening escrow account by the Discoms thirty days prior to effective date does not arise. It shows need for getting consent of the Hon'ble Commission to the PPA well in time. Moreover, TS Discoms and TS Genco being companies of the same State Government and working in coordination through the TS Power Coordination Committee in which higher authorities of power utilities of the State Government are represented, incidentally, with the same officer holding the posts of CMD of both TS Transco and TS Genco and of chairman of TSPCC, transactions between TS Discoms and TS Genco can be managed harmoniously. As of now, what is the position of payments to be made by TS Discoms for power being supplied by TS Genco? Are there any accumulated dues from the Discoms to Genco?

Eventhough PPAs are having provision for Letter of Credit and Escrow account, they were not opened by TSDISCOMS. Payments are made as per the provision of PPA's.

<p>9 For any failure of TS Transco leading to stoppage of generation by a station of TS Genco, Discoms and their consumers of power should not be penalised. Therefore, such provisions in the PPAs should be rejected by the Commission to protect legitimate interests of consumers of power in general. Just as TS Genco should not be allowed to escape from its responsibility and accountability relating to adverse consequences arising out of impermissible delay in execution of its projects and resultant escalation of capital costs, TS Transco also should not be allowed to escape from its responsibility and accountability relating to evacuation of power from the stations of TS Genco.</p> <p>In the PPAs, emergency is defined as : “Emergency means a condition on or affecting TSGENCO electrical system is aggravated by continued deliveries of energy from TSGENCO electrical system.”</p> <p>When such safeguards are provided for both TS Transco and TS Genco for not holding them accountable and responsible for consequences arising from factors beyond their reasonable control, similar safeguards should be provided in the PPAs to TS Discoms also for their inability to take power from the projects of TS Genco due to factors beyond their reasonable control.</p>	<p>These are standard clauses of the PPA which has been approved by the State Regulatory Commission.</p> <p>TSTRANSCO is completing all the evacuation projects well before the completion of Generating plants.</p>
<p>10 Under Force Majeure, “The generator is entitled to claim full fixed charges upon declaration of plant availability and cannot claim any consequent losses during Force Majeure period.”</p> <p>When such is the case, the provision allowing generator to claim full fixed charges upon declaration of plant availability during force majeure period is contradictory to the condition that no party shall be liable for any claim for any loss or damage whatsoever arising out of failure to carry out the terms and of agreement to the extent that such a failure is due to force majeure events.</p>	<p>These are standard clauses of the PPA which has been approved by the State Regulatory Commission.</p>

<p>Therefore, we request the Hon'ble Commission to reject and delete the provision in the PPA that "The generator is entitled to claim full fixed charges upon declaration of plant availability and cannot claim any consequent losses during Force Majeure period." Or, modify the clause to: "The generator, even by declaring plant availability, cannot claim any consequent losses, including fixed charges, during Force Majeure period, if generation and supply of power to the Discoms do not take place."</p> <p>For the purpose of backing down also, declaration of the generator on plant availability should not be taken for granted, but factual ground reality whether the generator is really in a position to generate and supply power and to what extent needs to be ascertained by the Discoms as and when such a situation arises.</p>	
<p>11 It is provided in the PPA of KTPS stage VII for payment of incentive @ 25 paise per kwh for the normative generation over and above the target plant load factor. Instead of "normative generation" it should be actual generation over and above the target plant load factor. A similar provision should be incorporated or modified, if it is different, in all the subject PPAs making provision for payment of incentive @ 25 paise per kwh, not more than that, accordingly.</p>	<p>The incentive payment shall be as per the TSERC Regulations applicable from time to time and as per TSERC regulation 1 of 2019, the incentive to a generating station shall be payable at the rate specified in CERC regulations, 2014 as applicable during control period.</p> <p>As per CERC regulation 2014, "Incentive to a generating station or unit thereof shall be payable at a flat rate of 50 paise/kWh for ex-bus scheduled energy corresponding to scheduled generation in Excess of ex-bus energy corresponding to Normative Annual Plant Load Factor (NAPLF)...".</p> <p>PLF as per TSERC regulation 1 of 2019 is as follows:</p> <p>"in relation to a Thermal Generating Station for a given period means the total sent out energy corresponding to actual generation during such period expressed as a percentage of sent out energy...."</p>

			Thus, the payment of incentive will be for actual generation over and above the normative PLF only.
12	I request the Hon'ble Commission to provide me an opportunity to make further submissions in person during the public hearing on the subject issue.		

**Replies to Comments/Suggestions raised by Sri M.THIMMA REDDY, CONVENOR, PEOPLE'S MONITORING GROUP ON ELECTRICITY
REGULATION, DT.24.06.2021 in OP. Nos.15 to 19 of 2021**

Sl. No.	Suggestions/Objections	Comments/Replies of TSDISCOMS
2.1	<p>According to Clause 2.1 of APERC Guidelines for Load Forecasts, Resource Plans and Power Procurement of 2006, TSDISCOMS has to submit load forecasts of future energy (in megawatt-hour, or MWh) and demand (in megawatt, or MW) in the respective areas of supply of each Licensee for 2 (two) Control Periods. Licensees have to plan power procurement based on these load forecasts. According to Clause 4.1.1 of these Guidelines the power procurement of the Licensee shall be consistent with the detailed power procurement plan submitted by the Licensee to the Commission. The Licensee shall not enter into a power purchase agreement as purchaser or solicit offers for supply of power until 60 days after it has notified the Commission of its proposed purchase. Power Purchase Agreements need to be assessed against the load forecasts submitted by the Licensees and approved by the Commission. Until now TSDISCOMS have not prepared any load forecasts according to these Guidelines. As such, power procurement through the PPA on BTPS appears to be arbitrary.</p>	<p>Precarious Power situation had prevailed in Telangana immediately after State formation viz. 2nd June 2014. TSDISCOMS & TSGENCO initiated steps to overcome the power crisis by taking measures under Short Term & Long Term.</p> <p>Considering the State demand and shortage of Gas availability, MoP has considered thermal capacity addition under state sector, wherein the capacity addition of KTPS-VII, BTPS & YTPS were considered.</p>
2.2	<p>If the Licensee proposes to procure the power by a process other than that specified by the Competitive Bidding Guidelines, it shall, in its filing with the Commission, seek the consent of the Commission and demonstrate to the Commission's satisfaction. The Licensee shall describe the procurement procedure, proposed to be adopted, including the steps to be taken to ensure that the purchase is made on the best possible terms. According to National Policies from January 2011 onwards power GENCOs also to be procured through competitive bidding process. Power procurement from BTPS through the present PPA is being done without any bidding process. To that extent this power procurement is to be considered arbitrary.</p>	<p>The Clause 5.2 of National Tariff Policy 2016 states that "All future requirement of power should continue to be procured competitively by distribution licensees except in cases of expansion of existing projects or where there is a company owned or controlled by the State Government as an identified developer and where regulators will need to resort to tariff determination based on norms provided that expansion of generating capacity by private developers for this purpose would be restricted to one time addition of not more than 100% of the existing capacity".</p> <p>As stated above in Clause 5.2 of National Tariff Policy 2016, there is an exemption for power procurement through competitive bidding from state generators. After entering PPAs with GENCO, DISCOMS are addressing letter to State Regulatory for consent of the PPA. The Hon'ble TSERC approves the capital cost and tariff after prudence check.</p>

2.3	The PPA for procurement of power from BTPS between TSGENCO and TSDISCOMs is dated 17th September, 2019. Original scheduled COD was March 2017. This shows that PPA was signed two and half years after original scheduled COD. The PPA has come before the Commission for approval after power generation has commenced at the plant. Power procurement from BTPS is being done in violation of policies and guidelines designed for transparent and competitive power procurement. In such circumstances the Commission has to subject the PPA, particularly capital cost part of it, to critical prudence check.	The Power procurement from BTPS is as per National Tariff Policy 2016, wherein there is an exemption for power procurement through competitive bidding process from the State Generators. Power Purchase Agreement entered between TSGENCO and TSDISCOMs for sale of Power from BTPS (4X270 MW) on 17.09.2019 and sent to TSERC for consent on 26.09.2019.
3.1	Articles 1.11 and 1.12 defined commercial operation date (COD) and COD of the project. But COD related to the individual units of BTPS or the BTPS project as such is not mentioned in the PPA. This is important because calculation of interest during construction (IDC) depends on COD.	The clauses of the PPAs are standard and approved by the State ERC. The Commercial Operation Date for the individual units of BTPS shall be arrived from the zero date as per the investment approval depending on the capacity of the plant as per the Regulations. Computation of IDC is based on the Regulations applicable from time to time. The time schedule of the projects depending on the capacity of the plant is as per the Regulations and the declaration of the COD unit-wise of the plant is arrived from the zero date of the project. As per Clause 1.11 COD of the project means the Commercial Operation Date of the last unit of the project.
3.2	Article 1.15 defined Declared Capacity (DC). This article shall include the statement “Declared capacity shall be within the range of + or – 10% of the contracted capacity.” Clause 1.3 of Annexure – II deals with Installed Capacity Test. If declared capacity after the Installed Capacity Test is lower than the contracted capacity the capital cost of the project shall be reduced to that extent.	The declared capacity as per the Clause No. 1.15 of PPA is in line with the Clause No. 2.27 of 1 of 2019 of TSERC Regulations.

<p>4.1</p>	<p>According to Article 3.2.2 of the PPA capital cost of BTPS is Rs. 8,536.98 Crore (details of capital are provided in Annexure I of the PPA) Per MW capital cost is Rs. 7.90 Crore. This capital cost is higher than YTPS capital cost which stands at Rs. 7.49 Crore Per MW. Through the Order dated 04—06 – 2012 the Central Electricity Regulatory Commission (CERC) set the benchmark capital cost for thermal power stations with coal as fuel. The per MW benchmark capital cost was in the range of Rs. 4.01 Crore to Rs. 5.08 Crore with December 2011 price as base. Taking the price rise in the meantime into account per MW capital cost in 2017-18 (the period of original COD) should be in the range of Rs. 4.61 Crore to Rs. 5.84 Crore. Compared to this per MW capital cost of BTPS proposed by TSGENCO is higher by 71.37% to 35.28%. The Punjab State Electricity Regulatory Commission (PSERC) in its Order dated 17-01-2020 in Petition No. 54 of 2017 set the capital cost of Goindwal Saheb Thermal Power Plant (2X270 MW) set up by GVK Power at Rs. 3,058.37 Crore. Per MW capital cost of this plant comes to Rs. 5.66 Crore. Compared to this per MW capital cost of BTPS as proposed by TSGENCO is higher by 39.58%. This Punjab plant is comparable to BTPS both in terms of capacity of the power plant units (270 M) and also in terms of period of erection/operation. This significantly higher capital cost of BTPS demands a closure scrutiny of TSGENCO's claims.</p>	<p>BTPS (4X270MW) is green field project and the project cost includes marshalling yard, Township, Hospital, project Hostel, Raw water Intake system from Godavari River etc., For every thermal project the gestation period and capital cost vary from time to time because of several factors. In respect of BTPS the project is inclusive of FGD which is mandatory as per new MoEF norms.</p> <p>□</p> <p>BTPS is a green field project, the capital cost of the project is within CERC bench mark hard cost/MW with Dec,2011 indices as base vide order dated 4.6.2012 and escalated thereon. The bench mark hard cost of CERC does not include expenditure towards MGR , Railway siding etc.,</p> <p>The project cost indicated as per Annexure in PPA is only tentative and the final project is determined after completion of COD of the station. The final project cost approved by Hon'ble TSERC will be taken into account for tariff computation purposes.</p> <p>The cost per MW for similar projects of NTPC is as follows:</p> <table border="1"> <thead> <tr> <th>Station Name</th> <th>Capacity (MW)</th> <th>Total Cost (Rs.Crs)</th> <th>Cost per MW</th> </tr> </thead> <tbody> <tr> <td>Lara STPS</td> <td>2x800</td> <td>12269.23</td> <td>7.66</td> </tr> <tr> <td>Gadarwara STPP</td> <td>2x800</td> <td>12600.42</td> <td>7.87</td> </tr> <tr> <td>Khargone</td> <td>2x660</td> <td>11148.86</td> <td>8.44</td> </tr> <tr> <td>TnSTPP-Ph-1</td> <td>2x800</td> <td>12000</td> <td>7.5</td> </tr> </tbody> </table>	Station Name	Capacity (MW)	Total Cost (Rs.Crs)	Cost per MW	Lara STPS	2x800	12269.23	7.66	Gadarwara STPP	2x800	12600.42	7.87	Khargone	2x660	11148.86	8.44	TnSTPP-Ph-1	2x800	12000	7.5
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<p>4.2</p>	<p>EPC accounts for 73.41% of the capital cost of the BTPS. This cost includes cost of boiler, turbine and generator (BTG) and balance of plant (BoP) works. It has to be seen that the provider/contractor for supply and erection of BTG and BoP is selected in a transparent and open competitive process for costs to be optimal. But contractors for these were not selected through competitive bidding process. But exorbitant cost of BTPS raises doubts on procurement of this machinery. We request the Commission to subject EPC cost of BTPS to prudence check.</p>	<p>TSGENCO has entered MoU with M/s BHEL for construction of BTPS on EPC basis (both BTG and BOP) including Design, Engineering, Manufacture , Supply, Erection , Testing and commissioning.</p> <p>BHEL is a Maharathna Central PSU and has expertise in establishment of thermal power stations across the country and also is the sole manufacturer of BTG in the Govt. sector.</p> <p>The Commission will determine the Capital Cost which includes EPC cost of the BTPS after Prudence Check based on the bench mark norms specified from time to time.</p>
<p>4.3</p>	<p>Rs. 110 Crore were claimed under start up power and start up fuel. In the case of YTPS with an installed capacity of 4,000 MW Rs. 50 Crore were claimed towards start up fuel. Compared to YTPS start up fuel claimed for BTPS is nearly ten times higher. ” Given these facts and provisions we request the Commission to subject start up fuel cost of BTPS to prudence check.</p>	<p>The start up fuel cost is estimated considering the requirement of fuel for testing and commissioning activities for all the four units which includes chemical cleaning, steam blowing, steam dumping etc. However, actual expenditure for start up fuel only will be allowed. With regard to supply of infirm power , it shall be in accordance with the Clause No. 8 of TSERC regulations 1 of 2019.</p>
<p>4.4</p>	<p>Rs. 1,167 Crore were claimed towards non-EPC civil works. This accounts for nearly 14% of the plant’s capital cost. No further information or justification is available on this expenditure. Given this huge expenditure we request the Commission to subject cost related to non-EPC civil works to prudence check.</p>	<p>The non EPC Civil cost is inclusive of works of marshalling yard, Township, Raw water In- take system and the same is included in the project cost.</p>

<p>4.5.1</p>	<p>Rs. 792.85 Crore were claimed towards interest during construction (IDC). This accounts for nearly 10% of the plant's capital cost. Depending on the duration during which power plant is erected Interest During Construction (IDC) also becomes an important part of capital cost of these new power plants of TSGENCO. IDC shall be limited to scheduled commercial operation date only. Delay beyond this date shall not be reckoned while allowing IDC. BTPS units were supposed to be in operation by FY 2017, following the strictures of the central government agencies for adopting sub-critical technology. Original COD of the first unit of BTPS was March 2017. Despite these strictures COD of the first unit of BTPS was declared on 05-06-2020 and that of second unit on 07-12-2020. These delays stand for inefficient execution of the plant. Costs due to these delays resulting from inefficient execution of the plant in the form of higher IDC shall not be allowed.</p>	<p>Reply to 4.5.1 to 4.5.6 :</p> <p>All the works of the BTPS were suspended from 14.12.2015 to 30.03.2017 (15 ½ months) for want of Environmental Clearance due to NGT directions. The MoEF & CC, Govt. Of India, vide notification S.O.3305 (E) Dated.07.12.2015 has revised the norms. To comply the new norms additional works were necessitated and many of the drawings and plot plan are revised as specified in the Environmental Clearance by MoEF & CC Govt. of India. Due to monsoon, the works were affected severely during rainy seasons from the year 2017 to 2020. Further, the works of BTPS were adversely affected due to Covid-19 as lockdown was imposed by Government. Further upon resumption of the site works also, the works could not progress at the required pace, due to acute shortage of man power as most of the available workers at site have left and other available workers were unwilling to work due to Covid -19 Pandemic. Despite the above hurdles Unit-I, Unit-II & Unit-III of BTPS were commissioned in 05.06.2020, 07.12.2020 and 26.03.2021 respectively. The Unit-IV boiler light up has been completed and the balance activities for synchronization and COD are in progress. Further regarding FGD, the order was placed on M/s BHEL and engineering under progress for FGD system. The loans for the project are sanctioned separately for main project and FGD system from PFC.</p>
<p>4.5.2</p>	<p>BTPS has been partially commissioned in FY20, and generation from the same has been accounted for in the control period considered. However, there was considerable delay in the commissioning of these units. The following Table highlights this delay in commissioning of the units as per CEA's Broad Status Report for December 2020.</p>	<p>The Hon'ble Commission will determine Capital cost, financing plan, IDC, cost & time over run as per the prevalent regulation.</p>

	<p>Delay in commissioning of BTPS</p> <table border="1"> <thead> <tr> <th>BTPS Unit</th> <th>Capacity (MW)</th> <th>Original CoD</th> <th>Actual/ Expected</th> <th>CoD</th> </tr> </thead> <tbody> <tr> <td>Unit 1</td> <td>270</td> <td>Mar</td> <td>17</td> <td>Jun 20</td> </tr> <tr> <td>39</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Unit 2</td> <td>270</td> <td>May</td> <td>17</td> <td>Dec 20</td> </tr> <tr> <td>43</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Unit 3</td> <td>270</td> <td>Jul</td> <td>17</td> <td>Feb 21</td> </tr> <tr> <td>43</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Unit 4</td> <td>270</td> <td>Sep</td> <td>17</td> <td>Mar 21</td> </tr> <tr> <td>42</td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table> <p>As is evident from the above there have been significant delays in its construction. Additionally, the FGD for the station is also likely to be delayed as no agency has been finalized yet (according to CEA Broad Status Report Dec 2020). Delays in FGD construction may further delay operations of the unit. Due to such delays, the impact of Interest During Construction (IDC) on</p>	BTPS Unit	Capacity (MW)	Original CoD	Actual/ Expected	CoD	Unit 1	270	Mar	17	Jun 20	39					Unit 2	270	May	17	Dec 20	43					Unit 3	270	Jul	17	Feb 21	43					Unit 4	270	Sep	17	Mar 21	42				
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4.5.3	<p>In this context it is highly relevant to note Hon'ble ATE's Judgment in Appeal No. 72 of 2010 as pointed out by TSERC in its Order dated 19-06-2017 in O.P. No. 9 of 2016 (Para 3.13.5). The ATE in its above Order at para 7.4 provided as under:</p> <p>"7.4. The delay in execution of a generating project could occur due to following reasons:</p> <ul style="list-style-type: none"> i) due to factors entirely attributable to the generating company ii) due to factors beyond the control of the generating company iii) situation not covered by (i) & (ii) above. 																																													

	<p>In our opinion in the first case the entire cost due to time over run has to be borne by the generating company. However, the Liquidated Damages (LDs) and insurance proceeds on account of delay, if any, received by the generating company could be retained by the generating company. In the second case the generating company could be given benefit of the additional cost incurred due to time over-run. However, the consumers should get full benefit of the LDs recovered from the contractors/suppliers of the generating company and the insurance proceeds, if any, to reduce the capital cost. In the third case the additional cost due to time overrun including the LDs and insurance proceeds could be shared between the generating company and the consumer. It would also be prudent to consider the delay with respect to some benchmarks rather than depending on the provisions of the contract between the generating company and its contractors/suppliers. If the time schedule is taken as per the terms of the contract, this may result in imprudent time schedule not in accordance with good industry practices.”</p>	
4.5.4	<p>Following the above order of ATE as the delay in execution of the plant was due to inefficiencies of the Generator, TSGENCO in the present context and contractors chosen by it all costs due to time over run has to be borne by the Generator and the same shall not be passed on to the TSDICOMs and in turn on electricity consumers in the state.</p>	
4.5.5	<p>The Commission shall be guided by the following principles for the purpose of determining cost due to time over run: (a) The entire cost due to time over run has to be borne by the Generating Entity in case the causes for over run are entirely attributable to the Generating Entity. (b) The Commission shall examine on a case to case basis of the additional cost incurred due to time over run on account of factors beyond the control of the Generating Entity.</p>	
4.5.6	<p>No Force Majeure instance like natural calamity has impacted the project site of BTPS since the initiation of executing of the project. Delay in execution of the project is entirely due to mismanagement of the project by TSGENCO including in awarding the project to BHEL without any competitive bidding. As such following the above Regulation also the entire cost due to time over run has to be borne by the Generating Entity – TSGENCO in the present context.</p>	

4.6.1	Liquidated damages to be paid by the Generating Entity of projects to the DISCOMs for delay in execution of the projects beyond COD. Due to delay in execution of the projects, if the Generating Entity fails to generate and supply power to the DISCOMs according to the schedule, the DISCOMs would be forced to purchase power from the open market at higher price. It is in this context that liquidated damages have to recovered from the Generating Entity.	It is not correct to allege that there is delay in execution of the Projects. After formation of Telangana State all efforts are being made to complete the project as per schedule. KTPS-VII stage has declared CoD within a period of 48 months. The delay in BTPS project is due to court cases filed in various courts.
4.6.2	As there was inordinate delay in execution of the project we request the Commission to impose liquidated damages on the Generating Entity and use the proceeds to reduce the capital cost of the plant.	
5.1	According to Article 3.7 of the PPA, “Incentive shall be payable @ 50 paisa per every unit (kwh) for the normative generation over and above the target Plant Load Factor ...” This shall be replaced with “Incentive shall be payable @ 25 paisa per every unit (kwh) for actual generation over and above the target Plant Load Factor”. PPA for KTPS VII unit provided incentive at the rate of 25 paise per unit for power generated over and above target PLF.	The incentive payment shall be as per the TSERC Regulations applicable from time to time and as per TSERC regulation 1 of 2019, the incentive to a generating station shall be payable at the rate specified in CERC regulations, 2014 as applicable during control period. As per CERC regulation 2014, “Incentive to a generating station or unit thereof shall be payable at a flat rate of 50 paise/kWh for ex-bus scheduled energy corresponding to scheduled generation in Excess of ex-bus energy corresponding to Normative Annual Plant Load Factor (NAPLF)...”. PLF as per TSERC regulation 1 of 2019 is as follows: “in relation to a Thermal Generating Station for a given period means the total sent out energy corresponding to actual generation during such period expressed as a percentage of sent out energy.....” Thus, the payment of incentive will be for actual generation over and above the normative PLF only.
6.1	As this PPA is being approved by the Commission any changes to it in future shall have its approval. The Commission may refer the differences or disputes if any between the parties to arbitration under Section 158 of the Electricity Act, 2003. Parties on their own shall not refer the issues to arbitration.	All differences or disputes between the parties arising out of or in connection with this agreement shall be endeavoured to be settled amicable through negotiation between Heads of the Organizations or their authorized representatives failing which shall be settled through arbitration as provided herein. In the event of any such differences or disputes between the parties, any party may be a written notice of 30 days to the other party and request Telangana State Electricity Regulatory Commission (TSERC) to settle such disputes.

7.1	As PPA has already provided for LC towards payment mechanism provision for additional security in the form of escrow account will only add to the expenditure of TSDISCOMs. To avoid this additional expenditure provisions related to escrow account shall be deleted from the PPA.	Eventhough PPA's are having provision for Letter of Credit and Escrow account, they were not opened by TSDISCOMS. Payments are made as per the provision of PPA's.
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REPLIES ON THE OBJECTIONS RAISED BY FEDERATION OF TELANGANA CHAMBERS OF COMMERCE AND INDUSTRY (FTCCI) Dt:24.06.2021 IN OP NOS.15 TO 19 OF 2021

Sl. No.	Suggestions/objections	Comments/Replies of TSDISCOMS																									
1	<p>Provisions for Suo-Moto approval of PPA entered between Generating companies and the Distribution Licensees:</p> <p>All the PPAs were entered into between 15 months to 5 years 6 months ago. We are unable to understand the reasons for such abnormal delay in filing a petition with TSERC, seeking an approval for the PPAs, as they are mandated to do so by Regulation. While this Honorable Commission has the powers to grant Suo-Motu approval. We humbly state that it would have been more appropriate if such extreme need to exercise Suo-Motu were not necessitated. We request the Honorable Commission to permit us to know if any reasons for delay were given by either DISCOMS or TSGENCO.</p> <p>We objectors are deeply concerned to note that our DISCOMS, appear to be reluctant or worse perhaps pliant Respondents. This we noted in the matter of OP-5 & 6 / 2021, even as the main RESPONDENT, they had no response to the TSGENCO petition.</p>	<p>After signing of the PPAs, the letter for consent of the PPAs are being addressed to Hon'ble TSERC for consent as per section 86 (1) (b) of Electricity Act 2003. After the bifurcation of the state, the PPAs entered and letters addressed to Hon'ble TSERC for consent are as follows:</p> <table border="1" data-bbox="1043 475 2152 938"> <thead> <tr> <th>Sl.No</th> <th>Project</th> <th>O.P.Nos.</th> <th>PPA entered Date</th> <th>Letter addressed to Hon'ble TSERC for consent</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>KTPS VIIth Stage</td> <td>15 of 2021</td> <td>19.03.2018</td> <td>03.04.2018</td> </tr> <tr> <td>2</td> <td>BTPS</td> <td>17 of 2021</td> <td>17.09.2019</td> <td>26.09.2019</td> </tr> <tr> <td>3</td> <td>Yadadri Thermal Power Project</td> <td>19 of 2021</td> <td>11.03.2020</td> <td>26.03.2020</td> </tr> <tr> <td>4*</td> <td>Bhupalapally Stage-II</td> <td>18 of 2021</td> <td>27.01.2016</td> <td>15.11.2019</td> </tr> </tbody> </table> <p>For Bhupalapally Stage-II, PPA was re-entered by TSDISCOMs i.e., TSSPDCL & TSNPDCL and TSERC had determined tariff vide order dated 05.07.2017 for 3rd control period (Financial Year 2014 to 2019) and also in retail supply tariff order for FY 2018-19 dated 27.03.2018 TSERC approved tariff provisionally. Since the tariff has been regulated by the commission after following the due process i.e., by fulfilling its obligation u/s 62 of the Electricity Act and Regulation 1 of 2008 the joint Commission in its order dated 11.08.2014 said that no formal consent to the PPA is necessary.</p>	Sl.No	Project	O.P.Nos.	PPA entered Date	Letter addressed to Hon'ble TSERC for consent	1	KTPS VII th Stage	15 of 2021	19.03.2018	03.04.2018	2	BTPS	17 of 2021	17.09.2019	26.09.2019	3	Yadadri Thermal Power Project	19 of 2021	11.03.2020	26.03.2020	4*	Bhupalapally Stage-II	18 of 2021	27.01.2016	15.11.2019
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Similarly, for the existing thermal project PPAs of TSGENCO are as follows:

Sl. No	Project	O.P.Nos.	PPA entered date	Letter addressed to Hon'ble TSERC for consent
1*	KTPS – ABC	16 of 2021	17.09.2019	26.09.2019
2**	KTPS Stage-V			
3**	RTS-B			
4**	N'Sagar HES (Main Power house & left canal)			
5**	Srisailam left Bank HES (SLBHES)			
6**	Small Hydel (SingurPochampad HPS-I NizamSagarPalair HES)			
7**	Mini Hydel (Peddapalli HES)			

* Stage A phased out of operation on: Unit -I :28.03.2020, Unit-II: 2.2.2020, Unit-III: 20.05.2017, Unit: IV: 31.03.2020.
 Stage B phased out of operation on: Unit -I :13.03.2020, Unit-II: 03.01.2019.
 Stage C phased out of operation on: Unit -I :31.03.2020, Unit-II: 14.02.2019.

**PPA was re-entered for 2 TSDISCOMs i.e., TSSPDCL & TSNPDCL and in this case TSERC in retail supply tariff order for FY 2018-19 dated 27.03.2018 TSERC approved tariff. Since the tariff has been regulated by the commission after following the due process i.e., by fulfilling its obligation u/s 62 of the Electricity Act and Regulation 1 of 2008 the joint Commission in its order dated 11.08.2014 said that no formal

		<p>consent to the PPA is necessary.</p> <p>Moreover, after bifurcation of the State, joint ERC issued order dated 11.08.2014 wherein it was stated that no formal consent to the PPAs is necessary, whose tariff has been regulated by the Commission after following due process.</p>
2.1	<p>OP-15: PPA for KTPS VII (1*800 MW). This agreement dated 19-03-2018 should be amended for clarity by incorporating TSERC (Terms & conditions for determination of Generation Tariff) Regulation 2019.in Paragraph 4 of this PPA .</p>	<p>The terms and conditions of the Power Purchase Agreement are as per prevailing TSERC Regulations (TSERC adopted the Regulations of Erstwhile APERC) and any changes in TSERC regulations that may occur in future shall be applicable for all operating norms and any other parameters. Hon'ble TSERC issued Regulations 1 of 2019 which shall be applicable as per the above Clause. Data will be submitted to the Honb'le TSERC.</p>
2.2	<p>We request the Honorable Commission to direct the DISCOMS and TSGENCO to upload relevant acceptance and certification of clauses 1.13,1.14 ,1.18 & 1.24 in the PPA between TSGENCO AND TSDISCOMS and other statutory authority as applicable as per the requirement defined in paragraph 5 in pages 25 to 30 of the 2019 Tariff determination Regulation of TSERC.</p>	<p>TSERC Regulations 1of 2019 as applicable will be followed.</p>
3	<p>Our request in paragraph 2 in this petition explained above is equally applicable in all the O.P.NO's 16-19 of 2021 and we request the Honorable commission to direct TSGENCO AND TSDISCOMS suitably.</p>	<p>TSERC Regulations 1of 2019 as applicable will be followed.</p>

4	<p>Addition of An EXPLANATORY ANNEXURE as part of all the PPAs. We request that the PPA should have an annexure detailing for the specific Generating station the NORMATIVE STANDARDS AND PERFORMANCE PARAMETERS. This is to assess specific station's performance as required in the regulation.</p>	<p>The Station wise normative and performance parameters shall be as per TSERC Regulations for the duration of the Power Purchase Agreement.</p>
5	<p>Controllable and uncontrollable costs assessments: These costs are arguably the most important factors deciding the tariffs for we final consumer of electricity. Our submission is to ensure more data and information transparency. This Honorable Commission is aware that their intervention was required to get the annual reports of TSGENCO and we are still awaiting annual reports of TSTRANCO.</p>	<p>Annual Reports of TSTRANSCO will be furnished.</p>
6	<p>Lack of Station wise Details in the annual reports: We have verified the Annual Report FY 2019-20 of TSGENCO and we note that cost of materials consumed as showed in the P & L statement in page 61 is purported to be given as Note 28 in page 108. This is consolidated total of expenditure (Rs 5114.54 crores) for the cost of coal and oil consumed. This is a little over 50% of the TSGENCO revenue. There is no station wise consumption in quantity or cost. For the Honorable Commission too the information we have requested in this paragraph is necessary for arriving of variable cost. We presume this information is available with</p>	<p>Annual Reports are always presented for the Company, not station wise.</p>

	the Honorable Commission and we request the same be displayed in the TSGENCO webpage as well the regulatory required information.	
7	Reliance on P & L accounts by ERC. Amongst the latest Recommendations minutes in the most recent 75 th Forum of Regulators meeting on 30 th April 2021, chairperson of UPERC opined <i>“that the ERC should rely on the regulatory accounts of the DISCOMs and not on their P& L Accounts. The regulatory account takes into normative parameters fixed by the ERC ----- “</i>	
8	Performance Incentives to TSGENCO. The PPA defined Rs 0.50 to Rs 0.25 is too high without a clause disincentive for non-performance. This in plants where TSERC have increased SHR Considering vintage of the plant, reduced availability & PLF to 70 %, higher auxiliary consumption. The Consumers are already burdened with a high PPA from these plants. We therefore urge this Honorable commission to disallow such claims of incentives in the PPAs.	<p>TSDISCOMS are paying the Incentive rate as per the TSERC regulation for the exbus energy above the Normative PLF.</p> <p>Payment of fixed charges is linked to availability/declare capacity of the plant. If the availability is less than normative plant availability factor, payment of fixed charges will be on pro-rata basis i.e., it is dis-incentive for the non-performance.</p>
9	Why 25 YEARS PPA: Understandably Thermal generating stations are capital intensive and so a longer PPA has become a norm. Our submission is as the depreciation is front loaded, in all the cases of GENCOS repayment is settled in 15 YEARS if Availability, PLF and financial prudence is the managerial culture. So why should after capital cost recovery and in these times of technological	As per CERC regulations the useful life of Thermal generating Station is 25 years from the CoD. Hence PPA entered for 25 years. The depreciation is computed as per CERC regulations.

	<p>obsolescence, the accumulated depreciation not to be TRUED DOWN in Tariff for the Consumers.</p>	
10	<p>Role of SLDC: As we consumers perceive the information from SLDC is the key in establishing AVAILABILITY FACTOR, PLF of TSGENCO Stations. This in turn has a direct bearing on the fixed cost chargeable by GENCO. UNDER THESE CIRCUMSTANCES WE URGE THAT SLDC HAS AN INDEPENDENT STATUS AND WE CONSUMERS HAVE INFORMATION RELATED ACCESS .</p>	-