



**IEX**

INDIAN ENERGY EXCHANGE  
**TSERC HYDERABAD  
INWARD**

11 DEC 2023

No.

Sign

No. IEX/RA/062/23-24

7<sup>th</sup> December, 2023

To,

The Secretary  
Telangana State Electricity Regulatory Commission (TSERC)  
5th Floor, Singareni Bhavan,  
Lakdi ka pul,  
Hyderabad 500 004

**Sub: Comments/ Suggestions on the Draft Telangana State Electricity Regulatory Commission (Multi Year Tariff), Regulation, 2023.**

Dear Sir,

This has reference to the public notice inviting suggestions on the Draft Telangana State Electricity Regulatory Commission (Multi Year Tariff), Regulation, 2023. On perusal of the draft regulations we have few observations with respect to the short term procurement of power. Accordingly, our suggestion is **enclosed** herewith for kind consideration of the Hon'ble Commission.

Thanking you

Yours Sincerely,

  


**Gaurav Maheshwari**  
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Encl: As above

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**IEX COMMENTS ON DRAFT TELANGANA STATE ELECTRICITY REGULATORY COMMISSION (MULTI YEAR TARIFF),  
REGULATION, 2023**

S.No.	Regulation No.	Page No.	Proposed Regulation	IEX Suggestions
1.	19.	45	<p><b>19 Additional power procurement</b></p> <p>19.1 The distribution licensee may undertake additional power procurement during the year, over and above the power procurement plan for the Control Period approved by the Commission, in accordance with this Regulation.</p> <p>19.2 Where there has been an unanticipated increase in the demand for electricity or a shortfall or failure in the supply of electricity from any approved source of supply during the Year or when the sourcing of power from existing tied-up sources becomes costlier than other available alternative sources, the distribution licensee may enter into additional agreement or arrangement for procurement of power.</p> <p>19.3 Where the Distribution Licensee has identified a new short-term source of supply from which power can be procured at a tariff that reduces its approved total power procurement cost, it may enter into a short-term power procurement agreement or arrangement with such supplier without the prior approval of the Commission.</p> <p>19.4 The distribution licensee may enter into a short-term arrangement or agreement for procurement of power without the prior approval of the Commission when faced with emergency conditions that threaten the stability of the distribution system, or when directed to do so by the SLDC to prevent grid failure, <b>or when there is an unanticipated increase in the demand for electricity.</b></p> <p>19.5 Within fifteen (15) days from the date of entering into an agreement or arrangement for short-term power procurement for which prior approval is not required, the distribution licensee shall submit to the</p>	<p><b>Ease of procurement of Additional Power</b></p> <ol style="list-style-type: none"> <li>1. The Hon'ble Commission in the draft regulations has allowed the distribution licensee to procure additional power incase of unanticipated increase in the demand or a shortfall in supply of electricity from any approved source or when power sourced from existing tied-up sources becomes costlier than other available alternative sources.</li> <li>2. Hon'ble Commission in the draft regulation clarified that the distribution licensee without any prior approval of the Hon'ble Commission can:             <ol style="list-style-type: none"> <li>a. procure power from new short term source is cheaper than the approved source of power</li> <li>b. procure power procurement through short term arrangement in emergency conditions that threaten the stability of distribution system or as may be directed by SLDC.</li> </ol> </li> <li>3. Further, with respect to the above exceptions provided by the Hon'ble Commission exempting distribution licensee from taking prior approval, it is necessary to mention here that post implementation of CERC (GNA) Regulations from 1<sup>st</sup> October 2023, the distribution licensee has to schedule power on a day ahead basis. Further, observing frequent weather changes,</li> </ol>

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			<p>Commission its details, including the quantum, tariff computations, duration, supplier particulars, method of supplier selection and such other details as the Commission may require so to assess that the conditions specified in this Regulation have been complied with.</p> <p>19.6 Where the Commission has reasonable grounds to believe that the agreement or arrangement entered into by the Distribution Licensee does not meet the criteria specified in clause 19.2 to clause 19.5, it may disallow any increase in the total cost of power procurement over the approved level arising therefrom or any loss incurred by the distribution licensee as a result, from being passed through to consumers.</p>	<p>demand fluctuations and supply variations the Distribution Licensee may need to procure additional power on day ahead basis for meeting the unanticipated demand surge and supply shortage.</p> <p>4. In such case prior approval of the Hon'ble Commission may restrict the capability of the distribution licensee to source power in time for maintaining reliable supply.</p> <p>5. The Hon'ble Commission is therefore requested to allow the distribution licensee to meet the unanticipated increase in the demand for electricity or a shortfall or failure in the supply of electricity from any approved source of supply without any prior approval of the Hon'ble Commission.</p>
2.	17.	42	<p><b>17 Power procurement plan</b></p> <p>.....</p> <p>17.2 The power procurement plan of the Distribution Licensee shall comprise the following:</p> <p>(a) A quantitative forecast of the unrestricted base load and peak load for electricity within its area of supply;</p> <p>(b) An estimate of the quantities of electricity supply from the identified sources of power purchase, including own generation if any;</p> <p>(c) An estimate of availability of power to meet the base load and peak load requirement:</p> <p>Provided that such estimate of demand and supply shall be on month-wise basis in Mega-Watt (MW) as well as expressed in Million Units (MU);</p>	<p><b>Short term power procurement plan</b></p> <p>1. The Hon'ble Commission in the draft regulations has directed the distribution licensee to prepare and submit power procurement plan including long-term, medium-term &amp; short term plan to the Hon'ble Commission for approval along with the Multi Year Tariff Petition for the Control Period.</p> <p>2. Further, as per the draft regulations the distribution licensee will have to submit the power procurement plan for the control period of 5 years to the Hon'ble Commission along with the tariff petition being filed on 30<sup>th</sup></p>

**IX COMMENTS ON DRAFT TELANGANA STATE ELECTRICITY REGULATORY COMMISSION (MULTI YEAR TARIFF),  
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			<p>(d) Standards to be maintained with regard to quality and reliability of supply, in accordance with the relevant Regulations of the Commission;</p> <p>(e) Measures proposed for energy conservation, energy efficiency, and Demand Side Management;</p> <p>(f) The requirement for new sources of power procurement, including augmentation of own generation capacity, if any, and identified new sources of supply, based on (a) to (e) above;</p> <p>(g) The sources of power, quantities and cost estimates for such procurement:</p> <p>Provided that the forecast or estimates contained in the long-term procurement plan shall be separately stated for peak and off-peak periods, in terms of quantities of power to be procured (in MU) and maximum demand (in MW);</p> <p>Provided further that the forecast or estimates for the Control Period shall be prepared for each month over the Control Period;</p> <p>Provided also that the long-term/medium-term procurement plan shall be a least cost plan based on available information regarding costs of various sources of supply.</p> <p>Explanation – For the purpose of this Regulation, the term “peak period” shall mean such block of four or more continuous hours during a twenty-four hour period representing maximum power demand for the Distribution Licensee.</p>	<p>November of the year preceding the first year of the Control Period and the power procurement plan among other items shall also comprise of the sources of power.</p> <p>3. It is submitted that it will be impractical for the distribution licensee to plan and assess the source wise procurement of power from short term sources for the control period in advance.</p> <p>4. It is also submitted that the Hon'ble Commission in the recent Distribution Licensee Tariff orders has approved purchase from short term market as a whole irrespective of the source. The Hon'ble Commission is requested to follow similar practice in future and accordingly aligning the regulations.</p>