



TELANGANA SPINNING & TEXTILE MILLS ASSOCIATION

(CIN : U74900TG2015NPL098595)

The Telangana Spinning & Textile Mills Association

(T S T M A)

Statement of Objections

on

**the Petitions (O.P. No. 15 & 16 of 2023) 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 2023-24**

filed by

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

&

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

July, 2023

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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 2023-24.

The Statement of Objections is herein being filed on behalf of 'The Telangana Spinning & Textile Mills Association (TSTMA) (hereinafter also referred to as Objector), an Association which was started in 2015 and currently having its office at 1st Floor, Surya Towers, 105, Sardar Patel Road, Secunderabad 500003, Telangana, India (hereinafter called the 'Objector'). The main function of the TSTMA is to promote and protect the interests of spinning & textile industry

TSTMA 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 2023-24 (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 2023-24.

The Additional Submission to the Statement of Objections on the Additional Surcharge Petitions for H2 of FY 2023-24 are narrated below:

1.1 VIOLATION IN THE APPROACH FOR COMPUTING ADDITIONAL SURCHARGE

It is seen that the Petitioner in its O.P no 15 & 16 of 2023 has completely violated the methodology approved by the Hon'ble Commission for computation of additional surcharge in its order dated 18.09.2020 in O.P No. 23 of 2020. The relevant extract from the order is provided below for your reference:

Table 3: Approved Methodology for Computation of Additional Surcharge

Sl. No.	Description	Unit	Value
{A}	Long term available capacity	MW	
{B}	Capacity stranded due to OA	MW	
{C}	Fixed Charges paid	Rs. Crore	
{D}={C}÷{A}	Fixed Charges per MW	Rs. Crore/MW	
{E}={D}×{B}	Fixed Charges for stranded capacity	Rs. Crore	
{F}	Transmission charges paid	Rs. Crore	
{G}	Actual Energy scheduled	MU	
{H}={F}÷{G}	Transmission charges per unit	Rs./kWh	
{I}	Distribution charges as per Tariff Order	Rs./kWh	
{J}={H}+{I}	Total transmission and distribution charges per unit	Rs./kWh	
{K}	Energy consumed by OA consumers from the DISCOMs	MU	
{L}={K}×{J}	Transmission and distribution charges paid by OA consumers	Rs. Crore	
{M}	Demand charges recovered by the DISCOMs from OA consumers	Rs. Crore	
{N}={M}-{L}	Demand charges to be adjusted	Rs. Crore	
{O}={E}-{N}	Net stranded charges recoverable	Rs. Crore	
{P}	OA sales	MU	
{Q}={O}÷{P}	Additional Surcharge	Rs./kWh	

However, Petitioner while computing the Additional surcharge deliberately neglected its approach from the approved methodology. The computation of AS performed by the petitioner is provided below for reference:

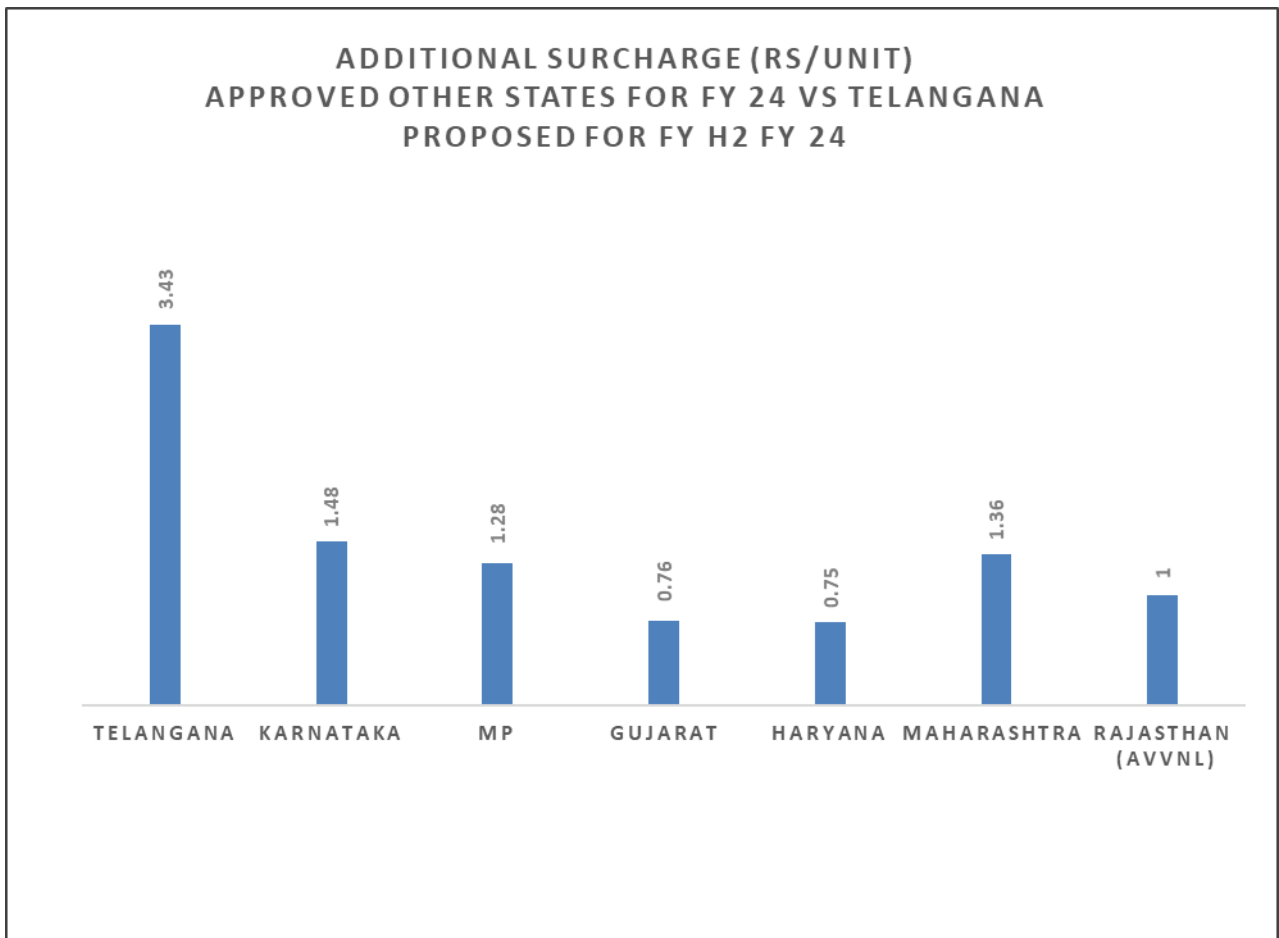
S. No.	Particulars	Unit	Value
{A}	Long Term Available Capacity	MW	9,191.58
{B}	Capacity stranded due to open access	MW	47.42
{C}	Fixed Charges paid	Rs. Crore	6574.36
{D} = {C}÷{A}	Fixed Charge per MW	Rs. Crore/ MW	0.72
{E} = {D}×{B}	Fixed Charge for Stranded Capacity	Rs. Crore	33.92
{F}	Transmission Charge Paid	Rs. Crore	2,483.71
{G}	Actual Energy Scheduled	MU	39,635.68
{H} = {F}÷{G}	Transmission Charges per unit	Rs. /kWh	0.63
{I}	Distribution Charges as per Tariff Order	Rs. /kWh	0.18
{J} = {H}+{I}	Total transmission and distribution charges per unit	Rs. /kWh	0.81
{K}	Open access sales	MU	129.14
{L}={K}×{J}	Transmission and distribution charges to be paid by open access consumers	Rs. crore	10.40
{M}={L}+{E}	Net stranded charges recoverable	Rs. crore	44.32
{N}={M}+{K}	Additional Surcharge	Rs. /kWh	3.43

From the above, it can be observed that the Petitioner has not provided any rationale towards consideration of **Energy consumed by OA consumers from DISCOM** as well as **Demand charges recovered from OA consumers** while computing the AS charges. In the absence of relevant data on record, the Objector submits that the reliance be placed upon the previous Order dated 20.03.2023 of the Hon'ble Commission for determining AS charges for H1 of FY23-24. Further, since the open access sales claimed by the petitioner are considerably less and lacking proper evidence, Objector submits that the reliance should be placed upon the OA sales approved in the RST order dated 20.03.2023 for FY 23-24 approved by the Hon'ble commission and OA sales approved by the commission in AS order dated 20.03.2023 for H1 of FY 23-24. Accordingly, the consideration of OA sales is proposed to be computed based on the difference between the aforementioned items. The OA sales considered by the objector is projected below for reference:

Particulars	Petitioner's Claim A	Approved OA sales in RST order FY 23-24 B	Approved OA sales in AS order for H1 of FY 23-24 C	As per Objector's Assessment D=B-C
OA sales (MU)	129.14	602.14	213.89	388.25

1.2 ADDITIONAL SURCHARGE PROPOSED FOR H2 OF FY 2023-24 SEEMS UNREASONABLE

- a) It is humbly submitted that the proposed Additional Surcharge Rate of Rs. 3.43/unit in the instant petitions is highly uncompetitive as compared to other states. A brief comparison with other states is shown below:



- b) Furthermore, it is observed from the past submissions that Telangana Discoms are consistently claiming higher number pertaining to Additional Surcharge. Despite of the fact that Hon'ble TSERC in line with the prudent principles has consistently approved a lower value pertaining to Additional Surcharge. The data related to past and present claimed values are highlighted below for reference:

Particulars (In Rs./kWh)	As per ASC Order H2 2021-22 dated 24.12.2021	As per ASC Order H1 2022-23 dated 22.03.2022	As per ASC Order H2 2022-23 dated 27.09.2022	As per ASC Order H1 2023-24 dated 20.03.2022	As per ASC Petition H2 2023-24
Claimed by the Petitioner	2.34	4.06	6.81	9.86	3.43
Determined Additional Surcharge by the Commission	2.38	3.48	1.38	0.39	NA
Approved Additional Surcharge by the Commission	0.95	1.15	1.38	0.39	NA

* ASC = Additional Surcharge

- c) Further, the National Tariff Policy (NTP) notified by Ministry of Power on 28th January 2016 stipulates the following:

"Clause 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 incidence to bear fixed costs consequent to such a contract. The fixed costs related to network assets would be recovered through wheeling charges".

- d) Despite 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 abnormal trend/ correlation between Additional Surcharge and Open Access sales. The same trend is represented in tabular form below:

Particulars	Units	ASC Order H1 2022-23	ASC Order H2 2022-23	ASC Order H1 2023-24	ASC Petition H2 2023-24
OA Sales	MU	645.9	370.34	213.29	129.14
Claimed by the Petitioner	(Rs./unit)	4.06	6.81	9.86	3.43
Determined Additional Surcharge by the Commission	(Rs./unit)	3.48	1.38	0.39	NA
Approved Additional Surcharge by the Commission	(Rs./unit)	1.15	1.38	0.39	NA

It must be pointed out that the high AS claims is attributable to the following factors:

- Low OA sales
- High stranded capacity
- Poor procurement portfolio - greater exposure to expensive long term PPAs.

e) Such high AS claims y-o-y for Open Access sale is divergent to the essence of National Tariff Policy 2016 and is anti-competitive. The relevant extracts 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) Additionally, 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 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)

g) 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. TS Discoms 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)

- h) It is requested to the Hon'ble Commission to allow a competitive Additional Surcharge after a thorough prudence check.
- i) Furthermore, Ministry of Power in the Draft Electricity (Amendment) Rules, 2023 has proposed the following with respect to levy of Additional Surcharge,:
- "23 (i) **Wheeling Charges:** Wheeling charges shall be computed as per following formula:
Wheeling Charge= Aggregate Revenue Requirement towards wheeling/
Energy wheeled during the year
- (iii) **Additional Surcharge:** The additional surcharge levied on any open access consumer shall not be more than fifty percent of the wheeling charges for that category of consumers."
- j) The above proposal depicts that Ministry of Power, Government of India also appreciates that limiting Additional surcharge is expected to facilitate the Open Access Sales thereby has introduced ceiling on the levy of Additional Surcharge. Notwithstanding to the submissions made by the Objector in preceding paras, it is humbly requested that the Hon'ble Commission may kindly adopt the approach as enshrined in the draft Rules as quoted above and limit the Additional Surcharge to 20% of the wheeling charges.

1.3 DUBIOUS FIXED CHARGES PAID AND RECOVERY OF DEMAND CHARGES

- a) It is well known principle that full Fixed Charges shall be recoverable on prorata basis based on the actual plant availability subject to a maximum level of AFC (at normative plant availability). The Objector is unable to comment on the veracity of fixed charges due to the following reasons:

I. Ambiguity in Linkage of Fixed Charges Paid with Plant Availability

The Petitioners have claimed Rs. 6574.36 Crores under the head of Fixed Charges paid without providing any clarity about the linkage of plant availability with fixed charges paid.

Furthermore, it is submitted 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 humbly submitted that Hon'ble Commission may direct the Petitioner to furnish Actual Monthly/Half-yearly Plant Availability Factor for each of the Power Plants from which Long-Term Power Procurement is being carried out.

II. No break up of Fixed Charges elements provided for various generating stations. This aspect needs consideration as the claimed fixed cost usually includes expenditure towards DPS and other charges as well.

III. Absence of reconciliation statement with the relevant Audited Account report

The Objector while verifying the submitted claims has observed that only audited accounts pertaining to TSSPDCL for respective quarters are available in public domain. The relevant finding from the audited accounts is reproduced below:

Q3 Audited Accounts for TSSPDCL

23 - POWER PURCHASE COST				
Particulars	Q3 of 2022-23	Cum. for 2022-23	Q3 of 2021-22	FY 2021-22
Purchase of Power - Fixed Cost	2,333.59	6,288.15	2,858.52	8,910.20
Purchase of Power - Variable Cost	4,365.18	14,008.03	2,870.18	16,353.17
Transmission Charges	1,189.44	2,937.03	335.34	3,066.60
Other Power Purchase Costs	441.52	520.69	(135.50)	(300.29)
Total	8,329.73	23,753.90	5,928.54	28,029.68

Q4 Audited Accounts for TSSPDCL

23 - POWER PURCHASE COST				
Particulars	Q4 of 2022-23	Q3 of 2022-23	Q4 of 2021-22	FY 2021-22
Purchase of Power - Fixed Cost	2,394.39	2,333.59	3,137.12	8,910.20
Purchase of Power - Variable Cost	7,474.62	4,365.18	3,669.77	16,353.17
Transmission Charges	1,154.58	1,189.44	1,561.58	3,066.60
Other Power Purchase Costs	11.00	441.52	163.49	(300.29)
Total	11,034.59	8,329.73	8,531.96	28,029.68

The Petitioners have not even furnished any reconciliation statement for the available audited accounts which is quite necessary to verify the claim.

Hence, it is prayed that Hon'ble Commission may direct the TS Discoms to provide relevant reconciliation statement and TSNPDCL audited reports towards corresponding quarters in order to check the veracity of the said claims.

IV. No clarity about the Fixed Charges paid towards the NCE power procurement

- b) Furthermore, it is submitted that the Hon'ble TSERC in its Retail Supply Tariff Order for FY 2023-24 dated 20.03.2023 has not considered any capacity allocation from NTECL Vallur TPS and NLC Tamil Nadu Power Ltd for FY 2023-24 in line with the earlier directives of the Commission in RST Orders for FY 2017-18 and FY 2018-19. The relevant extract of the RST order dt. 20.03.2023 for FY 2023-24 is reproduced below:

Source	Claimed				Approved			
	Quantum	Fixed Cost	Variable Cost	Total	Quantum	Fixed Cost	Variable Cost	Total
	MU	Rs.crore	Rs.crore	Rs.crore	MU	Rs.crore	Rs.crore	Rs.crore
NTPC Ramagundam Stage I & II	2682.16	195.26	751.00	946.26	1978.22	178.39	553.90	732.29
NTPC Ramagundam Stage III	648.90	54.00	179.00	233.00	455.20	53.07	125.57	178.64
NTPC Talcher TPS II	1597.26	114.04	279.36	393.40	1597.26	109.49	279.36	388.85
NTPC Simhadri Stage I	4018.37	361.67	1212.74	1574.41	2774.74	356.75	837.42	1194.16
NTPC Simhadri Stage II	1931.43	277.78	579.82	857.60	1439.67	258.35	432.19	690.54
NTPC Kudgi	180.22	649.48	70.52	720.00	1435.49	285.66	561.71	847.37
NLC TPS II Stage I	35.15	2.50	9.62	12.12	34.91	2.49	9.55	12.04
NLC TPS II Stage II	46.31	3.41	12.67	16.08	44.66	3.40	12.22	15.62
NNTPP	381.74	68.87	84.25	153.11	368.28	77.97	81.28	159.25
Neyveli new Unit-1	40.76	3.93	9.99	13.92	40.76	3.93	9.99	13.92
Neyveli new Unit-2	30.02	6.93	7.93	14.86	30.02	6.93	7.93	14.86
TSTPP Unit 1	8247.29	1686.51	1693.97	3380.49	7916.06	1517.86	1625.94	3143.80
NTECL Vallur TPS	69.88	143.86	26.99	170.85	0.00	0.00	0.00	0.00
NLC Tamil Nadu Power Ltd.	130.24	223.00	57.10	280.10	0.00	0.00	0.00	0.00
Sub Total	20039.70	3791.24	4974.96	8766.20	18115.25	2854.29	4537.06	7391.35
Nuclear								
NPC Madras APS	56.44	0.00	14.34	14.34	56.44	0.00	14.34	14.34
NPC Kaiga APS Units 1 & 2	426.86	0.00	148.64	148.64	426.86	0.00	148.64	148.64
NPC Kaiga APS Units 3 & 4	462.54	0.00	161.07	161.07	462.54	0.00	161.07	161.07
NPC Kudankulam NPP Unit 2	362.68	0.00	150.81	150.81	334.80	0.00	139.22	139.22
Sub Total	1308.51	0.00	474.86	474.86	1280.63	0.00	463.27	463.27
Bundled Power (Coal)								
JNNSM Phase 1	336.36	0.00	217.50	217.50	336.36	0.00	120.37	120.37
NTPC	1394.71	194.16	499.09	693.25	1394.71	0.00	901.86	901.86
Sub Total	1731.07	194.16	716.59	910.75	1731.07	0.00	1022.22	1022.22
Total CGS	23079.28	3985.40	6166.41	10151.81	21126.95	2854.29	6022.55	8876.84

- c) Since no proper justification is provided regarding the breakup of fixed cost by the petitioner, Objector submits that the reliance should be placed upon the power purchase cost approved by the Hon'ble commission in the RST order dated 20.03.2023 for FY 23-24 and the power purchase cost approved by the commission in AS order dated 20.03.2023 for H1 of FY 23-24. Accordingly, the fixed charges paid is proposed to be computed based on the difference between the aforementioned items. The assessment of the objector is depicted in the table below:

(All Figures in Crores)

Name of the Generating Station	Approved Value	Approved Value	Petitioner's Claim	Objector's Assessment
	AS order dated 20.03.2023 for H1 of FY 23-24	RST Order FY 23-24	Oct' 22 to Mar '23	Oct'22 to Mar'23
CGS				
NPC Kaiga - I& II	-			-
NPC-MAPS	-			-
NPC-Kudankulam	-			-
NLC ST-I	1.77	2.49		0.72
NLC ST-II	2.86	3.4		0.54
NNTPS	40.34	77.97		37.63
NTPC(SR) I & II	87.35	178.39		91.04
NTPC(SR) ST III	19.78	53.07		33.29
NTPC-Simhadri -I	229.9	356.75		126.85
NTPC-Simhadri -II	162.11	258.35		96.24
NTPC-Talcher-ST II	68.78	109.49		40.71
NTPC KUDIGI I	164.17	285.66		121.49
NTECL - VALLURU	71.59	-		-
NLC Tamilnadu Power Ltd	77.38	-		-
CGS Total	926.03	1325.57		548.51
APGPCL ST-I	-	399.54		-
APGPCL ST-I & II	-			-
APGPCL Total	-			-
IPPs				
M/s Thermal Powertech 570MW	530.03	1135.02		604.99
Thermal Powertech 269.45 MW	159.33	317.58		158.25
TOTAL IPPs/MPPs	689.36	1452.6		763.24
TSGENCO-TOTAL	3266.17	6251.53		2985.36
SINGARENI CCL U1&U2	708.08	1329.7		621.62
Chhattisgarh SPDCL	-			-
Total Fixed Cost Excluding NCEs	5589.64		6574.36	4918.73

- d) In the absence of the substantiating evidence/documents with regard to power purchase cost, it is humbly submitted that the Hon'ble Commission may evaluate PP cost for H2 of FY 2023-24 based on the above depicted approach.
- e) It is also necessary to mention that the Petitioner must be directed to submit element wise break up of Fixed charges paid in order to ensure transparency in the determination of AS and avoid any loading of inefficiency of Discom on state Consumers in the form of Additional Surcharge.

1.4 ADDITIONAL SURCHARGE FOR H2 OF FY 2023-24 AS PER OBJECTOR'S ASSESSMENT

- a) Based on the available data on record for the perusal of general stakeholders, the Objector has computed the allowable Additional Surcharge for H2 of FY 2023-24, as follows:

Additional Surcharge as per Objector's Assessment

Approved Methodology for Computation of Additional Surcharge				
S No	Description	Unit	Petitioner's Claim	Objector's Assesment
A	Long term available capacity	MW	9191.58	9191.58
B	Capacity stranded due to OA	MW	47.42	47.42
C	Fixed Charges paid	Rs. Crore	6574.36	4918.73
D=C/A	Fixed Charges per MW	Rs. Crore/MW	0.72	0.54
E=D*B	Fixed Charges for stranded capacity	Rs. Crore	33.92	25.38
F	Transmission charges paid	Rs. Crore	2483.71	2483.71
G	Actual Energy scheduled	MU	39635.68	39635.68
H=F/G	Transmission charges per unit	Rs./KWh	0.63	0.63
I	Distribution charges as per TO	Rs./KWh	0.18	0.18
J=H+I	Total transmission and distribution charges per unit	Rs./Kwh	0.81	0.81
K	Energy consumed by OA consumers from the DISCOMs	MU	-	1970.66
L=J*K	Transmission and distribution charges to be paid by open access	Rs. Crore	10.40	158.96
M	Demand charges recovered by the DISCOMs from OA consumers	RS. Crore	-	205.69
N=M-L	Demand charges to be adjusted	Rs. Crore	-	46.73
O=E-N	Net stranded charges recoverable	Rs. Crore	44.31	-21.35
P	OA sales	MU	129.14	388.25
Q=O/P	Additional Surcharge	Rs./Kwh	3.43	-

- b) The Objector humbly submits that there is no Case for the levy of Additional Surcharge on Open Access Consumers in the state as the Demand charges to be adjusted i.e. Rs. 46.73 Crores is already being in excess as compared to the computed Fixed Charges for stranded capacity i.e. Rs. 25.38 Crores.

1.5 POC ISTS transmission Charges should not be considered for reducing demand charges paid by OA consumers:

1.5.1 TSSPDCL has, for the computation of per unit transmission charges, considered the inter-state, intra-state transmission charges and SLDC charges. The said claims are based on the past Additional Surcharge Orders of the Hon'ble Commission, wherein the Hon'ble Commission has also included both the inter and intra-state transmission charges in the stranded cost while working out the ASC for corresponding periods.

1.5.2 As against the above, **in its order dated 27.03.2018 for determination of ASC for FY 2018-19, the Hon'ble Commission considered only the intra-state transmission charge for computing per unit transmission charge** which we believe was the correct approach owing to the following reasons:

a) Inter-state transmission cost is on account of the transmission charges being paid by the Discom for long/medium term access to the ISTS system. Such charges to be paid by the Discom are notified by NLDC.

b) Any consumer availing open access to the ISTS system also pays its ISTS cost for the power procured through open access, the benefit of which accrues to the state in reduction of their POC charges.

This reduction is due to the following clause 11 (3) of the CERC (Sharing of Inter-State Transmission Charges and Losses) Regulations, 2020-

"11. Transmission charges for Short Term Open Access

.....

(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."

c) It is in view of the above that inclusion of ISTS charges again for computation of Additional Surcharge as claimed by the Petitioner, will lead to double levy of the same charge on open access consumers.

d) The submission of the Discom that said benefit is passed in ARR to consumers is not justifiable since the impact of double levy of ISTS charges would already make OA unviable for consumers.

1.5.3 Thus, we request the Hon'ble Commission to re-consider its view on allowing inclusion of ISTS charges in the ASC.

1.6 Discom failed to consider Demand charges recovered from Open Access consumers while adjusting the payable t&d charges

- 1.6.1 The Discom in the ASC Petition has claimed Additional Surcharge at Rs. 3.43/unit considering 33.92 Cr towards fixed cost stranded due to open access and Rs. 10.40 Cr on account of transmission and distribution charges to be paid by the Open Access consumer to the Discoms. However, Discom went against the methodology fixed by the Hon'ble Commission and did not consider the amount already paid by the Open Access Consumers as demand charges.
- 1.6.2 This is in complete contradiction with the approach of the Commission in the earlier ASC Orders as well the methodology affirmed by the Hon'ble Commission in the past. Not reducing the demand charges from the transmission and distribution charges payable by open access consumers will lead to inflated levy of ASC on the consumers.
- 1.6.3 The Hon'ble Commission in the Order No. for O. P. No. 75 & 76 of 2022 for determination of Additional Surcharge dated 20.03.2023 has considered the demand charges paid by the Open Access Consumer while computing the Additional Surcharge.

PRAYERS

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

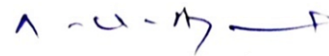
- A. Consider the above Objection Statement filed by the Objector;
- B. May Conduct a Prudence check over the Fixed Charges Paid and Demand Charges recoveries from Open Access Consumers;
- C. May direct the Discoms to provide a reconciliation with the audited accounts and the Fixed cost component of power purchase may be accordingly allowed subject to prudence check;
- D. 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;
- E. Consider the methodology/approach/computation to work out the Additional Surcharge, if any, attributable to the open access consumers as assessed by the Objector;
- F. May approve null Additional Surcharge as assessed by the Objector;
- G. 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: AUG, 2023

Objector: TSTMA

Place: Hyderabad

for Telangana Spinning & Textile Mills Association



**R.K. Agarwal
Chairman**