

KC/ELECT/22/

Jan 27, 2022

To,
The Chief General Manager
(IPC & RAC),
H.No.2-5-31/2,TSNPDCL, Corporate Office,
Vidyuth Bhavan, Nakkalagutta,
Hanamkonda -506001

Sub: Proposal of Grid Support Charges for FY 2022-23 Tariff.

Ref: Public Notice – Objections/Suggestions on Proposed Tariff FY 2022-23.

Dear Sir,

In response to your Proposed Tariff FY 2022-23 and having regard to the views sought by TSNPDCL we state as follows:

1. The proposed levy of grid support charges by TSNPDCL for parallel operation with the grid is arbitrary and punitive in nature. Just for the sake of having a facility to parallel our captive power plant supply with grid that too used for the startup and maintenance power requirement of the CPP.
2. As per our case, to operate total cement plant we require total power around 20.0 MW, we are having captive power plant capacity is 15.7 MW and Grid Contract Maximum Demand is 5.2 MVA. During peak cement market condition, we run total cement plant then we import power from Grid and during down market conditions we will kept as stand by condition.
3. We will operate parallel only during power plant shut down/break down i.e. during the startup and stop of Captive power plant which will be synchronize hardly twice or thrice per year. If we will calculate the GSC as per proposed tariff, we get additional burden @ 34.25 Lacks per month and 4.11 Cr. per annum for only parallel operation twice or thrice per year.
4. Captive generation was insisted by the APSEB to meet the power shortage and thus the captive power plant were a creation of the APSEB only. Substantive investments were made by the industry on captive generation, which is not a profit center for the industry.

5. Most of the industries do not resort to continuous parallel operation and parallel operation is resorted to when absolutely necessary. TSNPDCL has not incurred any additional cost to provide the parallel operation facility. The levy of grid support charges is not supported by any basis of costs incurred or pecuniary loss suffered by TSDISCOM.
6. Though CPPs do not contend the levy GSC in compliance with the orders of Hon'ble Supreme Court, the quantum of the proposed levy of 50% of Demand Charge of Rs. 475 per KVA per month is grossly excessive, arbitrary, and abusive of the statutory authority also not supported by any data proving that the grid suffered to this extent in providing parallel operations to CPP and is not supported by actual costs or damages suffered by the Grid.
7. The prevailing parallel operation charge which is equivalent to the proposed GSC in other States is as follows:

Name of the State	Grid Support Charges Rs/KVA/Month
Madhya Pradesh	Rs.20/KVA/Month
Chattisgarh	Rs.21/KVA/Month
Gujarat	Rs.26/KVA/Month
Tamilnadu	Rs.30/KVA/Month
J&K	Rs.16/KVA/Month on the installed capacity of the CPP
Odisha	Nil
West Bengal	Nil
Kerala	Nil
Karnataka	Nil

The above utilities have proposed these rates after third party analysis.

It is evident from the above table that the burden imposed by the proposed grid support charges in telangana has no basis and is unduly, grossly excessive high compared to what would have been payable above states and analysis to be done by third party. It is therefore submitted that the proposed grid support charges is entirely unreasonable and unjustified.

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8. From the above table it can be seen that the parallel operation charge or GSC in other States has been worked out based on clear parameters of the costs incurred by the Grid and so are considered reasonable as against the proposed levy of 50% of the Demand Charge of Rs 475 per KVA per month, proposed by TSNPDCL. The proposed levy has no basis and is grossly excessive, arbitrary, and so requires to be reduced substantially and validated by an independent third-party analysis.
9. The effect of the grid support is different to in different classes of consumers like industries with continuous parallel operation and standby permission. Whether uniform grid support charges are to be levied on all consumers is a point for discussion.
10. The proposed levy of GSC at such a high rate will be a death knell for large process industries which depend upon captive power at reasonable cost. The proposed GSC will hit at the core viability of the principal industry resulting in closure of operations and in loss of direct and indirect employment aside from loss of revenue to the exchequer.
11. For the reasons stated herein-above, may be pleased to reject the levy of grid support charges for parallel operation during CPP startup & Stop Conditions.

The above response may please be placed before the hon'ble commission for its consideration.

Thanking you,

Your's faithfully
For Kesoram cements
For Kesoram Industries Ltd.


RAJESH GARG
PLANT HEAD

Mobile No.7893833500

Mail ID: rajesh.garg@kesoram.net

kc.electrical@kesoram.net

Copy To:

The Secretary,

T.S. Electricity Regulatory Commission,

D.No.11-4-660, 5th Floor, Singareni Bhavan,

Red Hills,Hyderabad – 500 004.

Cement Division Unit of Kesoram Industries Limited

Unit : Basantnagar, Works : Post Basantnagar - 505 187.
Dist : Peddapalli, Telangana

P+91 8728 228121/129/152
F+91 8728 228160

Corporate Office :
E : corporate@kesoram.net

Registered Office : Birla Building, 8th Floor, 9/T, R.N. Mukherjee Road, Kolkata-700 001,
CIN - L17119WB1919PLC003429

