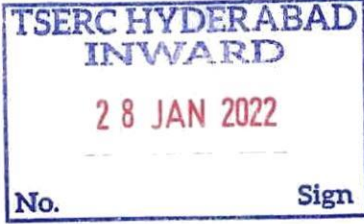


**BEFORE THE TELANGANA STATE ELECTRICITY REGULATORY  
COMMISSION  
AT HYDERABAD**

O.P. Nos. 58 & 59/2021

**In the Matter of :**

ARR and Tariff proposals for FY 2022-23 filed by TS DISCOMs .



**MEMORANDUM OF OBJECTIONS**

filed on behalf of

**ITC LTD,  
Paperboards and Specialty Papers Division,  
ITC Bhadrachalam House, 106, Sardar Patel Road, Secunderabad 500003  
Contact Email: lakshmikummar.velpur@itc.in Mobile:9000080461**

May it please the Hon'ble Commission :-

***Background Facts of the Objector***

1. The Objector herein is engaged in the manufacture of paper and paperboard at Sarapaka Village, Bhadradri Kothagudem District, Telangana. The Objector also has a Captive Generating Plant at Sarapaka Village.
2. The generation of electricity at the plant is by co-generation process whereby heat energy used for pulp cooking, humidification and drying is produced along with electricity.

The Obector has presently six T-G Sets of varying capacities aggregating to about 172 MVA. One TG-Set of 23 MVA is kept as a stand-by. The TG-sets and the loads are segregated into three networks internally, with 77 MVA in one network, 46 MVA in another network 26 MVA in another network. Under normal operation, the TG-Sets are operated in island mode and the entire load is met exclusively from the TG-sets, no power being consumed from the TSNPDCL.

The Consumer Service with TSNPDCL is with a CMD of 5MVA. Power is drawn from TSNPDCL against the CMD of 5 MVA only for start-up purposes of the TG-sets. The starting currents during start-up is minimised by soft start arrangements. The power drawn during start-ups is always within the CMD of 5 MVA.

The Objector also receives and consumes power form its wind energy plant through inter-state open access when ever available. When such Open Access power is availed, the connection with the grid is only to enable consumption by direct loads utilizing the OA energy and TSNPDCL energy.

There are electrical inter-locks in place to ensure that the connected loads trip whenever there is a tripping of the TG-Sets. Therefore, there is no transfer of load to the grid in the event of TG-Set failure or shut down. Mandatory protection arrangements are in place to clear internal faults within the time prescribed in the Grid Code.

In the normal operation of the Objetor's continuous process plant, there are no equipment which impose intermitttent or transient loads.

Therefore there is no circumstance by which it can be considered that any grid support is actually availed by the Objector. The connection to the grid is utilised only for for start power within the CMD with TSNPDCL or for import of open access power.

### ***Objections to Proposal for Grid Support Charges***

3. It is proposed by the DISCOMs that grid support charges be levied at the same rates as in the APERC order for 2002-2003. Presumably the levy is sought only on those CPPs which are co-located and operate in parallel with the grid. The proposal is unreasonable both with respect to the levy itself and also with respect to the quantum.



4. There was nothing in the Grid Code which enables and/or authorises the levy of grid support charges.
5. Other than merely reproducing the provision in the previous APERC order for 2002-03, there is no reasoning given in the proposal with regard to the justification for levying grid support charges and/or the quantum of such charges with due regard to the sea change subsequently with the coming into force of the Electricity Act 2003.

The Hon'ble Commission may consider the matter afresh having regard to the completely changed environment and regime after the Electricity Act 2003 has come into force.

The proposed levy is of a nature that unreasonably mulct CPPs so as to discourage them. Such purpose or effect is contrary to the legislative policy and scheme of the Act which encourages captive generating plants and frees them from all manners of regulation. The proposal to levy grid support charges on captive generating plants deserves to be rejected on this ground alone.

6. The APERC order for 2002-2003 was made before the Electricity Act 2003 came into force. After the Electricity Act came into force, consumers have the right to source energy from any generator located anywhere under open access irrespective of whether a consumer has any contracted demand with the licensee or not. Every generator supplying energy operates in parallel with the grid. When no grid support charges are, or can be, levied based on the installed generating capacity of the source, whether it be an IPP or remote CPP under open access, there is no reason for levy of such a charge on CPPs or co-generation plants. The power and energy are measured and accounted for only with respect to the 15 minute time blocks.

A handwritten signature in blue ink, appearing to be 'S. K. Singh', is written over a diagonal line that crosses the text of the sixth point.

7. It may be that certain kinds of industries may instantaneously draw large currents intermittently (e.g. in arc / induction furnaces) or produce harmonics which may or may not be in excess of the limits specified by the GTCS and/or the Grid Code. The incidence of such large intermittent / instantaneous loads and/or injection of harmonics in such industries may occur irrespective of their having a contracted demand with the licensee for the whole of their demand or for a part of their demand in conjunction with a CPP. These industries may have to be considered as a separate class. It is unreasonable that the incidents in such separate class taints all industries with CPPs even when no such instantaneous or intermittent loads or injection of harmonics are involved.

8. Industries may have CPPs with a capacity in excess of the captive requirement, and operation in parallel with the grid may be necessitated by the need to export their surplus power under open access or otherwise. There can be no justification for levy of grid support charges in such cases.

An industry with a CPP may connect to the grid for the pupose of importing additional power from another source under open access. There can be no justification for levy of grid support charges in such cases also.

An industry with a CPP may also connect to the grid to avail start-up power for which a contracted demand is arranged and paid for by the consumer. There can be no justification for any grid support charges.

9. If at all, it is the load (and more particularly, certain kinds of load) that may be alleged to impose instaneous / intermittent demands on the grid. If some loads in some type of industries are considered to cause instantaneous demand on the grid, then it is only such loads that could be relevant if at all any grid support charge is to be levied.

The installed generation capacity is irrelevant and the levy on a charge on the generation capacity is irrational.



10. Without prejudice to the above, the quantum proposed is entirely arbitrary, exorbitant and irrational. There is no justification or rationale for the quantum proposed. The licensee can be allowed a charge only if the licensee demonstrates actual costs related to such charge. There are no extra costs incurred by the licensee for the alleged or presumed effects of operation of CPPs in parallel with the grid. There has to be some cogent methodology for arriving at the quantum of the charge. It cannot be arbitrary and without any data or rational basis.

Capacity of the surplus being sold under open access cannot be subjected to any such charges.

11. The following position in other States which have levied / considered Grid Support Charges may also be duly considered.

<i>State</i>	<i>Parallel Operation / Grid Support Charge</i>
Gujarat	Rs. 26.50 / kVA / month
Rajasthan	Rs. 20.00 / kVA / month
Madhya Pradesh	Rs. 20.00 / kVA / month
Tamil Nadu	Rs 30,000 /MW / month
Chhattisgarh	Rs.0.13 /kWh
Orissa	Nil – OERC rejected the proposal observing that the Grid Code has sufficient provisions for regulating the connected entity and no charges were called for.

It is evident from the above that the charges proposed by the DISCOMs are exorbitant apart from being without any rational basis or method.



12. It is submitted that the Honble Commission may cause a detailed scientific study by a competent organisation to be undertaken to assess the issue having regard to the diverse nature of the industries with CPPs, and to determine the particular criteria by which grid support may be considered to have been availed, and to lay out a methodology by which the quantum of charge, where considered leviable, is to be determined.
13. All Objections are made without prejudice to one another.

***Participation at Public Hearing – Oral Submissions***

The Objector desires to be heard in person or through counsel at the Public Hearing.

2022 January 28



On behalf of the Objector