

SALASAR IRON & STEEL (P) LIMITED

Flat No. 101, 1st Floor, Satya Sarovar Complex,
High Court Road, Hyderabad – 500 002.

Email: Srivastava.nishtha@salasar.com
Cell no. 70362 05211

Date: 10.8.2022

To

✓ Secretary,
Telangana State Electricity Regulatory Commission,
5th Floor, Singareni Bhavan, Red Hills,
Hyderabad – 500 004.



Respected Sir,

Sub: Hard copy of suggestion / objection in respect of Additional Surcharge
of H2 of Financial Year 2022 – 23 as sought for – Reg.

Ref: Public Notice issued in news papers on 18.7.2022.

...

Apropos to the cited subject, we wish to inform you that the suggestions / objections as sought for in respect of Additional Surcharge of H2 of Financial Year 2022-23 is submitted before you and Director (IPC) of TSSPDCL on its official email id on 9.8.2022 being due date for filing. A copy of E mail report dated 9.8.2022 @ 2.44 PM is enclosed as Annexure I.

Further, a hard copy of the same is enclosed herewith for your kind consideration.

Please acknowledge.

Thanking you,

Yours faithfully,
For Salasar Iron & Steel (P) Ltd.,

Encl: a.a.


Authorised Signatory

Copy to: Chief General Manager (RAC), TSSPDCL, 1st Floor, Corporate Office, Mint Compound, Hyderabad – 500 063.

NOTE: copy of CGM (RAC) Ack. Dt 10.8.2022 is enclosed.

Suggestion / Objections in respect of Additional Surcharge of H2 of FY 2022-23 - Reg.

1 message

B. RAVINDER PRASAD SRIVASTAVA <brpsrivastava@gmail.com>
To: secy@tserc.gov.in, diripc@tssouthernpower.com

Tue, Aug 9, 2022 at 2:44 PM

9.8.2022

To

Secretary,
TSERC, Red Hills,
Hyderabad.

Respected Sir,

Sub: Suggestion / Objections in respect of Additional Surcharge of H2 of FY 2022- 23 - Reg.

Ref: Public Notice in news papers dated 18.7.2022.

Apropos to the cited subject, please find enclosed herewith suggestion / objections in respect of Additional Surcharge of H2 of Financial Year 2022-23 filed by TSSPDCL for kind consideration before passing the order as sought for.

The hard copy will be filed in your office on 10.8.2022 as 9.8.2022 being general holiday.


It is pertinent to note that a soft copy of this suggestion / objections mailed to Director (IPC), TSSPDCL on his officials email id and a hard copy also will be submitted to Chief Engineer (RAC), TSSPDCL, Mint Compound, Hyderabad - 500 063 on 10.8.2022 as 9.8.2022 being general holiday.

Dhanyawad.

(Nishtha)
Authorised Signatory.

Encl: a.a.

ANNEXURE I

 **SALASAR-SUGGESTION-OBJECTION-AS H2-9.8.2022.pdf**
5757K

One Stop Electricity Window
**BEFORE THE HON'BLE TELANGANA STATE ELECTRICITY
REGULATORY COMMISSION, 5TH FLOOR, SINGARENI BHAVAN, RED
HILLS, HYDERABAD - 500 004**

...

**O.P. NO. OF 2022
 IN
FILING NO. OF 2022
 IN
CASE NO. OF 2022**

IN THE MATTER OF:

Petition for determination of Additional Surcharge to be levied on Open Access Consumers for the Second half (H2) of Financial Year 2022-23 as per the directions of Hon'ble Commission in its order dated 18.09.2020 in O.P No. 23 of 2020 in accordance with the provisions of the Electricity Act, 2003 and National Tariff Policy, 2016.

IN THE MATTER OF:

Southern Power Distribution Company Limited,
Registered Office, 6-1-50, Mint Compound,
Hyderabad – 500 063 represented by its
Chairman & Managing Director.

...Applicant

AND

Salasar Iron & Steel (P) Ltd.,
Flat No. 101, 1st Floor, Satya Sarovar Complex,
High Court Road, Hyderabad – 500 002.
represented by its Managing Director
Vinod Kumar Agarwal.

... Respondent

**SUGGESTIONS / OBJECTIONS FILED BY THE RESPONDENT AGAINST THE
PROPOSAL OF THE APPLICATION IN RESPECT OF DETERMINATION OF
ADDITIONAL SURCHARGE FOR H2 OF FINACIAL YEAR 2022-23 VIDE LETTER
NO. CGM (RAC)/SE(RAC)/DE(RAC)/F.A96/D. NO. 102/22 DATED 28.5.2022 FILED
ON 30.5.2022**

It is respectfully submitted that the contents of the petition under reply may be deemed to have been denied, unless specifically admitted to here in under as the figures considered for computation are in violation of provisions of law. Nothing may be deemed to have been admitted on account of non-traverse.

Contd..2

It is respectfully submitted that the primary contention raised by petitioner herein in the present petition is determination of Additional Surcharge for H2 of Financial Year 2022-23 i.e., effective from October, 2022 to March, 2023 Billing Months.

RELEVANT FACTS ON THE CONTENTS OF THE PETITION:

It is respectfully submitted that the petitioner has filed the present petition for determination of Additional Surcharge for H2 of Financial Year 2022-23 i.e., effective from October, 2022 to March, 2023 Billing Month.

It is respectfully submitted that the petitioner has considered the actual figures of October, 2021 to March, 2022 for computing the Additional Surcharge applicable from October, 2022 to March, 2023 in the format approved by this Hon'ble Commission.

PROVISION OF LAW:

SECTION 42 (4) OF ELECTRICITY ACT, 2003:

"Where the State Commission permits a consumer or class of consumers to receive supply of electricity from a person other than the distribution licensee of his area of supply, such consumer shall be liable to pay an additional surcharge on the charges of wheeling, as may be specified by the State Commission, to meet the fixed cost of such distribution licensee arising out of his obligation to supply."

SECTION 86 (1) OF ELECTRICITY ACT, 2003:

"The State Commission shall discharge the following functions, namely:-

(a) determine the tariff for generation, supply, transmission and wheeling of electricity, wholesale, bulk or retail, as the case may be, within the State:

Providing that where open access has been permitted to a category of consumers under section 42, the State Commission shall determine only the wheeling charges and surcharge thereon, if any, for the said category of consumers;" xxxxx

CLAUSE 17.1 (IV) OF THE REGULATION NO. 2 OF 2005 STIPULATES AS UNDER:

“The Open Access user shall also be liable to pay additional surcharge on charges of wheeling as may be specified by the Commission from time to time under section 42 (4) of the Act, in case open access is sought for receiving supply from a person other than the distribution licensee of such consumer’s area of supply, to meet the fixed cost of the distribution licensee arising out of his obligation to supply.”

CLAUSE 8.5 OF TARIFF POLICY RESOLUTION DATED 28.1.2016:

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.

A consumer who is permitted open access will have to make payment to the generator, the transmission licensee whose transmission systems are used, distribution utility for the wheeling charges and, in addition, the cross subsidy surcharge. The computation of cross subsidy surcharge, therefore, needs to be done in a manner that while it compensates the distribution licensee, it does not constrain introduction of competition through open access.

A consumer would avail of open access only if the payment of all the charges leads to a benefit to him.

While the interest of distribution licensee needs to be protected it would be essential that this provision of the Act, which requires the open access to be introduced in a time-bound manner, is used to bring about competition in the larger interest of consumers.

SERCs may calculate the cost of supply of electricity by the distribution licensee to consumers of the applicable class as aggregate of (a) per unit weighted average cost of power purchase including meeting the Renewable Purchase Obligation; (b) transmission and distribution losses applicable to the relevant voltage level and commercial losses allowed by the SERC; (c) transmission, distribution and wheeling charges up to the relevant voltage level; and (d) per unit cost of carrying regulatory assets, if applicable.

Surcharge formula:

$$S = T - [C / (1 - L / 100) + D + R]$$

Where

S is the surcharge

T is the tariff payable by the relevant category of consumers, including reflecting the Renewable Purchase Obligation

C is the per unit weighted average cost of power purchase by the Licensee, including meeting the Renewable Purchase Obligation

D is the aggregate of transmission, distribution and wheeling charge applicable to the relevant voltage level

L is the aggregate of transmission, distribution and commercial losses, expressed as a percentage applicable to the relevant voltage level

R is the per unit cost of carrying regulatory assets.

Above formula may not work for all distribution licensees, particularly for those having power deficit, the State Regulatory Commissions, while keeping the overall objectives of the Electricity Act in view, may review and vary the same taking into consideration the different circumstances prevailing in the area of distribution licensee.

Provided that the surcharge shall not exceed 20% of the tariff applicable to the category of the consumers seeking open access.

Provided further that the Appropriate Commission, in consultation with the Appropriate Government, shall exempt levy of cross subsidy charge on the Railways, as defined in Indian Railways Act, 1989 being a deemed licensee, on electricity purchased for its own consumption.

PARA 5.8.3 OF THE NATIONAL ELECTRICITY POLICY (NEP) DATED 12.2.2005:

“ ... An additional surcharge may also be levied under sub-section (4) of Section 42 for meeting the fixed cost of the distribution licensee arising out of his obligation to supply in cases where consumers are allowed open access. The amount of surcharge and additional surcharge levied from consumers who are permitted open access should not become so onerous that it eliminates competition that is intended to be fostered in generation and supply of power directly to consumers through the provision of Open Access under Section 42(2) of the Act. ... ”

PARA 8.5.4 OF THE TARIFF POLICY, 2016 STIPULATES AS UNDER:

“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 TSERC 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.”

APPROVAL OF HON'BLE TSERC IN PARA NO. 52 OF ORDER DATED 18.9.2020 PASSED IN O.P. NO. 23 OF 2020:

The DISCOMs to submit their filings for determination of AS for the 1st half of the ensuing financial year i.e., for the period from April to September of the ensuing financial year latest by 30th November of the current financial year and for the 2nd half of the ensuing financial year i.e., for the period from October to March of the ensuing financial year latest by 31st May of the ensuing financial year.

a) **Mechanism for Demonstration of Stranded Capacity**

- i. The 15-minute time-block data of available capacity and scheduled capacity of all generating stations having long term PPAs with the Discoms, and the scheduled capacity of OA consumers of six months period is to be taken.
- ii. In case of hydel generating stations, the scheduled capacity is to be treated as available capacity in that time block.
- iii. The lower of the surplus capacity (i.e., available capacity less scheduled capacity) and capacity scheduled by OA consumers is to be considered as stranded capacity for the 15-minute time block.
- iv. Accordingly, the average stranded capacity for six-month period due to open access has to be arrived.

b) Approved Methodology for Computation of Additional Surcharge**Table 5: 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 Charge per MW	Rs. Crore/MW	
(E)=(D)X(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 charge per unit.	Rs./KWH	
(K)	Energy consumed by OA from the DISCOMs	MU	
(L)=(K)X(J)	Transmission and distribution charges paid by OA consumers.	Rs. Crore	
(M)	Demand Charges recovered by the DISCOM 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	

SUGGESTIONS:**NO. 1:**

It is respectfully submitted that this Hon'ble Commission has considered the Fixed Cost figures filed by the TSSPDCL for approval of Tariff for the Financial Year 2022-23. The same is extracted for kind ready reference of the Hon'ble Commission hereunder:-

Table 2-4: Power purchase cost claimed by TSSPDCL for FY 2022-23

Source	Quantum MU	Fixed Cost Rs. Crore	Variable Cost Rs. Crore	Other Cost Rs. Crore	Total Rs. Crore
TSGenco	22015.90	4964.12	5336.87	1011.82	11312.81
CGS	13756.92	1871.10	3852.95	0.00	5724.04
Others	17329.18	3246.59	4313.32	46.00	7605.92
NCE	6271.16	0.00	3161.69	0.00	3161.69
D-D purchase			0.00		
D-D sale	-4074.07		-1393.26		-1393.26
Total	55299.08	10081.80	15271.57	1057.82	26411.20

It is pertinent to note that the TSSPDCL has claimed the Fixed Cost for the Financial Year 2022-23 of Rs. 10081.80 crores for 59373.16 MU (55299.07 + 4074.07). Accordingly, the Fixed Cost per KWH will work out to Rs. 1.70 per KWH for 12 months, for 6 months it will be Rs. 0.85 per KWH.

The calculation is as follows:-

$$\text{Rs. } 10081.80 \text{ crores} / 59373.16 \text{ MU} \times 10 = \text{Rs. } 1.70 \text{ per KWH.}$$

This fact to be considered to arrive the fixed cost of TSSPDCL while approving the Additional Surcharge for the period from October, 2022 to March, 2023.

It is submitted that as prescribed in Clause 8.5 of Tariff Policy Resolution dated 28.1.2016 the surcharge and additional surcharge shall not exceed 20% of the tariff applicable to the category of consumer seeking open access.

Accordingly, the present tariff of HT (I) (A) Category of 33 KV consumer is Rs. 7.15 per KWH. Thus the 20% of applicable tariff will be Rs. 1.43 per KWH.

This condition to be considered while approving the Additional Surcharge for the period from October, 2022 to March, 2023.

NO. 2:

The State Commission conferred with powers to determine Additional Surcharge on the charges of wheeling as prescribed in Section 42 (4) of Electricity Act, 2003.

The same is to be considered.

NO. 3:

The State Commission conferred with power to determine Wheeling Charges and Surcharge thereon to be levied on open access consumer for whom permission is granted Under Section 42 of Electricity Act, 2003 as prescribed in Section 86 (1) (a) of Electricity Act, 2003.

The same is to be considered.

OBJECTIONS:

NO. 1:

It is submitted that the petitioner has considered the figures of the period from October, 2021 to March, 2022 for computing the Additional Surcharge to be determined for the period from October, 2022 to March, 2023 is not correct and in violation of the approval of this Hon'ble Commission of para No. 52 of order dated 18.9.2020 passed in O.P. No. 23 of 2020 hence the figures of the period from October, 2022 to March, 2023 to be considered filed by the Generating Stations and Open Access Consumers.

We also request to furnish a copy of requisition filed by the generating station wise showing the details of proposed available capacity, scheduled capacity, fixed payable to them during the relevant period and open Access consumer wise along with the details of quantity proposed to be consumed by them from open access source to enable us to determine the stranded capacity as prescribed in para No. 52 (a) (iii) of order dated 18.9.2020 passed in O.P. No. 23 of 2020 by this Hon'ble Commission.

We also request to furnish the detail break up of each component wise figures to be considered in Sl. No. A to Q of Methodology for Computation of Additional Surcharge.

NO. 2:

It is respectfully submitted that the Petitioner in the Sl. No. (O) of computation taken the wrong figures of Rs. 252.06 crores i.e., difference of (E) – (N). (E) is Rs. 108.05 crores and (N) is Rs. -144.01 crores thus the difference will be Rs. -35.51 crores. Hence, the figure of (O) should be corrected to Rs. -35.51 crores.

In view of this correction the Respondents are entitled for refund of Rs. 0.96 per KWH during the H2 period of Financial Year 2022-23 i.e., Rs. -35.51 Crores / 370.34 MU X 10 = Rs. 0.96 per KWH.

In view of the above stated facts, the Respondent pray to this Hon'ble Commission;

to pass an order for Refund of Rs. 0.96 per KWH of Additional Surcharge during the period H2 of Financial Year 2022-23 i.e., from October, 2022 to March, 2023; and pass such that order or orders as may deem fit by this Hon'ble Commission under the circumstances of the petition in the interest of justice.

Other grounds if any will be filed during proposed hearing to be held on 24.8.2022.

OPPORTUNITY DURING HEARIG TO BE HELD ON 24.8.2022:

It is respectfully submitted that we may be provided an opportunity for arguing our grounds during hearing scheduled on 24.8.2022 at 11 AM at Court Hall, 5th Floor, Singareni Bhavan, Red Hills. Hyderabad – 500 004.

In this regard we hereby authorise Ms. Nishtha, Advocate situated at 2-2-1105/4/A/F, Indranagar, Tilaknagar, Hyderabad – 500 044 Cell No. 70362 05211 to attend, argue on our behalf during above said hearing.

Date: 5.8.2022

Place: Hyderabad.



RESPONDENT

SALASAR IRON & STEEL (P) LIMITED

Flat No. 101, 1st Floor, Satya Sarovar Complex,
High Court Road, Hyderabad – 500 002.

Email: Srivastava.Nishtha 441@gmail.com
Cell No 70362 05211

Date: 10.8.2022

To

Secretary,
Telangana State Electricity Regulatory Commission,
5th Floor, Singareni Bhavan, Red Hills,
Hyderabad – 500 004.

Respected Sir,

Sub: Hard copy of suggestion / objection in respect of Additional Surcharge
of H2 of Financial Year 2022 – 23 as sought for – Reg.

Ref: Public Notice issued in news papers on 18.7.2022.

....

Apropos to the cited subject, we wish to inform you that the suggestions / objections
as sought for in respect of Additional Surcharge of H2 of Financial Year 2022-23 is submitted
before you and Director (IPC) of TSSPDCL on its official email id on 9.8.2022 being due
date for filing. A copy of E mail report dated 9.8.2022 @ 2.44 PM is enclosed as Annexure
I.

Further, a hard copy of the same is enclosed herewith for your kind consideration.

Please acknowledge.

Thanking you,

Yours faithfully,
For Salasar Iron & Steel (P) Ltd.,

Encl: a.a.

Nishtha
Authorised Signatory

Copy to: Chief General Manager (RAC), TSSPDCL, 1st Floor, Corporate Office, Mint
Compound, Hyderabad – 500 063.

NOTE: copy of CGM (RAC) Ack. Dt 10.8.2022 enclosed.



o/c