

TELANGANA SOLAR OPEN ACCESS DEVELOPERS ASSOCIATION

Regn.No.1191 OF 2016

To,
The Secretary,
TSERC, 5th Floor, 11-4-660, Singareni Bhavan,
Red Hills, Hyderabad - 500 004

Date: 08-08-2022

Dear Sir,

Sub:- Submission of comments, objections and suggestions on the proposals of TSSPDCL & TSNPDCL in the matter of determination of Additional Surcharge (AS) to be levied on Open Access (OA) users for the 2nd half (H2) of FY2022-23- Reg.

Ref:- (1) Lr. No.CGM(RAC)/SE(RAC)/DE (RAC)/F.A96/D.No.102/22, Dt:28 -05-2022 & Lr.No.CGM/IPC&RAC/TSNPDCL/HNK/F.AS/D.No.90/22, Dt:30.05.2022 (Petition for determination of Additional Surcharge that is to be levied on Open Access (OA) users for the 2nd half (H2) of FY2022-23)

(2) Electricity (Promoting Renewable Energy Through Green Energy Open Access) Rules, 2022, Dated: 6th June'2022.

(3) Determined Pooled cost of Power Purchases to be considered for FY 2021-22 in O.P.No.28 Of 2021 & I.A.No.10 of 2021, Dated: 14.09.2021

With reference to the public notice, inviting suggestions and objections on the subject proposals, we are submitting the following points for the consideration of Hon'ble Commission. Insofar as the electricity generated from renewable sources of energy is concerned, the provisions of the act contained in the preamble, section 61(h), and 81(1)(e) requiring promotion of such sources of energy must be given due consideration.

It should be noted that as per NTP 2016 (at Para 8.5.4), the licensees should conclusively demonstrate the assets are stranded because of Open Access Consumption and there should be an unavoidable obligation and incidence to bear fixed costs. However, in case of solar bi-lateral open access, the power plants were given permissions by DISCOMs during 2010-2016 and plants were commissioned during 2012-2017. So DISCOM's were well informed about this tiny solar open access capacity in the state. In addition, as per clause 10.5 of regulation 2 of 2006, generation from solar is a deemed to be scheduled.

The generation assets getting stranded for the licensees could be due to improper power procurement plan of the licensees and due to ad-hoc power purchases on power exchanges by consumers (PXIL or IEX) and not in any way related to the consumers consuming power from solar developers through bi-lateral open access, as this consumption is well known, in advance from must run status of solar renewable energy source, to the utilities as the approval for long term open access was granted only by the very same DISCOMs, and hence they could have made procurement plans accordingly.

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Therefore, it is **conclusively proved that the stranded capacity was not due to solar bi-lateral open access transactions.** Hence, request the Hon'ble Commission to not impose additional surcharges for all for Solar bi-lateral open access transactions.

Clause (9) (2) of Electricity Rules, 2022 (Vide ref (2) cited) released by Ministry of Power published in the Gazette of India, clearly stipulates no applicability of AS on Green Energy Open Access Consumers and is furnished below for quick reference for this Hon'ble Commission.

“Provided further that the additional surcharge shall not be applicable for Green Energy Open Access Consumers, if fixed charges are being paid by such a consumer”.

In view of the above, any ruling by Hon'ble TSERC to levy AS on Green Energy OA consumers, will be ultravires with the Electricity Rules 2022, as notified by Government of India, and would endanger further investments in the Green Energy, at a time when country is staring at power shortages, and DISCOMs spending Crores of rupees per day to buy power in exchanges.

In addition, TS DISCOMS have filed petition before Hon'ble Commission to provide its consent for Procurement of 1045 MW Solar power from NTPC under CPSU Scheme Phase-II Tranche-III, 500 MW Solar power from NHPC under CPSU Scheme phase-II Tranche-III and 1000MW Solar power from SECI under ISTS Tranche-IX, 2x600 MW Singareni Thermal Power Project ,19 MW power Bagasse Co-generation plant of M/s. Madhucon Sugar and Power Industries Limited and 6 MW bagasse based cogeneration plant of M/s Gayatri Sugars Limited. Levy of Additional Surcharge originates from fixed cost of the distribution licensee arising out of its obligation of supply. If TS DISCOMs are presently facing stranded capacity, what is the need for sourcing power from fresh PPA's? Is it just to cause more stranded capacity in future and cause more burden in the form of AS in future?

What came as a surprise is when the entire India, including Telangana state, was facing acute power crisis during 2nd quarter of H2 FY21-22, TS DISCOMs are declaring stranded capacity during the said period. Apparently, TS DISCOMs themselves have procured significant amount of power through power exchanges during the said period and came forward now to submit that they suffered damage in the form of their assets getting stranded due to open access consumers. In such scenario, as a matter-of-fact Open Access purchases by consumers shall reduce damage to TS DISCOMs. We demand that the daily purchases of power by DISCOMs from electricity exchanges be published as part of this document, to conclusively prove that the assets were stranded in the first place. Instant AS proposals are clearly based on half-truths and distorted facts.

A 33 KV HT-I industrial consumer would have paid 6.15/unit to TSSPDCL during H2 FY21-22. So, it is prudent to assume that the maximum damage that can happen to TSSPDCL if the consumer so chooses the buy in open market is 6.15/unit.

If the damage to DISCOMs as per their proposals in the form of

AS is -> Rs. 6.81, Cross Subsidy Surcharge is -> Rs.1.46, T&D cost is-> Rs.1.63, APPC is-> Rs. 4.32 Then the minimum **Cost of Service** should be Rs. 6.81 + 1.46 + 1.63 + 4.32 = **Rs 14.22/kWh.**

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So, if the calculations of AS are correct then, do the DISCOMs mean that the actual tariff of Rs. 6.15/kWh was against the actual minimum Cost of Service of Rs. 14.22 per kWh for 33 kV Industrial customers, and so on so forth for 11 kV and 132 kV customers? This begs the question that if the per unit loss incurred by DISCOM is 8.07/kWh (14.22-6.15) for 33 kV customers alone, then what is the total loss incurred by them aggregated to all customers?? And whether such humungous loss is reflecting in the financial statements and ARRs filed by respective DISCOMs? Or should one start to think that the DISCOM wants the customers to opt for OA, so that they can get more money from them, than they would otherwise get by supplying power themselves. Either one of the above should be true, as both cannot be true same time.

We therefore suggest that the whole ASC calculation methodology be relooked in to and both the stranded asset capacity and the financial damages declared by DISCOMs be subjected to a **forensic audit by an independent and competent agency**, and the facts be presented to Hon'ble commission.

Therefore, we submit that this honourable commission may

- (1) Concede to that fact that **stranded capacity was not due to solar bi-lateral open access transactions** and exempt this solar bi-lateral open access capacity from levy of AS in line **with Electricity (Promoting Renewable Energy Through Green Energy Open Access) Rules, 2022, Dated: 6th June'2022 released by Ministry of Power published in the Gazette of India.**
- (2) Refer the mechanism for determination of stranded capacity and AS as per O. P. No. 23 of 2020, Dated: 18.09.2020 to Expert committee including generator and consumer fraternity as members.
- (3) Call for a Forensic Audit of Books of Accounts of TS DISCOMS.

For Telangana State Solar Developers Association,


Authorized Signatory. 8977759966

Copy Communicated To:-

- (1) The CGM (RAC)/TSSPDCL/Hyderabad
- (2) The CGM(IPC&RAC)/TSNPDCCL/Warangal