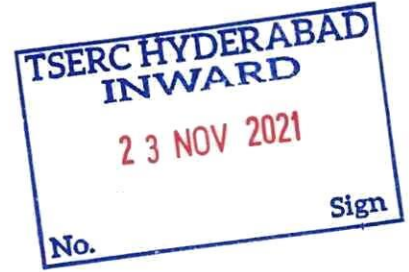


22nd November 2021

✓ The Secretary,
Telangana State Electricity Regulatory Commission,
5th Floor, Singareni Bhavan, Red Hills,
Hyderabad – 500004, Telangana



Dear Sir,

Sub: Objections against petitions filed by TSSPDCL and TSNPDCL for determination of Additional Surcharge to be levied on OA consumers for H1 and H2 of FY 2021-22 (O.P. Nos. 48, 49, 50 & 51 of 2021)

Ref: Public Notice dated 02-11-2021

The South Indian Cement Manufacturers' Association (SICMA) is a registered body, its members being the major Cement Manufacturers located in the South Indian States of Telangana, Andhra Pradesh, Tamil Nadu Karnataka and Kerala.

Telangana is among the leading cement producing States in the Country having 14 large plants with a combined capacity of over 30 million tonnes per annum. Cement, as you are kindly aware, is a power intensive industry, and meets its requirements through the DISCOMS, Captive Generation, as well as Open Access Transactions.

With reference to the afore cited petitions filed before the Hon'ble Commission by TSSPDCL and TSNPDCL, for determination of Additional Surcharge to be levied on Open Access consumers under provisions of Electricity Act, 2003 and National Tariff Policy 2016 for H1 and H2 of Financial Year 2021-22, we hereby submit our comments and objections, for your kind perusal and consideration.

Thanking you,

Yours faithfully,
for South Indian Cement Manufacturers' Association


Gopinath Injeti
Chief Executive Officer

Encl: Statement of Objections in four sets.

Copy to: CGM (RAC), TSSPDCL, Corporate Office, Hyderabad-500063
Copy to: CGM (IPC & RAC), TSNPDCL, Viduth Bhavan, Hanamkonda-506001.

SOUTH INDIAN CEMENT MANUFACTURERS' ASSOCIATION

3rd Floor, 36th Square, Plot no. 481, Jubilee Hills, Hyderabad – 500034, Telangana
Phone: 040-35163394 | Email: info@sicma.in

Statement of Objections

on

**the Petitions (O.P. No. 48 & 49 of 2021 and O.P. No. 50 & 51 of 2021)
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 H1 and H2 of the Financial Year
2021-22**

filed by

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

and

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

November, 2021

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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 First Half (H1) and Second Half (H2) of the Financial Year 2021-22.

The Statement of Objections is herein being filed on behalf of 'The Federation of Telangana Chambers of Commerce and Industry (FTCCI)', formerly known as The Federation of Telangana and Andhra Pradesh Chambers of Commerce and Industry (FTAPCCI), (hereinafter also referred to as Objector), an Association which was started in 1917 as a Chamber of Commerce and currently having its office at the Federation House 11-6-841, Red Hills, FTCCI Marg, Hyderabad 500004, Telangana, India (hereinafter called the 'Objector'). The main function of the FTCCI is to promote and protect the interests of trade, commerce and industry.

The Industrial consumers are characterised by flatter load curve and consumption pattern and enable better capacity utilisation and comparatively low Cost of Service for the Utilities. They are also the subsidising category of consumers for the utilities.

FTCCI 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 H1 and H2 of FY 2021-22 (herein after referred to as the 'Petitions') and prays that the same may be rejected *in limini*, in the interest of justice and equity.

The Objector also prays that it may be permitted to make additional submissions in the Public Hearing to be held before this Hon'ble Commission.

The brief facts, propositions, analysis, grounds and objections to the Petition are narrated herein below:

1.1 MAINTAINABILITY OF THE PETITIONS

- a) The Hon'ble Commission had stipulated the following timeframe for filing the Petitions for Additional Surcharge of the ensuing year vide its Order dated 18.09.2020 in O.P. No. 23 of 2020:

"52. 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."

(Emphasis supplied)

- b) The Petitioners had initially filed the instant Petitions on 05.07.2020 and had later submitted the corrected Petitions on 09.09.2021.
- c) As can be observed, this is a direct violation of the aforementioned Order of the Hon'ble Commission.
- d) Further, it is observed that the First Half (H1) of the FY 2021-22 has already passed and the Second Half (H2) of the FY 2021-22 has already begun. Thus, in direct contravention to the consistent methodology followed throughout the country, the Petitioners are seeking a retrospective application of Additional Surcharge for FY 2021-22.
- e) It is pertinent to note that the Hon'ble Commission, vide its Order dated 27.03.2021 in I.A.No.4 of 2021 in O.P.Nos.21 & 22 of 2017, had decided that the additional surcharge as applicable on 31.03.2019 as per order dated 27.03.2018 was to be continued and made applicable and to be levied from 01.04.2021 subject to certain conditions. The relevant extract of the Order is reproduced below:

"8. Accordingly, the retail supply tariffs, cross subsidy surcharge and additional surcharge as applicable on 31.03.2019 as per order dated 27.03.2018 are continued and made applicable and can be levied from 01.04.2021 pending disposal of this application finally subject to the communication of the State Government conveying the commitment of subsidy as stated in paragraph 5 above. The tariff determined in respect of electric vehicle charging stations/battery swap as also in respect of concessional tariff to HMWSSB shall also stand continue from 01.04.2021 till the TSDISCOMs file their regular proposals. The

TSDISCOMs are directed to file the regular petition for determination of fresh retail supply tariffs, cross subsidy surcharge and additional surcharge for FY 2021-22 immediately.

(Emphasis supplied)

- f) Owing to the above, it is submitted that the instant Petitions filed by the Petitioners out to be rejected *in limini*.

1.2 INCOMPLETE PETITION

- a) The Petitioners have not furnished the following detailed data and documentary evidence supporting such data in the instant Petitions:
- Soft Copy of 15 min- time block wise data
 - Actual Monthly/Half-yearly Plant Availability Factor for each of the Power Plants from which Long-Term Power Procurement is being carried out
 - Statement confirming the actual fixed charges paid by the Discoms, as certified by Statutory Auditor for each month
 - Statement confirming the actual Demand charges recovered by the DISCOM from open access consumers, as certified by Statutory Auditor for each month
- b) In the absence of above details and particulars, the prudence check of the claims made by the Petitioners cannot be conducted. The Hon'ble Commission is requested to direct the Petitioners to furnish the above data along with comprehensive workable excel model for the same.

1.3 ERRORS IN THE PRESENT COMPUTATIONS

Notwithstanding the incorrect approach of the Petitioner to claim Additional surcharge, the following errors are apparent in the computations done by the Petitioners:

- a) As has already been mentioned in the foregoing section, the Petitioners have failed to provide the actual Monthly/Half-yearly Plant Availability Factor for each of the Power Plants from which Long-Term Power Procurement is being carried out. The fixed charges payable by the Discoms is to the proportion of *Actual Plant Availability Factor : Normative Plant Availability Factor or 1, whichever is lower.*
- b) From the yearly operational data of TSGENCO Stations published on TSGENCO Website for FY 2020-21, it is observed that the Petitioners have incorrectly claimed fixed charges beyond the stipulated limit of *Actual Plant Availability Factor : Normative Plant Availability Factor ratio:*

(All figures in Rs. Crores)

TSGENCO Plants	Actual Availability	Normative Availability	Fixed Charges at NAPAF	Fixed Charges Allowable at Actual Availability $D=(A/B)*C$	Fixed Charges claimed for H1	Fixed Charges claimed for H2	Total Fixed Charges Claimed for FY21	Difference
	A	B	C		E	F	G=E+F	H=G-D
KTPS V (D)	70.91%	80%	286.26	253.73	115.06	160.78	275.85	22.11
RTS-B	65.03%	80%	54.49	44.29	24.38	26.58	50.96	6.66
Kakatiya Stage-I	63.88%	80%	530.7	423.76	265.35	265.35	530.70	106.94

The copy of the yearly availability data for the year FY 2020-21, is attached herewith as Annexure-I.

- c) Thus, from the above, it is observed that the Petitioners ought to submit the fixed charges, actual plant availability factor and fixed charges corresponding to actual plant availability factor on a monthly and half-yearly basis, without which the veracity of the claims made by the Petitioner cannot be accurately checked.

- d) Further, the Petitioners have claimed Rs. 342.17 Crores towards 'Interest on Pension Bonds' for each of the halves of the year. Such amount ought not to be factored in the determination of additional surcharge.
- e) As per the consistent methodology of the Hon'ble Commission, in the case of transmission charges, only intra-state transmission charge ought to be considered for the determination of Additional Surcharge. Despite this, it is observed that the Petitioners have claimed inter-state transmission charges and SLDC charges, which is violative of the set principle.
- f) Further, it is submitted that the Petitioners have submitted the Distribution Cost per unit at the rate of Rs. 1.01/unit assuming that the Distribution ARR for LT as well as HT Consumers. It is humbly submitted that this is an incorrect approach and rather the Distribution Cost at 11 kV, computed approximately as Rs. 0.69/unit, ought to be considered for the computation of Additional Surcharge.

- g) Based on the limited data available and notwithstanding the non-maintainability of the instant Petitions, the Objector has computed the indicative Additional Surcharge for H2 of FY 2021-22, as follows:

Fixed Charges as per Objector's Assessment (in Rs. Crores)

Name of the Generating Station	Oct'20 to Mar'21
CGS	
NPC Kaiga - I& II	-
NPC-MAPS	-
NPC-Kudankulam	-
NLC ST-I	10.63
NLC ST-II	16.13
NNTPS	18.01
NTPC(ER) - Farakka	-
NTPC(ER)-Kahalgaon	-
NTPC(ER)-Talcher-I	-
NTPC(SR) I & II	114.23
NTPC(SR) ST III	33.83
NTPC-Simhadri -I	230.11
NTPC-Simhadri -II	144.25
NTPC-Talcher-ST II	66.61
NTPC KUDIGI I	169.03
NTECL - VALLURU	66.94
NTPC ARAVALI POWER	-
NLC Tamilnadu Power Ltd	87.54
CGS Total	957.31
APGPCL ST-I	-
APGPCL ST-I & II	-
APGPCL Total	-
IPPs	
M/s Thermal Powertech 570MW	556.04
Thermal Powertech 269.45 Mw	180.92
TOTAL IPPs/MPPs	736.96
BTPS	348.03
KTPS V (D)	147.90
KTPS VI	257.02
RTS-B	23.10
Kakatiya Stage-I	211.88
Kakatiya Stage-II	378.85
KTPS Stage VII	311.11
TSGENCO-Hydel	590.58
TSGENCO-TOTAL	2,268.46
SINGARENI CCL U1&U2	735.53
Chatthisgargh SPDCL	352.22
Total Fixed Cost Excl NCEs	5,050.49
	-
Transco	1,158.78
TSTRANSCO-TR TSNPDCL	344.25
TSTRANSCO-TR TSSPDCL	814.53

SLDC	22.21
TSTRANSCO-SLDC TSNPDCL	6.56
TSTRANSCO-SLDC TSSPDCL	15.65
PGCIL & T/m Cost	1,180.99
Total	6,231.48

Additional Surcharge as per Objector's Assessment

Additional Surcharge		Unit	As per Objector's Assessment
{A}	Long term available capacity	MW	8574.88
{B}	Capacity stranded due to open access	MW	219.76
{C}	Fixed Charges paid	Rs. crore	5050.49
$\{D\}=\{C\}\div\{A\}$	Fixed Charges per MW	Rs. crore/MW	0.59
$\{E\}=\{D\}\times\{B\}$	Fixed Charges for stranded capacity	Rs. crore	129.43
{F}	Transmission charges paid	Rs. crore	1180.99
{G}	Actual Energy scheduled	MU	35769.61
$\{H\}=\{F\}\div\{G\}$	Transmission charges per unit	Rs./kWh	0.33
I	Distribution charges as per Tariff Order	Rs./kWh	0.69
$\{J\}=\{H\}+\{I\}$	Total transmission and distribution charges per unit	Rs./kWh	1.03
{K}	Energy consumed by open access consumers from the DISCOM	MU	1590.80
$\{L\}=\{K\}\times\{J\}$	Transmission and distribution charges to be paid by open access consumers	Rs. crore	163.08
{M}	Demand charges recovered by the DISCOM from open access consumers	Rs. crore	185.60
$\{N\}=\{M\}-\{L\}$	Demand charges to be adjusted	Rs. crore	22.53
$\{O\}=\{E\}-\{N\}$	Net stranded charges recoverable	Rs. crore	106.91
{P}	Open access sales	MU	844.11
$\{Q\}=\{O\}\div\{P\}$	Additional Surcharge computed	Rs./kWh	1.27
Additional Surcharge to be reduced based on low OA capacity in comparison to Backed down Capacity (as per method defined in Hon'ble Commission's Order dated 13.12.2017 in I. A. No. 22 of 2017 in O. P. No.22 of 2016 & I. A. No. 23 of 2017 in O. P. No.23 of 2016):			
{R}	Average Backed Down Capacity	MW	972.26
{S}	Average OA Scheduled Capacity	MW	245.56
$\{T\}=\{Q\}\times\{S\}/\{R\}$	Additional Surcharge derived	Rs./kWh	0.32

2 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. Declare that the Petitions filed by the Petitioners are not maintainable and are opposed to and ultra vires to the Orders issued by the Hon'ble Commission and the same may be rejected *in limini*;
- C. Reject the Petitions in absence of requisite data and documentary evidence to establish that there is stranded capacity due to open access consumers.
- D. Direct the Petitioners to furnish such requisite data and documentary evidence (as has been described in the instant Objections Statement);
- E. Disallow the claim of Additional surcharges due to errors in computation and lack of proper justification for the claim proposed by the Petitioners;
- F. Consider the methodology/approach to work out the stranded capacity and costs, if any, attributable to the open access consumers;
- G. Pass necessary orders as may be deemed appropriate in the facts and circumstances of the case in the interest of justice;
- H. Permit the Objector to participate and make additional submissions and produce additional details and documentations during the course of the Public Hearing at Hyderabad, in the interest of justice and equity.

Date: 22 November, 2021

Place: Hyderabad

for South Indian Cement Manufacturers Association


Gopinath Injeti
Chief Executive Officer

(Objector)

TSGENCO - Plant Availability Factor (%)

Station	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Kothagudem - A	92.16	91.88	89.81	74.55	96.53	81.64	
Kothagudem - B	94.32	91.95	87.68	93.21	96.39	84.21	
Kothagudem - C	83.80	92.02	86.95	92.80	95.67	93.79	
Total Kothagudem - ABC	90.09	91.95	88.15	86.85	96.25	87.58	
Kothagudem - V	92.98	91.19	83.50	90.83	91.74	92.05	70.91
Kothagudem - VI	97.27	91.97	97.10	90.94	91.68	87.79	95.90
Total Kothagudem - V & VI	95.12	91.58	90.30	90.88	91.71	89.92	83.41
Kothagudem - VII					92.22	53.90	92.59
Kakatiya - I	97.47	88.11	94.67	89.79	94.68	76.35	63.88
Kakatiya - II	-	98.03	77.20	88.05	76.79	93.14	87.63
Kakatiya - I & II	97.47	88.31	85.14	88.84	84.92	85.51	76.84
Bhadradri U1							66.81
Bhadradri U2							93.05
Bhadradri U3							71.28
Bhadradri (U1, U2 & U3)							74.02
Ramagundam - B	41.70	82.87	90.21	96.80	87.63	83.12	65.03
Total Thermal	92.59	90.24	87.79	89.23	93.49	83.95	79.09


 Chief Engineer
 Coal & Commercial