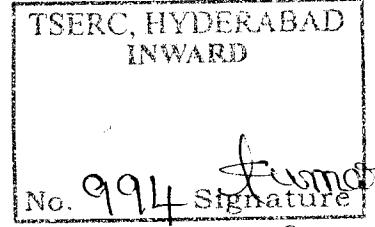


**The Federation of Telangana & Andhra Pradesh  
Chambers of Commerce and Industry  
(FTAPCCI)**



**Statement of Objections  
on**

**the Petition 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 Financial Year  
2017-18**

**filed by**

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

**&**

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

**September, 2017**

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## THE STATEMENT OF OBJECTIONS BY THE OBJECTOR

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### 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 Financial Year 2017-18.

The Hon'ble TSERC while issuing the Tariff Order for the TS discoms for FY 2016-17 had dismissed the claim of Additional Surcharge of the Petitioners observing as below:

"2.126

...

...

*As per the provisions of the above section the Commission has to determine the additional surcharge. **But in the filing, the Licensees have not indicated the cost of assets that is going to be stranded due to availing of Open Access by certain consumers.** Hence, the Commission is of the view not to determine any additional surcharge at present. However, the Licensees can come up with a proposal at any time during the year **indicating the cost of assets getting stranded with the details on account of availing open Access by consumers.**"*

Accordingly, the discoms have filed the instant Petition proposing levy of Additional Surcharge from Open Access consumers.

The Statement of Objections is herein being filed on behalf of 'The Federation of Telangana & Andhra Pradesh Chambers of Commerce and Industry (hereinafter referred to as 'FTAPCCI'), an Association which was started in 1917 as a Chamber of Commerce and currently has around 3000 members, having its office at Federation House, 11-6-841, Red Hills, FAPCCI Marg, Hyderabad 500004, A.P. India; represented by its Secretary (hereinafter called the 'Objector'). The main function of the FTAPCCI 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.

FTAPCCI 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 FY 2017-18 (herein after referred to as the 'Petition') and prays that the same may be rejected *in limine*, 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 in Hyderabad 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 PETITION**

- a) In the present Petition, the discoms have proposed levy of additional surcharge on the grounds that the overall revenue and costs of the discoms are adversely affected due to significant increase in open access sales. The discoms have admittedly tied up a total capacity of 14695 MW as in FY 2017-18 to meet the requirements of its consumers. The discoms have stated that in view of the increased open access sales, they need to pay the fixed charges and penalty to the generator even in the event of any reduction in energy dispatch from the generator due to drop in demand from consumers who have contracted power through open access.
- b) The licensees have proposed a levy of additional surcharge of Rs. 1.95 per kVAh to cover the purported loss arising from under recovery of fixed costs of stranded assets.
- c) In terms of Section 42 (1) of the Act, it is the duty of the distribution licensee of the area of supply to develop and maintain an efficient and economical distribution system to meet the requirements of the consumers in the licensed area in accordance with the provisions contained in the Act. In terms of Section 43 of the Electricity Act, the distribution licensees have the universal service obligation to serve every person in the licensed area of supply. The relevant paras of Sections 42 and 43 of the Act provide as under:

"42. (1) It shall be the duty of a distribution licensee to develop and maintain an

efficient, co-ordinated and economical distribution system in his area of supply and to supply electricity in accordance with the provisions contained in this Act.

(2) The State Commission shall introduce open access in such phases and subject to such conditions, (including the cross subsidies, and other operational constraints) as may be specified within one year of the appointed date by it and in specifying the extent of open access in successive phases and in determining the charges for wheeling, it shall have due regard to all relevant factors including such cross subsidies, and other operational constraints:

Provided that such open access may be allowed before the cross subsidies are eliminated on payment of a surcharge in addition to the charges for wheeling as may be determined by the State Commission:

Provided further that such surcharge shall be utilised to meet the requirements of current level of cross subsidy within the area of supply of the distribution licensee:

Provided also that such surcharge and cross subsidies shall be progressively reduced and eliminated in the manner as may be specified by the State Commission:

Provided also that such surcharge shall not be leviable in case open access is provided to a person who has established a captive generating plant for carrying the electricity to the destination of his own use.

...

...

(4) 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.

...

..

43. (1) Every distribution licensee, shall, on an application by the owner or occupier of any premises, give supply of electricity to such premises, within one month after receipt of the application requiring such supply:

...”

Additionally, Clause 5.8.3 of the National Electricity Policy, 2005 (hereinafter 'NEP') notified by the Ministry of Power, Govt. of India, provides as below:

"5.8.3 Under sub-section (2) of Section 42 of the Act, a surcharge is to be levied by the respective State Commissions on consumers switching to alternate supplies under open access. This is to compensate the host distribution licensee serving such consumers who are permitted open access under section 42(2), for loss of the cross-subsidy element built into the tariff of such consumers. 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. Further it is essential that the Surcharge be reduced progressively in step with the reduction of cross subsidies as foreseen in Section 42(2) of the Electricity Act 2003."*

Further, the Tariff Policy, 2016 provides as below:

**"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.*

...

*8.5.4 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 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."*

- d) Thus, it emanates from the aforesaid provisions of the Act, NEP and NTP, that the Additional Surcharge is payable by an Open Access consumer if the following conditions are fulfilled:
- i. if the open access consumer is receiving power from a source other than its distribution licensee to the extent of the fixed charges commitment of the distribution licensee which is unavoidable and is in addition to the charges for usage of network assets recoverable through wheeling charges.
  - ii. additional surcharge is payable only if it is conclusively proven by the distribution licensee that the obligation of the licensee is and continues to be "stranded".

- iii. there is an unavoidable obligation and incidence to bear fixed costs consequent to such the open access contract
  - iv. additional surcharge levied should not become so onerous that it eliminates competition
- e) Thus, in order to claim additional surcharge above four aspects have to be proved and established by the licensees.
- f) It is respectfully submitted that in the instant Petition, the Petitioner has not furnished evidence to establish its claim of stranded capacity due to increase in OA sales. In fact, the Petitioner has miserably failed to furnish any data on its stranded capacity during the past/recent period on account of such increase in open access sales. The only data submitted by the Petitioner is with respect to growth of open access sales of HT-1 consumers during FY 2015-16 and FY 2016-17. It's only based on this increase in open access sales of HT consumers that the Petitioner intends to claim additional surcharge for the forthcoming period.
- g) The Petitioners have provided no conclusive evidence of the fixed cost of power that has been lying stranded solely due to open access consumers. From the data provided, it is not possible to ascertain the amount of MUs backed down conclusively due to power purchase through open access and the fixed costs for the same. The total amount of stranded power procurement cost is required to be worked out periodically to be apportioned amongst the open access consumers importing power during the period when additional surcharge is leviable.
- h) Since the provisions of the Act read with the NEP oblige the petitioner to furnish all relevant details and particulars as well as relevant documents to support the prayer for levy of additional surcharge, in absence of such details/particulars/documents, the petition deserves to be rejected.

## **1.2 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) The fixed cost claimed by the Petitioner in its Retail Tariff Petition (page 54 of the Tariff Petition filed by TSSPDCL) was Rs. 11055 crore against that claimed in the instant Petition as Rs. 13898 crore.
- b) To utter dismay, the Petitioner has included even the variable cost of renewable power sources to the tune of Rs. 2744.12 crore while claiming the fixed cost of Rs. 13898 crore in the instant Petition. It may be noted that even the Hon'ble Commission while issuing the Tariff Order dated 26.8.2017, has approved the fixed cost for renewable power sources at Rs. 24.20 crore only.
- c) The total fixed cost approved by the Hon'ble Commission in the Tariff Order dated 26.8.2017 is Rs. 10212 crore against that claimed by the Petitioner at Rs. 11055 crore.

- d) The total power purchase cost approved by the Hon'ble Commission in the Tariff Order dated 26.8.2017 is Rs. 21692 crore against Rs. 24421 crore claimed by the Petitioner.
- e) The "fixed cost to be recovered" has been computed by the Petitioner based on the average peak demand met in the State in FY 2016-17, whereas the same ought to be based on the connected load of the discoms.
- f) Notwithstanding above, the comparison of fixed cost obligation of power purchase at Rs. 1515/kVA/month with the fixed charges in tariff i.e. Rs. 390/kVA/month is baseless since ARR recovery is allowed by the Hon'ble Commission in the Tariff Order based on the total ARR recovered through appropriate fixed and energy charge rate and not through a mechanism where overall fixed charge obligation is recovered through fixed charge rate and the energy charge obligation is recovered through energy charge rates.

### **1.3 SURPLUS CAPACITY**

- a) Estimating the electricity demand during forthcoming years and proper power purchase planning to meet such demand is a key exercise undertaken by all the distribution companies in the Country. Such demand estimation and power purchase planning exercise may never give the exact results, but are nevertheless the key drivers in arriving at the quantum and cost of power purchase projected to be incurred by the discoms in the subsequent years.
- b) As per the erstwhile Andhra Pradesh Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff for Wheeling and Retail Sale of Electricity) Regulation No.4 of 2005 (hereinafter "Tariff Regulations"), the Licensees are required to file the ARR for Retail Supply Business and Tariff proposal for the entire control period i.e., for the period from FY 2014-15 to FY 2018-19. It is however pointed out that the discoms have, for past many years, prayed before the erstwhile APERC their inability to make such projections for the entire MYT period and have been time and again allowed by the Commission to file their Petitions on annual basis.
- c) It is submitted that despite such relaxation given by the Hon'ble Commission, the discoms appear to have remarkably deviated in their planning and projections w.r.t. the power requirement and availability in the State.
- d) As a result of the above, the Petitioners are now left with huge surplus power available ("*a problem of plenty*") with no corresponding off-take in the State. Thus, the stranded capacity and cost required to be paid by the Petitioners allegedly for such surplus power is not due to the open-access customers only. The data submitted by the petitioner states that the actual power procured by the open access HT customers during 2016-17 was 2134 MUs. This sale is around 5.26% of the total revised sales approved by the Hon'ble Commission for FY 2016-17 in its Order dated 26.8.2017. It is submitted that the discoms have projected a surplus available energy to the tune of around 11,320 MUs during FY 2017-18. This undespached quantum,



notwithstanding the open access purchase, further depicts the fixed cost burden that would be borne by the Petitioners owing to its poor planning.

It is therefore pertinent that the Petitioners provide specific reasons for such capacity getting stranded, since there can be several factors responsible for idle capacity besides the increase in OA sales, namely *lack of adequate power evacuation capacity, T&D network outages, significant demand reduction*, etc. In absence of above details and particulars, the relief sought by the Petitioners ought not to be granted.

#### **1.4 IMPOSITION OF DISPROPORTIONATELY HIGH DEMAND CHARGES ON THE INDUSTRIAL CONSUMER**

Presently, the State of Telangana has long term PPAs of around 14695 MW as evident from Petitioners' own submission in the instant Petition. It is submitted that since no other data has been submitted by the Petitioner in respect of the category wise load details, fixed/demand charges being paid presently and the shortfall in recovery of actual fixed charges through the fixed/demand charge component in tariff during FY 2016-17 or FY 2017-18, the Objector is constrained to use the data of FY 2015-16 as was submitted by the Petitioner in the Retail Tariff Petition for FY 2017-18 to demonstrate the exceedingly high demand charges imposed on the HT-1 category of consumers.

- a) It is noted from the data available in the Retail Tariff Petition of FY 2017-18, that the Connected Load of HT-1 category during FY 2015-16 was around 2747 MW (around 12% of the overall connected load of 23300 MW). The segregation of this load among the discoms is as below:
  - i. 2344 MW in TSSPDCL (form 7 of the Retail Tariff Petition for FY 2017-18)
  - ii. 403 MW in TSNPDCL (form 7, page 186 of the Retail Tariff Petition for FY 2017-18)
  
- b) If the entire fixed charge obligation of the discom is to be met from demand/fixed component of tariff, the pertinent question that needs to be raised is whether the HT-1 consumers are required to bear the fixed charges proportionate to their connected load in the Contracted Capacity pertaining to Long Term PPAs entered into by the State Discoms or will they have to bear the burden of the entire stranded capacity in respect of Long Term PPAs, even beyond their share in the Contracted Capacity. A simple analysis of data reveals that there is a conspicuous attempt to load the HT industrial consumers availing open access with disproportionately high burden of fixed charges, as depicted below:
  - i. Total actual Fixed Charges paid during FY 2015-16 as per Petitioner's submission in the Retail Tariff Petition is around Rs. 4812 crore
    - TSSPDCL - Rs. 3395 crore (Annexure- XI of Additional Information on filing of ARR for Retail Supply Business for FY 2017-18)
    - TSNPDCL - Rs. 1417 crore) (Annexure-I of the Additional Information on filing of ARR for Retail Supply Business for FY 2017-18)
  - ii. Demand Charges are paid by HT-1 Industrial consumers to off-set fixed charges in respect of long term PPAs. Energy charges are linked with the Variable Charges.

- c) In case of TSSPDCL, the demand charges paid by HT-1 Industrial consumers during FY 2015-16 was around Rs. 1070 crore (form 7 of the Retail Tariff Petition for FY 2017-18) as compared to the fixed charge commitment (on actual basis) of Rs. 3395 crore which is around 31.50% compared to the share in connected load which is 15%.

Category	Connected load (MW)	Connected load (%)	Sales (MU)	Sales (%)	Demand Charge (incl. MMC, excl. any subsidy) (Rs. Cr.)	Demand Charge (%)
Agriculture (LT-V)	3383.86	21%	6517	24%	38.59	2%
Other LT	8974.90	56%	10747	39%	461.37	24%
Industries (HT-I)	2344.00	15%	8016	29%	1069.69	55%
Other HT	1230.00	8%	2332	8%	374.76	19%
<b>Total</b>	<b>15932.76</b>	<b>100%</b>	<b>27612</b>	<b>100%</b>	<b>1944.41</b>	<b>100%</b>

- d) In case of TSNPDCL, the demand charge paid by HT-1 Industrial consumers is around Rs. 216.10 crore (form 7, page 186 of the Retail Tariff Petition for FY 2017-18) as compared to the fixed charge commitment of Rs. 1417 crore which is 15.25% compared to the share in connected load which is 5%

Category	Connected load (MW)	Connected load (%)	Sales (MU)	Sales (%)	Demand Charge (incl. MMC, excl. any subsidy) (Rs. Cr.)	Demand Charge (%)
Agriculture (LT-V)	3248.87	44%	4672	41%	31	5%
Other LT	3199.79	43%	3960	35%	242.1	42%
Industries (HT-I)	402.61	5%	1140	10%	216.1	37%
Other HT	523.39	7%	1561	14%	92.49	16%
<b>Total</b>	<b>7374.66</b>	<b>100%</b>	<b>11332</b>	<b>100%</b>	<b>581.69</b>	<b>100%</b>

The above analysis based on the data available for FY 2015-16 clearly depicts the already existing disproportionate burden of fixed charges being recovered from the HT-1 industrial consumers. The Objector has sought in an RTI filed on \_\_\_\_, various details for FY 2016-17 and FY 2017-18 based on which it shall be depicted that there is no merit for imposing additional burden of fixed charges on the HT-1 industrial consumers. The aforesaid demand charge component in tariff is being paid by all existing consumers, irrespective of them availing open access or not.

## 1.5 PROPOSED APPROACH

- a) As depicted in the previous sections, the approach of the Petitioners to claim additional surcharge is devoid of any merits and rationale. Thus, the Objector has deliberated in the present section the reasonable approach to identify any requirement of such additional surcharge.
- b) Conjoint references may be drawn to Section 61 of the Act and Clause 8.5.4 of Tariff Policy for the purpose of understanding the essence of additional surcharge. It emerges that only the fixed costs related to stranded power purchase commitment is to be considered to derive Additional Surcharge. This additional surcharge is for compensating the discoms for the fixed charges paid towards the stranded power in a given year, in the event the consumers opt for Open Access and procure power from sources other than the distribution licensee.
- c) The manifold flaws in the approach of Petitioner in the present submissions are briefed hereon.
  - Firstly, the Petitioner ought to have submitted and considered the actual units which were backed down/surrendered from different generating stations and determine the fixed costs paid by discoms for the actual energy surrendered for open access.
  - Secondly, there are no findings or discussions on the reasons why such power could be surrendered / backed down. Interestingly, the surrendering/backing down of power is due to plethora of reasons not attributable to consumers such as *reduced demand on account of reasons such as rains, lower requirement, festival/ gazetted holidays, etc.*
- d) Therefore, it is pertinent that the Hon'ble Commission identifies the stranded capacity entirely due to open access sales, based on the data for such time slots where the generating capacity was available but not scheduled solely due to consumers availing power via open access. Only after identifying such stranded power and establishing that there is indeed such idle capacity, the computations should be done considering the total fixed costs paid by the discoms. From the present submissions, it only appears that the Petitioners seek to recover the fixed costs of surplus power as Additional Surcharge from the OA consumers.
- e) As regards the correct approach to verify the reasonableness of the claims of Petitioners, it is first of all stated that the OA consumers pay demand charges for their contract demand maintained with the discoms as well as a minimum energy charge on 50 kVAh/kVA/month of contracted demand. The demand charges offset the discoms' liabilities towards the fixed cost of generation. The significance of this step is further more justified since the industrial consumers (incl. the OA consumers) have already been subjected to higher demand charges as deliberated in Section 1.3 of this statement.
- f) Having identified the actual fixed cost of stranded power as paid by the discoms for the units availed via OA, it must be compared with the total demand charges paid by the OA consumers and regular consumers of the state against the contract demand

maintained with the discoms. The Additional Surcharge should have then been calculated to compensate the difference if any.

- g) It is submitted that in the present context, the stranded capacity would be the stranded quantum due to the consumers who opt to purchase power from third parties through OA instead of drawing their full requirement from the licensee. As such, it is also important to ascertain the surplus power available with the licensee vis-a-vis power procured by the consumers from third parties.
- h) While deriving the stranded cost, the fixed cost arrived at for the stranded capacity shall be purely attributable to the OA consumers and the distribution licensee, which has the universal service obligation, ought to be appropriately compensated for allowing such open access. The approach for arriving at the stranded quantum and cost has been deliberated by the Hon'ble Gujarat Electricity Regulatory Commission in its Order dated 12.3.2014 in Petition No. 1302 of 2013. The key steps to determine the stranded quantum and cost, if any, are as below:
- *In order to derive the stranded capacity due to OA Consumers, the hourly data of surplus capacity (available capacity – scheduled capacity) vis-à-vis scheduled capacity of OA consumers be considered. **The lower of the surplus capacity as shown above and capacity scheduled by OA consumers is considered as stranded capacity for the hour.** The average stranded capacity due to OA consumers for the past six months/appropriate period be worked out thus.*
  - *Based on the actual fixed charges paid in accordance with the arrangement with various generators against the average available capacity for the past six months period, the average fixed charges paid by the petitioner may be worked out in Rs. Crore/MW.*
  - *Based on the above, the fixed charges for stranded capacity may be worked out in Rs. Crore.*
  - *The OA consumers pay the demand charges to the Distribution Licensee as a regular consumer and also draw energy from the Distribution Licensee. The discoms may be compensated for transmission and wheeling charges, which otherwise they have incurred, for allowing energy drawn by the OA consumers by deducting the same from the demand charges paid by the OA Consumers to the distribution licensee, which otherwise was due to the distribution licensee.*
  - *Hence, the above adjustment be done w.r.t demand charges paid by the OA consumers in the stranded costs after deducting the transmission and wheeling charges related to energy drawn by Open access consumers from the Distribution Licensees, as mentioned above.*
  - *This net charge when deducted from the aforesaid fixed charges may be considered for determination of additional surcharge.*

- i) It is submitted that based on the aforesaid approach and the data furnished by the Petitioners, the stranded quantum, if any, attributable solely to the OA consumers may be worked out. It is however reiterated that such analysis would be incomplete and unwarranted if a data set representative of a reasonable duration (at least past 6 months) is not available. Thus, the Objector requests the Hon'ble Commission to direct the Petitioner to provide the necessary data as per **Annexure-1**.
- j) The Objector prays to the Hon'ble Commission to conduct any analysis on the reasonableness of claims only when such supporting data is furnished by the Petitioners, as stated above.

## 2 SUMMARY

- A) The Petitioner has not furnished requisite data and information set to build a case for stranded capacity/cost due to open access sales and the present filing appears an attempt to recover the cost of expensive power purchase tie-ups from the industrial consumers.
- B) Notwithstanding the incorrectness in approach, there are apparent errors in the present computations of the Petitioner.
- C) The stranded capacity appears to be an outcome of the improper power procurement planning, which may result in huge stranded capacity in future in absence of insufficient last mile connectivity. Thus, laying down pointed and specific reasons leading to such stranded capacity is imperative.
- D) The Objector has already been subjected to significantly high demand charges as depicted in the earlier section, based on the available data, which entails that a considerable amount of fixed cost burden of the discoms is being offset from the demand charges paid by the industrial consumers. Thus, need of an Additional surcharge in the present milieu cannot be reckoned with.
- E) The proposed surcharge is against the provisions of the Electricity Act, 2003, National Electricity Policy, 2005, Tariff Policy, 2016, and the intention with which consumers are permitted to receive supply of electricity from sources other than the distribution licensee i.e. cost effective electricity. The aforementioned statute along with the policies mandates implementation of open access with a caution that the levy of cross subsidy surcharge, additional surcharge and wheeling charge should not make open access onerous. This is purportedly an attempt by the discoms to make procurement through open access more expensive so that such consumers are forced to avail supply from the discoms.

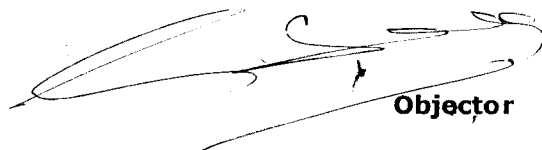
### 3 PRAYERS

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 Petition filed by the Petitioner is opposed to and ultra vires the Electricity Act, 2003;
- C. Reject the Petition in absence of requisite data and information to establish that there is stranded capacity due to open access consumers;
- D. Direct the Petitioner to furnish additional data as per Anenxure-1;
- E. Disallow the claim of Additional surcharge due to lack of any justification for the claim proposed by the Petitioner;
- 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: September 2017**

**Place: Hyderabad**

  
**Objector**

### Annexure- 1

The following data may be submitted by the discoms for the past six months (or for an appropriate period depicting a concluding evidence of such stranded obligation):

#### **Key Information Requirements from the Discoms in respect of the claims submitted in the present Petitions**

S.N.	Data Required
1	Power procurement by the distribution licensees
2	Total contracted capacity (MW)
3	Hourly availability declared by the generator (MW)
4	Hourly schedules given by the petitioner (MW)
5	Details of backing down of generating stations due to force outage, reserved shut down etc.
6	Hourly schedules of Open Access transactions by the Open Access consumers (MW)
7	Congestion in the transmission network due to which backing down be carried out
8	Total fixed charges paid by the petitioner
9	Total transmission charges paid by the petitioner
10	Total energy scheduled by the petitioner (MUs)
11	Total energy consumed by the Open Access consumers from their respective licensees (MUs)
12	Total energy scheduled by Open Access consumers for third parties
13	Total demand charges paid by the HT/EHT consumers and total sale of energy to the HT/EHT consumers
14	Total demand charges paid by the Open Access consumers having contracted demand with the licensees