



**TELANGANA STATE ELECTRICITY REGULATORY COMMISSION**  
**5<sup>th</sup> Floor, Singareni Bhavan, Red Hills, Hyderabad-500 004**

O. P. No. 19 of 2017

Dated: 15.06.2018

**Present**

Sri. Ismail Ali Khan, Chairman

Between:-

1. Southern Power Distribution Company of Telangana Limited,  
Corporate office, Mint Compound, Hyderabad.
2. Northern Power Distribution Company of Telangana Limited,  
Corporate Office, Vidyut Bhavan, Hanumakonda, Warangal.

.... Petitioners

**AND**

- Nil -

.... Respondent

This petition came up for hearing on 02.05.2018. Sri. Y. Rama Rao, standing counsel for the petitioners along with Sri. M.V.R Prasad, Advocate appeared on 02.05.2018. The petition having been heard and having stood over for consideration to this day, the Commission passed the following:

**ORDER**

The TSDISCOMs (Petitioners) have filed a petition under sections 86 (1) (e) and 62 of the Electricity Act, 2003 (Act, 2003) read with Regulation No. 1 of 2012 as adopted by the Commission alongwith Regulation No. 1 of 2017 being the third amendment to the Interim Balancing Settlement Code for Open Access Transactions, which is Regulation No. 2 of 2006 seeking determination of the pooled cost for the FY 2016-17 to be considered in FY 2017-18.

2. The petitioners pleaded that the Commission, after its formation during the year 2014 and also with the powers conferred under Section 181 of the Act,

2003 issued Regulation called as TSERC (Adoption) Regulations notified as Regulation No. 1 of 2014, dated 10.12.2014, by which it adopted all regulations, decisions, directions or orders, all the licensees and practice directions etc. issued by the erstwhile APERC as in existence and in force until any of the Regulation / order / direction etc. are altered, repealed or amended having the jurisdiction of State of Telangana, which inter alia, included the Regulation 1 of 2012, i.e., Renewable Power Purchase obligation i.e., RPPO (Compliance by Purchase of Renewable Energy / Renewable Energy Certificates) Regulation. Subsequently the Commission also issued Regulation No. 1 of 2017 (Third Amendment to Interim Balancing and Settlement Code for Open Access Transactions Regulation No. 2 of 2006), wherein it has stipulated under the Appendix-3 that the unutilized banked energy shall be considered as deemed purchase by DISCOM(s) at the average pooled power purchase cost as determined by the Commission for the relevant year.

3. The petitioners pointed out that as per clause (k) of Section 2 of Regulation 1/2012 [clause 2.12 Pooled cost of Power Purchase Regulation 2/2018] the regulations 'pooled cost of power purchase means the weighted average pooled price at which the distribution licensee has purchased electricity in the previous year from all the long term energy suppliers, excluding the purchases based on liquid fuel, provided that the purchases from traders, short term purchases and purchases from renewable sources shall not be taken into account while determining pooled cost of power purchase.

4. It is further stated that the RE generator engaged in the business of Renewable Energy Certificates (REC), as per Regulation No. 1 of 2012 may conclude a long term Power Purchase Agreement (REC PPA) at 'Pooled Cost' that may be determined by the Commission year on year.

5. Apart from the above, the petitioners stated that the Government of Telangana launched Telangana State Solar Power Policy 2015 in line with its new Industrial policy called TS-iPASS with effect from 01.06.2015, wherein the solar net metering facility, besides other incentives were announced applicable for a period of 25 years. As per the said policy, the consumer who adopts the

solar net metering facility would be paid at the tariff of 'Pooled Cost' determined by the Commission, subject to monthly billing and settlement in a year.

6. With a view to determine 'Pooled Cost', the Telangana State Power Distribution Companies, viz., TSSPDCL, TSNPDCL have submitted the details of the total power purchases made in the previous FY 2016-17 from all the long term energy suppliers, excluding the purchases based on liquid fuel purchases, the purchasers from the traders, short term purchases and purchases from the renewable energy sources, to facilitate the Commission to determine the pooled cost as per clause (k) of Section 2 of Regulation 1/2012 [clause 2.12 Pooled cost of Power Purchase Regulation 2/2018]. The petitioners claimed that based on this criteria, the average power purchase pooled cost works out to Rs. 4,093 / KWH.

7. The petitioners prayed for "determination of the average Pooled Power Purchase Cost in respect of power purchases made during the Financial Year 2016-17 excluding purchases from projects based on liquid fuel and short term purchases during the FY 2017-18."

8. I have heard the counsel for the petitioners and perused the record.

9. To determine the issue, the relevant provision clause (k) of Section 2 of Regulation No. 1/2012 [clause 2.12 Pooled cost of Power Purchase Regulation 2/2018] of the regulation is reproduced below for proper appreciation.

"Pooled Cost of Power Purchase' means the Weighted Average Pooled price at which the Distribution Licensee has purchased electricity in the previous year from all the long term energy suppliers excluding the purchases based on liquid fuel.

Provided that the purchases from traders, short-term purchases and purchases from renewable sources shall not be taken into account while determining Pooled Cost of Power Purchase."

10. The Discom submitted the following information when sought by the Commission:

*“The Hon’ble TSERC determined the fixed cost of TSGENCO stations in MYT order 2014-18 and the same is considered in Retail Supply Tariff Order for the year 2016-17. TSPCC / TSDISCOMS admitted the same as approved by the Hon’ble Commission. The higher average cost is due to lesser generation in Lower Jurala and Pulichitala due to non-availability of water in these projects.*

*Further, it is also requested to exclude the cost of these stations, while determining the pooled cost, as the stations are not reflecting the fair cost due to lesser generation.”*

11. Clause 2.12 of Regulation 2 of 2018 reproduced supra is clear that ‘weighted average pooled price at which the Distribution Licensee has purchased electricity in the previous year from all the long term energy suppliers has to be taken into consideration for arriving at the pooled cost. No other interpretation of the clause is permissible.

12. The data furnished by the TSDISCOMS in the present application has been examined applying the definition of ‘Pooled Cost of Power Purchase’ and on its basis, the Commission hereby determines the Pooled Cost of Power Purchase for FY 2016-17 to be considered for FY 2017-18 as Rs.3.979/kWh. The details of calculation are shown in the annexure to this order.

***This order is corrected and signed on this the 15th day of June, 2018.***

**Sd/-  
(ISMAIL ALI KHAN)  
CHAIRMAN**

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