

To
The Secretary
Telangana State Electricity Regulatory Commission
11-4-660, 5th floor
Singareni Bhavan, Red Hills
Hyderabad - 500 004

February 16, 2022

Respected Sir,

Sub : Submission of suggestions and objections on the true-up/true down claims of TS TRANSCO and TSLDC for the year 2020-21 in OP Nos. 3 and 2 of 2022, respectively

With reference to the public notices dated 29.1.2022, inviting objections and suggestions on the proposals of the TSTRANSCO and TSLDC for true-up/true-down for the year 2020-21, am submitting the following points for the consideration of the Hon'ble Commission in the subject petitions:

- 1. At the outset, I congratulate TSTRANSCO for achieving and maintaining Transco system availability of 99.98 percent and reducing system loss to 2.57 percent. I hope it would continue to improve its performance further on various parameters and win laurels at the national level. Directive No.3 of the Hon'ble Commission in the MYT that the two utilities should submit their true-up claims and annual performance review annually is a step in the right direction.**
- 2. TRANSCO has sought a true-up of Rs.51.29 crore for the year 2020-21 and requested the Hon'ble Commission to consider it by way of special appropriation. TRANSCO has shown a decrease of net operation and maintenance expenditure by Rs.110.99 crore, and of depreciation charges by Rs.32.76 crore that what was approved by the Hon'ble Commission for the year 2020-21. However, it has shown an increase in requirement of return on capital employed by Rs.166.03 crore from Rs.1002.22 crore approved in the tariff order to Rs.1168.25 crore for the reasons explained in its subject petition. TRANSCO has shown decrease of revenue by Rs.27.75 crore and of non-tariff income by Rs.27.75 crore. Based on these variations, it has shown a overall deficit of Rs.51.29 crore. Showing of higher return on capital employed, on the one hand, and lesser revenue, on the other, are anti-thetical to each other. TRANSCO has to explain the reasons for this dichotomy.**
- 3. During the year 2020-21, variations in demand ranged from a maximum of 13688 MW to the lowest 2656 MW. TRANSCO's contracted capacity for the year was 14609 MW, excluding contracted capacity relating to APGPCL, as the DISCOMs decided not to schedule power from this company from February, 2020 onwards. TRANSCO was a share holder in APGPCL. It has not explained as to why its share in APGPCL was transferred to other companies. Does APGPCL not utilise transmission system for evacuation and transmission of power being generated by it? What is the reason for excluding APGPCL from the contracted capacity of**

TRANSCO? Does this exclusion means TRANSCO has not been collecting transmission charges from APGPCL?

- 4. TRANSCO has not explained to what extent the contracted capacity was utilised during the year, in light of maintaining system availability of 99.98 percent or to what extent such capacity remained underutilised. Under-utilisation of transmission capacity, or over-creation of transmission capacity, is a serious issue taken note of by the Forum of Regulators. If the proposed lift irrigation schemes are not completed in time, capacity of transmission network created to meet requirement of LISs will remain idle, unless utilised for other power being generated and supplied. What is the arrangement with LISs for recovery of transmission charges, in case they have not been completed in time and for not utilising the transmission capacity created for them?**
- 5. While, as per the operating principles of Southern Regional Load Dispatch Centre, permissible grid frequency should be in the range of 49.90 Hz to 50.05 Hz, as per the data given by TRANSCO shows that variations exceeding the minimum and maximum permissible limits were exceeded on certain occasions. TRANSCO has not explained the technical constraints that led to such impermissible variations in maintenance of frequency. If TRANSCO has identified the reasons for such variations, what steps it is taking to rectify or avoid recurrence of the same?**
- 6. Against a capital cost of R.964.22 crore approved by the Commission for works required for lift irrigation schemes, TRANSCO has shown an expenditure of Rs.641.17 crore. At the same time, it has shown an increase by Rs.160.18 crore towards interest and finance charges from Rs.680.04 crore in the tariff order to Rs.840.22 crore. The reasons for increase in interest and finance charges are not explained.**
- 7. The total contracted capacity for NCE is shown as 2463.55 MW. Did the TRANSCO collect transmission charges from the NCE units? Is TRANSCO taking generation capacity of NCE units for the purpose of adding transmission capacity? If so, is it leading to stranding of transmission capacity when no generation from NCE units take place, especially of solar and wind power units during periods of intermittence, daily or seasonally?**

SLDC CLAIMS:

- 1. TSLDC has shown that its expenditure for the year 2020-21 decreased by Rs.9.38 crore and revenue by Rs.5.98 crore than what was approved by the Commission. As such, it has shown a surplus of Rs.3.40 crore and sought a pass through, i.e., true-down. Despite increase in employees cost by Rs.5.04 crore, SLDC has shown lesser O&M expenditure by Rs.5.75 crore. It has not spent Rs.8.74 crore allowed as special appropriation under other expenses. SLDC also incurred capital expenditure of Rs.1.35 crore only against Rs.4.98 crore approved by the Commission. Revenue from SLDC charges also was lesser by**

Rs.6.15 crore. The reasons for lesser revenue are not explained, despite SLDC having a contracted capacity of 15883 MW, excluding that of APGPCL. Lesser expenditure by SLDC shows that the proposed expenditures approved by the Commission for the year 2020-21 were on the higher side.

- 2. I request the Hon'ble Commission to examine the above-mentioned points, among others, and take appropriate decisions.**
- 3. I request the Hon'ble Commission to provide me an opportunity to make further submissions during the public hearing on the subject petitions.**

Thanking you,

Yours sincerely,

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Copy to : CMD, TS TRANSCO & SLDC.