

SOUTHERN POWER DISTRIBUTION COMPANY OF TELANGANA LIMITED



RESPONSES TO OBJECTIONS / SUGGESTIONS

On

**Additional Surcharge to be levied on Open Access consumers for H1 & H2 of
FY2021-22**

INDEX

S.No.	Name and Address of the Objector	Pg.No.
1.	M/s. Aurobindo Pharma Limited, Galaxy, Floors:22-24, Plot No.1, Survey No.83/1, Hyderabad Knowledge City, Raidurg Panmaktha, Ranga Reddy District, Hyderabad – 500 081, Telangana Tel: +91 40 6672 5000 / 6672 1200 Fax: +91 40 6707 4044	
2.	SIMCA South Indian Cement Manufacturers Association. 3rd Floor, 36th square, Plot No. 481, Road No. 36, Jubilee Hills, Hyderabad – 500034, Telangana	
3.	<u>FTCCI</u>, Federation House Federation Marg, 11-6-841, Red Hills, Hyderabad 500004, Telangana India, Ph: 91-040-23395515 to 22 , Email id:- info@ftcci.in;	
4.	Indian Energy Exchnage 9IEXC/o Avanta Business Center, First Floor, unit no. 1.14(a), D2, Southern park, District Centre, Saket 110017,	
5.	M. Venugopala RAO, Senior Journalist & Convener, Centre for Power Studies, H.No. 1-100/MP/101, Monarch Prestige, Journalists Colony, Serilingampally Mandal, Hyderabad- 500 032.	
6.	MS Agarwal Foundries Private Limited, Rama Towers 2nd Floor, 5-4-83, TSK Chambers, M.G. Road,Secunderabad -3, A.P.India	
7.	Agarwal Foundries Private Limited, Rama Towers 2nd Floor, 5-4-83, TSK Chambers, M.G. Road, Secunderabad -3, A.P.India	
8.	Hariom Pipe Industries Limited, 3-4-174/12/2, 1st Floor, Lane Beside SPencers, Pillar No. 125, Attapur, Hyderabad – 500 048 Ph: 040-2401601	
9.	Sri Navdurga Billets Pvt Ltd(SNDB) 21-1-820, Patel Market, Hyderabad – 500002, Ph: 040-65533100, sndbillets@hotmail.com	
10.	Sri Navdurga Billets Pvt Ltd(SNDB) 21-1-820, Patel Market, Hyderabad – 500002, Ph: 040-65533100, sndbillets@hotmail.com	
11.	Salasar Iron and Steels Pvt Ltd, Flat No. 101, 1st Floor, Satya Sarovar Apt., Ghansi Bazar, Near High Court, Hyderabad – 500002, Telangana. Ph:- 040-66145102 & 03 Email: salasaar@gmail.com	
12.	Salasar Iron and Steels Pvt Ltd, Flat No. 101, 1st Floor, Satya Sarovar Apt., Ghansi Bazar, Near High Court,	

S.No.	Name and Address of the Objector	Pg.No.
	Hyderabad - 500002, Telangana. Ph:- 040-66145102 & 03 Email: salasaar@gmail.com	
13.	50 Hertz on Behalf of Manikaran Power Limited, 301, 3 rd floor, D21, Corporate Park, Sector-21, Dwarka, New Delhi- 110077, T: 011- 4040 8000	
14.	Arhyama, 1-8-31 to 41, iiird Floor, Kapadia Towers Lane Opp to ICICI Bank Bapubagh Colony, Penderghast Road, Secunderabad - 500003 Ph:- 040-40207799, Mpb:- 9177439452 Email id: arhyamasolarpower@gmail.com .	
15.	Telangana Solar Open Access Developers Associations(TSOADA), #8-3-224/4A, Pt No. 11 & 12, sy no. 01, room no. 412 Madhura Nagar, Yousufguda, Hyderabad- 500038.	
16.	Jeevaka Industries Pvt Lts, 11-6-27/17, 1 st floor, Opp. IDPL Factory, Balanagar.	
17.	Devashree ISPAT (P) LTD., 8-2-293/82, Plot No.86, Prashasan Nagar, Road No.72, Jubilee Hills, Hyderabad - 500 110, Tel: 040-23550175, Email: dsisp@shreetmt.com	

S.No.	Summary of Objections / Suggestions	Response of the Licensee
<p>1. M/s. Aurobindo Pharma Limited, Galaxy, Floors:22-24, Plot No.1, Survey No.83/1, Hyderabad Knowledge City, Raidurg Panmaktha, Ranga Reddy District, Hyderabad – 500 081, Telangana Tel: +91 40 6672 5000 / 6672 1200 Fax: +91 40 6707 4044</p>		
<p>i.</p>	<p>TS Discoms are already collecting CSS @ Rs.1.46P per unit and Additional surcharge (AS) @ Rs.0.52P per unit – 33kV and CSS @ Rs.1.30P per unit and Additional surcharge @ Rs.0.52P per unit – 132kV on OA Power Purchase through monthly HT CC bills.</p> <p>According to newspaper notification, TS Discoms sent proposal for approval of TSERC to collect AS from OA consumers during 1st half year period from April'2021 to September 2021 @ Rs.2.01P per unit and during 2nd half year period from October 2021 to March 2022 @ Rs.2.34P per unit on Open Access Power Purchase. In view of OA charges mentioned in the above para that is being levied and collected by Discoms from OA consumers, proposed Additional Surcharge is not justified and time barred.</p>	<p>The Hon'ble Commission vide its order in I.A.No.4 of 2021 dated: 27.03.2021 continued the Cross Subsidy Surcharge (CSS) and Additional Surcharge (AS) as applicable on 31.03.2019 as per order dated 27.03.2018 w.e.f.01.04.2021 and directed the Discoms to file the proposals of Additional Surcharge (AS) for FY21-22. Accordingly, the Discoms are levying the CSS & AS on the Open Access (OA) consumers i.e. as per the Hon'ble Commission's Order dated 27.03.2018.</p> <p>It is pertinent to mention that, the Hon'ble TSERC in its order in OP No. 23 of 2020 directed the Discoms to file the proposals for 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.</p>

However, the Discoms could not file the aforementioned proposals for FY21-22 within the stipulated timeline due to the enforcement of Model Code of Conduct in view of elections to GHMC, State Legislative Council , Bye-elections to a constituency of State Legislative Assembly &. imposition of state wide lockdown, by Govt. of Telangana for containment of COVID-19 pandemic in the state w.e.f. 12.05.2021 that are beyond the control limit of the licensees.

Eventually, in accordance with the above mentioned directions, the licensees filed the present proposals of AS for H1 & H2 of FY21-22 duly considering the stranded capacity of the Discoms due to OA consumers that is in consonance with the methodology approved by the Hon'ble Commission with a request before the Hon'ble Commission to condone the delay in filing due to the aforementioned uncontrollable factors.

It is also to mention that, the present levy of AS @ Rs.0.52 per unit already leads to under recovery of the stranded charges that are to be recovered by the Discoms as per the statutory provisions and the Hon'ble Commissions' order in OP No.23 of 2020 and the same is herewith presented below:

Particular	H1 of FY21-22	H2 of FY21-22
Stranded capacity due to OA (MW)	276	220
Stranded charges recoverable (Cr.)	175	198
AS computed/filed (Rs./unit)	2.01	2.34
AS levied (Rs./unit)	0.52	0.52
Net under recovery of stranded charges by the Discoms (Cr.)	130	154

Hence, in view of the above the present filings of the Discoms incorporating the recovery of the fixed cost commitments in view of its universal service obligation as per the Electricity Act, 2003 are justified.

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	<p>2. SICMA, 3rd floor, 36th wquare, Plot no. 481, Roadno.36, Jubilee Hills, Hyderabad – 500034 Ph: 040-35163394 Email: info@sicma.in.</p> <p>3. FTTCI Federation House, Federation marg, 11-6-841, Red Hills, Hyderabad 500004, Ph: 040-23395515 to 22 , Email: info@ftcci.in</p>																			
1	<p>1.1 Maintainability of the Petition:-</p> <p>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.</p> <p>b) The Petitioners had initially filed the instant petitions on 05.07.2020 and had later submitted the corrected petitions on 09.09.2021.</p> <p>c) As can be observed, this is a direct violation of the aforementioned Order of the Hon'ble Commission</p> <p>d) Furrther, 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.</p> <p>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.</p> <p>f) Owing to the above, it is submitted that the instant Petitions filed by the Petitioners out to be rejected <i>in limini</i>.</p>	<p>However, the Discoms could not file the aforementioned proposals for FY21-22 within the stipulated timeline due to the enforcement of Model Code of Conduct in view of elections to GHMC, State Legislative Council , Bye-elections to a constituency of State Legislative Assembly &. imposition of state wide lockdown, by Govt. of Telangana for containment of COVID-19 pandemic in the state w.e.f. 12.05.2021 that are beyond the control limit of the licensees.</p> <p>Eventually, in accordance with the above mentioned directions, the licensees filed the present proposals of AS for H1 & H2 of FY21-22 duly considering the stranded capacity of the Discoms due to OA consumers that is in consonance with the methodology approved by the Hon'ble Commission with a request before the Hon'ble Commission to condone the delay in filing due to the aforementioned uncontrollable factors.</p> <p>It is also to mention that, the present levy of AS @ Rs.0.52 per unit already leads to under recovery of the stranded charges that are to be recovered by the Discoms as per the statutory provisions and the Hon'ble Commissions' order in OP No.23 of 2020 and the same is herewith presented below:</p> <table border="1" data-bbox="1655 1149 2580 1406"> <thead> <tr> <th data-bbox="1655 1149 2145 1214">Particular</th> <th data-bbox="2145 1149 2360 1214">H1 of FY21-22</th> <th data-bbox="2360 1149 2580 1214">H2 of FY21-22</th> </tr> </thead> <tbody> <tr> <td data-bbox="1655 1214 2145 1247">Stranded capacity due to OA (MW)</td> <td data-bbox="2145 1214 2360 1247">276</td> <td data-bbox="2360 1214 2580 1247">220</td> </tr> <tr> <td data-bbox="1655 1247 2145 1279">Stranded charges recoverable (Cr.)</td> <td data-bbox="2145 1247 2360 1279">175</td> <td data-bbox="2360 1247 2580 1279">198</td> </tr> <tr> <td data-bbox="1655 1279 2145 1312">AS computed/ filed (Rs./unit)</td> <td data-bbox="2145 1279 2360 1312">2.01</td> <td data-bbox="2360 1279 2580 1312">2.34</td> </tr> <tr> <td data-bbox="1655 1312 2145 1344">AS levied (Rs./unit)</td> <td data-bbox="2145 1312 2360 1344">0.52</td> <td data-bbox="2360 1312 2580 1344">0.52</td> </tr> <tr> <td data-bbox="1655 1344 2145 1406">Net under recovery of stranded charges by the Discoms (Cr.)</td> <td data-bbox="2145 1344 2360 1406">130</td> <td data-bbox="2360 1344 2580 1406">154</td> </tr> </tbody> </table>	Particular	H1 of FY21-22	H2 of FY21-22	Stranded capacity due to OA (MW)	276	220	Stranded charges recoverable (Cr.)	175	198	AS computed/ filed (Rs./unit)	2.01	2.34	AS levied (Rs./unit)	0.52	0.52	Net under recovery of stranded charges by the Discoms (Cr.)	130	154
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		Hence, in view of the above the present filings of the Discoms incorporating the recovery of the fixed cost commitments in view of its universal service obligation as per the Electricity Act, 2003 are justified.
2	<p>a) The Petitioners have not furnished the following detailed data and documentary evidence supporting such data in the instant Petitions:</p> <ul style="list-style-type: none"> - 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 <p>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.</p>	<p>The petitioners had submitted the related data (including 15 min-time block data of actual availabilities and schedules) and workings in computation of AS for H1 & H2 of FY21-22 to the Hon'ble Commission and the same is placed on the Discoms' website as well.</p> <p>There shall be an yearly statutory audit report confirming the financials including costs and revenues of the Discoms and the same shall be submitted after the due process of completion of statutory and C&AG Audit to the Hon'ble Commission.</p>
3	<p>ERRORS IN THE PRESENT COMPUTATIONS:-</p> <p>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 <i>Actual Plant Availability Factor : Normative Plant Availability Factor or 1, whichever is lower.</i></p> <p>b) From the yearly operational data of TSGENCO Stations published on TSGENCO Website</p>	<p>a),b) & c) The Discoms have paid the fixed charges for the respective period as per the terms and conditions of PPAs and TSERC Regulation Terms and Conditions of Generation Tariff i.e., Reg. No. 1 of 2019.</p>

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*

TSGENCO Plants	Actual Availability	Normative Availability	Fixed Charges at NAPAF	Fixed Charges Allowable at Actual Availability	Fixed Charges claimed for H1	Fixed Charges claimed for H2	Total Fixed Charges Claimed for FY21	Difference
	A	B	C	D=(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

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 Crorestowards '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.

d) Interest on Pension Bonds constitutes the fixed cost commitments of the licensees as claimed by the generators and hence, the Discoms have considered the fixed charges paid to the generators in the respective period as per the methodology approved by the Commission in the present filings. It is also pertinent to mention that, the Hon'ble Commission has also considered the same in determining the AS for FY18-19 vide its order dated:27.03.2018.

Further, the Hon'ble Commission in its Regulation on (Terms and Conditions of Generation Tariff) viz., Reg.No.1 of 2019 mentioned that the terminal liabilities in respect of pensioners shall be considered as per the actuals paid and the same is presented below:

"19.8. With regard to unfunded past liabilities of pension and gratuity, the Commission will follow the principle of "pay as you go".....

*19.12. **Terminal Liabilities** such as death-cum-retirement gratuity, pension, commuted pension, leave encashment, LTC,*

<p>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.</p> <p>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.</p>	<p><i>medical reimbursement including fixed medical allowance in respect of pensioners will be approved as per the actuals paid."</i></p> <p>In view of the above, the inclusion of the cost paid by the licensees in the fixed cost commitments of the Discoms is highly justified.</p> <p>e) The Hon'ble Commission in its order in OP No.23 of 2020 (pg 12) opined that the methodology of AS computation was approved in the Order dated 13.12.2017 in I.A.Nos.22&23 of 2017 in O.P.Nos.22&23 of 2016 respectively (AS Order for FY17-18) and the same have attained finality. Hence, in view of the above, the licensee has considered the transmission charges i.e., both intra & inter state transmission charges for computing per unit transmission charge in conformity with the aforementioned order. It is also pertinent to mention that, the Hon'ble Commission also considered the same for computing the per unit transmission charge in its order for determination of AS for FY2018-19. Further, there is no rationality in considering intra state transmission charges alone, as the Discoms have long term power purchase commitments with both intra and inter state generators thereby utilizing the intra and inter state transmission corridors. And, further the backing down of generation is not limited to intrastate generators alone. Hence, the transmission charges that are considered in totality are justified in arriving at per unit transmission charge.</p> <p>f) It is to reiterate that, the licensee has computed the per unit Distribution cost in consonance with the commissions order in OP No.23 of 2020 dated 18.09.2020 and order for AS for FY17-18 dated 13.12.2017. It is also pertinent to mention that, the Hon'ble Commission considered the approved Distribution cost of FY16-17 i.e., Rs. 3,658.15 Cr. in arriving the per unit distribution cost of Rs.0.71 per unit in the order for AS for FY17-18. In a similar way, the licensee has considered the</p>
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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:-

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

approved distribution cost of FY2020-21 by the Hon'ble Commission in arriving the per unit distribution cost of Rs.1.01 per unit in the present filings.

g) The Discoms have duly adhered to the Commissions order in OP No.23 of 2020 for determining the Additional Surcharge for H1 & H2 of FY21-22 and hence, the proposed AS of Rs.2.01/unit and Rs.2.34/unit for H1 & H2 of FY21-22 are highly justified. The remarks of the Discoms on the computation of AS by the objector is enclosed in Annexure-I.

	{P}	Open access sales	MU	844.11		
	$\{Q\}=\{O\}+\{P\}$	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		
	$\{T\}=\{Q\}*\{S\}/\{R\}$	Additional Surcharge derived	Rs./kWh	0.32		
<u>Annexure-I</u>						
		Additional Surcharge	Unit	As per Objector's Assessment	Filing by the Discoms	Remarks
	{A}	Long term available capacity	MW	8574.88	8574.88	-
	{B}	Capacity stranded due to open access	MW	219.76	219.76	
	{C}	Fixed Charges paid	Rs. Crore	5050.49	5462.49	Actual Fixed charges that are paid by the Discoms to the generators have been considered in consonance with the order in OP No.23 of 2020. Hence, limiting the fixed cost that has already been incurred by the Discoms based on certain assumptions is not appropriate.
	$\{D\}=\{C\}/\{A\}$	Fixed Charges per MW	Rs. crore/MW	0.59	0.64	
	$\{E\}=\{D\}*\{B\}$	Fixed Charges for stranded capacity	Rs. Crore	129.43	139.99	
	{F}	Transmission charges paid	Rs. Crore	1180.99	1870.41	Transmission charges includes intra & inter state charges as the Discoms have contracts with both intra & inter state generators and further, the backing down of generation is not limited to intra state generators alone. Hence, transmission charges needs to be considered in totality that has been erred in by the objector.
	{G}	Actual Energy scheduled	MU	35769.61	35769.61	-
	$\{H\}=\{F\}/\{G\}$	Transmission charges per unit	Rs./kWh	0.33	0.52	-
	I	Distribution charges as per Tariff Order	Rs./kWh	0.69	1.01	The approved distribution cost of FY2020-21 by

						the Hon'ble Commission has been considered in arriving the per unit distribution cost of Rs.1.01 per unit in consonance with the commission's order. Hence, limiting the Distribution cost to Rs.0.69/unit in contravention to the aforementioned order is highly unjustified.
{J}={H}+{I}	Total transmission and distribution charges per unit	Rs./kWh	1.03	1.53		
{K}	Energy consumed by open access consumers from the DISCOM	MU	1590.80	1590.80	-	
{L}={K}x{J}	Transmission and distribution charges to be paid by open access consumers	Rs. Crore	163.08	243.44		
{M}	Demand charges recovered by the DISCOM from open access consumers	Rs. Crore	185.60	185.60		
{N}={M}-{L}	Demand charges to be adjusted	Rs. Crore	22.53	-57.84	-	
{O}={E}-{N}	Net stranded charges recoverable	Rs. Crore	106.91	197.83		
{P}	Open access sales	MU	844.11	844.11		
{Q}={O}÷{P}	Additional Surcharge computed	Rs./kWh	1.27	2.34		
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		-	The AS computed in Row {Q} above is due to the stranded capacity relating to the Open Access consumption itself. Hence, limiting it again based on the Average OA scheduled capacity leads to double accounting that is highly irrational and unacceptable.
{S}	Average OA Scheduled Capacity	MW	245.56			
{T}={Q}*{S}/{R}	Additional Surcharge derived	Rs./kWh	0.32			

S.No.	Summary of Objections / Suggestions	Response of the Licensee
4. Indian Energy Exchange (IEX) Avanta Business Center, First floor, Unit no.1.14(a), D2, Southern park, District Centre, Saket 110017		
1	<p>1. Determination of Fixed Charges: TSSPDCL has computed ASC based on the fixed charges paid to the Generator in FY 2020-21 amounting to Rs. 10572.69 Crore (Rs. 5110.20 Cr (H1) + Rs. 5462.49 Cr (H2)). However, the Hon'ble Commission in its order dated 09.03.2021 issued for determination of the 'pooled cost of power purchase' for FY 2020-21 has approved power purchase fixed cost of Rs. 9314.04 Crore for FY 2020-21. Further, it is also observed that a new component of Interest on Pension Bonds amounting to Rs. 342.169 Crore (in each half year) is also considered by TSSPDCL while computing the fixed charges.</p>	<p>The Discoms had considered the actual fixed charges paid to the generators during H1 (Apr'20 to Sep'20) and H2 (Oct'20 to Mar'21) of FY2020-21 for determination of Additional Surcharge (AS) for H1 & H2 of FY2021-22 in consonance with the Commissions' order in OP No.23 of 2020. It is to mention that, the Hon'ble Commission had considered the actual fixed cost incurred for FY2019-20 for determination of the pooled cost of power purchase for FY 2020-21. Hence, the variation in fixed cost as mentioned is inevitable as the costs pertain to different periods. Interest on Pension Bonds constitutes the fixed cost commitments of the licensees as claimed by the generators and hence, the Discoms have considered the fixed charges paid to the generators in the respective period as per the methodology approved by the Commission in the present filings. It is also pertinent to mention that, the Hon'ble Commission has also considered the same in determining the AS for FY18-19 vide its order dated:27.03.2018. Further, the Hon'ble Commission in its Regulation on (Terms and Conditions of Generation Tariff) viz., Reg.No.1 of 2019 mentioned that the terminal liabilities in respect of pensioners shall be considered as per the actuals paid and the same is presented below: <i>"19.8. With regard to unfunded past liabilities of pension and gratuity, the Commission will follow the principle of "pay as you go".....</i> <i>19.12. Terminal Liabilities such as death-cum-retirement gratuity, pension, commuted pension, leave encashment, LTC, medical reimbursement including fixed medical allowance in respect of pensioners will be approved as per the actuals paid."</i> In view of the above, the inclusion of the cost paid by the licensees in</p>

		the fixed cost commitments of the Discoms is highly justified.
2	<p><u>Transmission Charges considered for Computation of Additional Surcharge:</u></p> <p>It is submitted that the Hon'ble Commission in its order dated 27.03.2018 for determination of ASC for FY 2018-19 has considered only the intra-state transmission charge for computing per unit transmission charge.</p> <p>TSSPDCL for the computation of per unit transmission charges has inadvertently considered the inter-state transmission charges and SLDC charges which is not in line with the methodology approved by the Hon'ble Commission</p>	<p>The Hon'ble Commission in its order in OP No.23 of 2020 (pg 12) opined that the methodology of AS computation was approved in the Order dated 13.12.2017 in I.A.Nos.22&23 of 2017 in O.P.Nos.22&23 of 2016 respectively (AS Order for FY17-18) and the same have attained finality.</p> <p>Hence, in view of the above, the licensee has considered the transmission charges i.e., both intra & inter state transmission charges for computing per unit transmission charge in conformity with the aforementioned order.</p> <p>It is also pertinent to mention that, the Hon'ble Commission also considered the same for computing the per unit transmission charge in its order for determination of AS for FY2018-19.</p> <p>Further, there is no rationality in considering intra state transmission charges alone, as the Discoms have long term power purchase commitments with both intra and inter state generators thereby utilizing the intra and inter state transmission corridors. And, further the backing down of generation is not limited to intrastate generators alone. Hence, the transmission charges that are considered in totality are justified in arriving at per unit transmission charge.</p>
3	<p><u>Incorrect Consideration of Distribution charges :-</u></p> <p>As per regulation 8 of the Terms and Conditions of Open Access to infra-State Transmission and Distribution Regulation 2005, the Hon'ble Commission has allowed open access to consumers with contracted capacity more than 1 MW. Therefore, consumers utilizing the facility of Open Access must be connected to HT network only.</p>	<p>It is to reiterate that, the licensee has computed the per unit Distribution cost in consonance with the commissions order in OP No.23 of 2020 dated 18.09.2020 and order for AS for FY17-18 dated 13.12.2017.</p> <p>It is also pertinent to mention that, the Hon'ble Commission considered the approved Distribution cost of FY16-17 i.e., Rs. 3,658.15 Cr. in arriving the per unit distribution cost of Rs.0.71 per</p>

	<p>TSSPDCL in the present petition has computed per unit Distribution Cost at Rs. 1.01/ unit. It is observed that the per unit distribution cost computed in the petitions includes the cost associated with LT network also which is contrary to the regulations laid down by the Hon'ble Commission as OA consumers are only utilizing HT network.</p> <p>Further it is submitted that the GERC and PSERC follow similar methodology for determination of ASC and consider distribution / wheeling charge per unit at 11 kV & above only.</p>	<p>unit in the order for AS for FY17-18. In a similar way, the licensee has considered the approved distribution cost of FY2020-21 by the Hon'ble Commission in arriving the per unit distribution cost of Rs.1.01 per unit in the present filings.</p>
4	<p><u>Data Deficiency :-</u></p> <p>The Hon'ble Commission in the ASC order dated 13.12.2017, has considered the long-term available capacity inclusive of all conventional and non-conventional sources of power excluding the market purchases, for the purpose of working out the fixed cost obligation of Discoms.</p> <p>However, due to the absence of the plant wise long term available capacity data and 15 min time block wise backed down and OA schedule data in the petition, it is not possible to verify the calculations and methodology.</p>	<p>The licensee has considered the 15-minute time-block data of available capacity and scheduled capacity of all generating stations having long term PPAs with the Discoms, and the scheduled capacity of OA consumers in arriving at the stranded capacity in the present filings. The related data has been submitted to the Hon'ble Commission and the same has been made available on Discom's website as well.</p>
5	<p><u>Determination of ASC should be on based approved figures:</u></p> <p>It is submitted that the Hon'ble Commission vide order dated 27.03.2021 allowed TSSPDCL to continue with the existing tariffs, CSS and ASC with effect from 01.04.2021. Accordingly, the Hon'ble Commission approved the retail supply tariffs, CSS and ASC as applicable on 31.03.2019 as per tariff order dated 27.03.2018</p>	<p>The National Tariff Policy,2016 notified by Ministry of Power has the following provision on AS:</p> <p><i>Clause 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</i></p>

	<p>TSSPDCL is yet to submit with the True-up petitions and the Hon'ble Commission is yet to conduct the prudence check of the claims of TSSPDCL in these petitions. Therefore, it is prudent to use approved figures for the computation of Additional Surcharge.</p>	<p><i>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”.</i></p> <p>In accordance with the above mentioned provision, it is to mention that, the conclusive demonstration of stranded assets is viable only if the actual cost commitments of the Discoms are considered. Accordingly, the Hon'ble Commission has also passed order in OP No.23 of 2020 dated 18.09.2020 considering the actual cost commitments of the Discoms in arriving at the Additional Surcharge and hence, the Discoms has considered the actual figures in computation of AS.</p>
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S.No.	Summary of Objections / Suggestions	Response of the Licensee
5. M. Venugopala Rao, Senior Journalist & Convener, Centre for Power Studies, H.No. 1-100/MP/101, Monarch Prestige, Journalists Colony, Serilingampally, Mandal, Hyderabad- 500 032.		
1	<p>In OP Nos. 48 and 49 of 2021, TS SPDCL has requested the Hon'ble Commission to accord approval to collect additional surcharge from open access consumers @ Rs.2.01 per kwh for the first half of 2021-22 and @ Rs.2.34 per kwh for the second half of 2021-22. Similarly, TS NPDCL has requested the Hon'ble Commission to accord approval to collect additional surcharge from open access consumers @ Rs.2.01 per kwh for the first half of 2021-22 and @ Rs.2.34 per kwh for the second half of 2021-22. While TSSPDCL has claimed a sum of Rs.174.68 crore for H1 of 2021-22 and Rs.197.83 crore for H2, TSNPDCL has claimed a sum of Rs.174.68 crore for H1 and Rs.197.83 crore for H2 of the same year. When consumers of the Discoms opt for open access purchases, the capacities of generation, transmission and distribution networks created for supplying that power to them get stranded till they are utilised for supplying power to the consumers of the Discoms. Therefore, regulations and orders of the Hon'ble Commission provide for collection of additional surcharge from open access consumers by the Discoms till such stranded capacities are put to use to supply power to their consumers. In principle, it is a desirable and fair arrangement. For determining such additional surcharge, the capacities stranded on account of open access consumers need to be substantiated by the Discoms and verified and determined by the Hon'ble Commission.</p>	<p>The Discoms have considered the 15-minute time-block data of available capacity and scheduled capacity of all generating stations having long term PPAs with the Discoms, and the scheduled capacity of OA consumers in arriving at the stranded capacity in the present filings that is in accordance with the Hon'ble Commissions' order in OP No.23 of 2020 dated 18.09.2020. The related data has been submitted to the Hon'ble Commission.</p>
2	<p>The Discoms have submitted 15-minute block-wise data of backing down generating capacities of generating stations and capacities of transmission and distribution networks stranded and the charges to be paid for the same. Based on the open access sales for the year 2020-21, the Discoms projected the same for the year 2021-22 and claimed the above-mentioned additional surcharge from open access consumers for the capacities stranded</p>	<p>As per the methodology determined by the Hon'ble Commission in arriving at the stranded capacity due to OA, the lower of the surplus capacity (i.e., available capacity less scheduled capacity) and capacity scheduled by OA consumers is considered as stranded capacity for the 15-minute time block thereby limiting it to a maximum extent of OA schedules for a 15-minute time block. Hence, backing down of generators due to other factors has already been accounted for in the</p>

	<p>or projected to be stranded during 2021-22. In this connection, the following factors, among others, need to be ascertained.</p> <p>a) Generation capacities are being hacked down due to various factors. If capacities of thermal power station are being backed down due to non-availability of fuel to the extent required, fixed charges have to be paid proportionately for actual generation when it is below the threshold level of PLF. In such eventualities, if the Discoms paid full fixed charges for generation below the threshold level of PLF by the power plants backed down, the additional fixed charges paid for power not generated and supplied below threshold level of PLF should not be allowed and taken into account.</p> <p>b) If thermal generation capacities are backed down in order to purchase unwarranted and must-run renewable power under PPAs in force, thereby paying fixed charges for the capacities backed down, whether such payment of fixed charges for deemed generation and related transmission and distribution capacities stranded on account of the same needs to be taken into account for working Out additional surcharge for open access consumers be examined and decided.</p>	<p>aforementioned methodology ensuring the compensation to the Discoms to the extent of OA only and the same has been affirmed by the Hon'ble Commission in its order in OP No. 23 of 2020 that is presented below and hence, the objected issue doesnot arise.</p> <p><i>“The methodology for computation of AS ensures that the DISCOMs are compensated only to the extent of capacity stranded due to OA and for no other reason.”</i></p> <p>a) Further, as per CERC/TSERC tariff Regulations and PPA terms & conditions, fixed charges are payable to thermal generating stations based on the capacity of cumulative plant availability factor achieved up to the end of corresponding month in a financial year. The total power purchase cost pertaining to a generating plant includes Fixed Cost, variable cost and other charges as per PPA terms and conditions.</p> <p>b) No backing down of thermal generation capacity was done in order to purchase unwarranted and must run renewable power under PPAs. Fixed charges are paid to the generators as per CERC/TSERC regulations and provisions of corresponding PPAs only.</p>
<p>3</p>	<p>We have repeatedly raised objections in connection with public hearings on various issues to imposition of interest on pension bonds on consumers of power. Contributions of the employees and management have to be invested/utilised prudently to earn interest thereon, as has been the standard practice in companies both in the public and private sector. Private generating companies with whom Discoms had PPAs have not been claiming interest on pension bonds and the ERCs- are not permitting the same. Imposing such interest on pension bonds on consumers- of power repeatedly is unfair and irrational. The Discoms have shown interest on pension bonds also as a part and parcel of</p>	<p>Interest on Pension Bonds constitutes the fixed cost commitments of the licensees as claimed by the generators and hence, the Discoms have considered the fixed charges paid to the generators in the respective period as per the methodology approved by the Commission in the present filings. It is also pertinent to mention that, the Hon'ble Commission has also considered the same in determining the AS for FY18-19 vide its order dated:27.03.2018. Further, the Hon'ble Commission in its Regulation on (Terms and Conditions of Generation Tariff) viz., Reg.No.1 of 2019 mentioned that the terminal liabilities in respect of pensioners shall be considered as per the actuals paid and the same is presented below:</p>

	<p>additional surcharges to be collected for assets stranded from open access consumers.</p>	<p><i>“19.8. With regard to unfunded past liabilities of pension and gratuity, the Commission will follow the principle of “pay as you go”.....</i></p> <p><i>19.12. Terminal Liabilities such as death-cum-retirement gratuity, pension, commuted pension, leave encashment, LTC, medical reimbursement including fixed medical allowance in respect of pensioners will be approved as per the actuals paid.”</i></p> <p>In view of the above, the inclusion of the cost paid by the licensees in the fixed cost commitments of the Discoms is highly justified.</p>
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S.No.	Summary of Objections / Suggestions	Response of the Licensee
<p>6. MS Agarwal Foundries Private Limited, Rama Towers 2nd Floor, 5-4-83, TSK Chambers, M.G. Road, Secunderabad -3, A.P.India</p> <p>7. Agarwal Foundries Private Limited, Rama Towers 2nd Floor, 5-4-83, TSK Chambers, M.G. Road, Secunderabad -3, A.P.India</p> <p>8. Hariom Pipe Industries Limited, 3-4-174/12/2, 1st Floor, Lane Beside SPencers, Pillar No. 125, Attapur, Hyderabad – 500 048 Ph: 040-2401601</p> <p>13. 50 Hertz on Behalf of Manikaran Power Limited, 301, 3rd floor, D21, Corporate Park, Sector-21, Dwarka, New Delhi- 110077, T: 011- 4040 8000</p>		
	<p>The surcharge proposed by TSSPDCL and TSNPDCL (hereinafter "Applicant(s)/DISCOMs") for H1 and H2 is Rs. 2.01 and Rs. 2.34 per unit respectively on Open Access Consumers in their application is very high and against the very intention of the Electricity Act, 2003 (the Act), National Tariff Policy ("NTP/ Tariff Policy, 2016") wherein it is specifically provided that Open Access Consumers are allowed to receive electricity from other sources. The Act allows Open Access by the Consumers and it is the inadequacy of the Applicant(s) that any difficulties are arising in giving effect to the provisions of the Act. The Consumers are within their right to buy cheaper power from wherever viability permits and imposing such high additional surcharge on such consumers would discourage them from buying open access power and would be against of the provision of the Act and NTP, 2016 as it will lead to elimination of competition</p> <p>Section 8.5 of the NTP, 2016 provides following provisions that deal with applicability of additional surcharge to be paid by open access consumers</p> <p>"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</p>	<p>In accordance with the statutory provisions, the distribution licensees are entitled to levy Additional Surcharge (AS) on Open Access (OA) consumers with the approval of Hon'ble State Commission as mentioned herein:</p> <p><i>Sec 42(4) of EA,2003 :“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”.</i></p> <p><i>Clause 8.5.4 of National Tariff Policy,2016: “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”.</i></p> <p>Accordingly, the Hon'ble Commission passed order in OP No.23 of 2020 specifying the mechanism for determination of stranded capacity due to Open Access (OA) for computation of Additional Surcharge. The Discoms have duly adhered to the aforementioned order in</p>

<p>consumers through 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."</p> <p>Further, Section 8.5.4 of the Tariff Policy, 2016 provides;</p> <p>"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"</p> <p>NTP 2016, emanates that Additional surcharge is payable by Open Access Consumers if the below mentioned stipulations are fulfilled and established.</p> <ul style="list-style-type: none">i. If the consumer is receiving supply of power other than its DISCOM to the extent of the fixed charges payment obligations which is unavoidable and which is in addition to the charges for usage of network assets recoverable through wheeling charges.ii. NTP 2016 and the Regulations clearly put the onus on DISCOMs to conclusively demonstrate that the power purchase commitments have been and will continue to remain stranded.	<p>determining the Additional Surcharge for FY21-22 clearly establishing the stranded capacity to the extent of OA. Hence, the present filings of the licensees incorporating the recovery of the stranded fixed cost commitments are highly justified.</p>
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<p>iii. Further, it has to be established that there is an unavoidable obligation and incidence to bear fixed charges on DISCOM, consequent to such Open Access contract</p> <p>iv. And such additional surcharge which are to be levied on Open Access Consumers should not become onerous that it eliminates competition.</p> <p>Therefore, to impose additional surcharge on open access consumers the above mentioned four conditions should be established and proved by the DISCOMs.</p> <p>It should be noted that as per NTP 2016, that additional surcharge to be levied on Open Access consumers should not be onerous that it eliminates the competition. The additional surcharge determined by the Applicant(s) in their applications of 2.01 and Rs. 2.34 per unit are not only onerous but is also wrongly computed.</p> <p>Under para 6 of the Application, the Applicant(s) while calculating the Additional Surcharge has not deducted the revenue gained by the DISCOMs through Open Access sales, which is a profit for the DISCOMs and which will have a positive impact on the cash flow of the DISCOMs. Last one year data of revenue earned by TSSPDCL through Open Access sales is missing in the Application which makes it impossible for the stakeholder to verify the computation done by the DISCOMs for Additional Surcharge. It is necessary that TSSPDCL clearly provide its profit earning through Open Access sales for the clear</p>	<p>The Discoms are entitled to collect wheeling charges & cross subsidy surcharge apart from Additional Surcharge from the OA consumers in accordance with the statutory provisions. It is to mention that, the above mentioned charges are for the utilization of Distribution network & recovery of cross subsidy components to the Discoms respectively that are compensatory in nature rather than profit oriented. Further, it is to mention that the impact of revenue from the aforementioned charges shall be considered in the Aggregate Revenue Requirement of the Discoms by the Hon'ble Commission in the respective businesses viz., Distribution and Retail Supply that shall be already a pass through to the consumers.</p>
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<p>picture.</p> <p>Furthermore, it should be noted that DISCOMs may also surrender power due to reasons like seasonal variations, purchases from Power Exchange, incorrect demand forecasting, RTC short term power purchases of DISCOMs etc. In some cases, additional renewable capacity may have been added to ensure compliance to RPO and not to meet demand. The burden of surrender of power to that extent should not be imposed on Open Access Consumers alone. Further, costs due to stranded long term PPAs, physical assets can also be attributed to the DISCOMs inefficiencies in planning, capacity addition, revenue recovery and capitalisation.</p> <p>No data has been provided in the present applications w.r.t fixed charge arising due to DISCOMs surrendering power. Without complete data, it would be difficult to ascertain how much of the fixed costs figure shown by Applicants are attributable to the migration of sales due to open access. The Applicant(s) have provided no conclusive evidence that the stranded capacity is solely due to Open Access Consumers. From the data furnished by Applicant(s), it cannot be said whether the amount of MUs backed down are solely and 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 Open Access Consumers.</p>	<p>As per the methodology determined by the Hon'ble Commission in arriving at the stranded capacity due to OA, the lower of the surplus capacity (i.e., available capacity less scheduled capacity) and capacity scheduled by OA consumers is considered as stranded capacity for the 15-minute time block thereby limiting it to a maximum extent of OA schedules for a 15-minute time block. Hence, backing down of generators due to other factors has already been accounted for in the aforementioned methodology ensuring the compensation to the Discoms to the extent of OA only and the same has been affirmed by the Hon'ble Commission in its order in OP No. 23 of 2020 that is presented below and hence, the objected issue doesnot arise.</p> <p><i>“The methodology for computation of AS ensures that the DISCOMs are compensated only to the extent of capacity stranded due to OA and for no other reason.”</i></p> <p>The Discoms have considered the 15-minute time-block data of available capacity and scheduled capacity of all generating stations having long term PPAs with the Discoms, and the scheduled capacity of OA consumers in arriving at the stranded capacity in the present filings (i.e., lower of the surplus capacity and capacity scheduled by OA consumers for each 15-minute time-block) that is in consonance with the Hon'ble Commissions' order in OP No.23 of 2020 dated 18.09.2020. The related data has been submitted to the Hon'ble Commission and the same has been placed on the Discoms' website as well.</p>
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	<p>Further, Applicants have not provided 15 min block wise data of the stranded capacity due to Open Access consumers and the back down quantum from each source of generator for the same</p> <p>Applicants have provided Average Stranded capacity due to Open Access consumers for April to September 2020 considering 15 min block for (H1) is 276.17 MW and for (H2) is 219.76 MW. Applicants also needs to show surrendered or back down power by the DISCOMs for various blocks from each generation source in comparison to the power being scheduled by Open Access Consumers for that 15 min time block.</p>	
<p>3</p>	<p>In the Applications, Fixed Charges paid by DISCOMs for H1 and H2 are Rs. 5110.2 Cr and Rs. 5462.49 Cr. respectively and long term Availability is 8210.18 MW and 8574.88 MW respectively. DISCOMs need to show conclusive data w.r.t declared capacity of each source, power scheduled from each source and fixed cost per unit of each source.</p> <p>It is well known that Central Generating Stations (CGS) have been allowed to sell (Unrequisitioned surplus-URS) arising due to surrender of power by the states/DISCOMs on power exchange and earn additional revenue. As per CERC Grid Code Regulations (Sixth Amendment) 2019, revenue earned by CGS by selling the surrendered power on power exchange/ open access has to be shared with the DISCOMs on 50:50 basis Provided that the share of CGS in the gains shall be restricted to a ceiling of 7 paisa/kWh and the gains over and above 7 paisa/kWh shall be to the account of the DISCOMs. Under such circumstances, the additional revenue earned by generators and the DISCOMs in</p>	<p>The petitioners had submitted the related data (including 15 min-time block data of actual availibilities and schedules) and workings in computation of AS for H1 & H2 of FY21-22 to the Hon'ble Commission and the same is placed on the Discoms' website as well.</p> <p>The amount received by TSDiscoms from URS power traded through power exchange by generators for FY2020-21 is Rs.50.18 lakhs. However, the said amount is already accounted for in the power purchase bills paid by the TSDiscoms. Further, the revenue from sale of power cannot be ascertained exclusively to fixed cost as variable cost is also incurred for generating the excess power and the same is also accounted for in the power purchase cost of the licensees.</p>

	<p>excess of energy charges needs to be reduced from Fixed Charges payable by DISCOMs while computing the average fixed cost/MW. The data of this additional revenue earned by the beneficiaries/State has not been shown by the Applicants in their correction Application. Furthermore DISCOMs themselves have the option to sell surplus quantum on day ahead and real time market considering the generation availability and demand forecast including the Open Access quantum on Power Exchanges which serves as an additional revenue for the DISCOMs thereby compensating both the stranded quantum and the fixed costs.</p> <p>The quantum sold by the DISCOMs during the calculation period needs to be shown as per Regional Energy Account issued by SRPC and it needs to be considered while arriving at the unavoidable stranded capacity solely due to Open Access and the fixed costs arising out of it.</p>	
<p>4</p>	<p>In the present Application, the Applicants have adopted an incorrect approach to claim Additional surcharge from Open Access Consumers which is quite apparent</p> <p>The Applicant(s) should have submitted and considered the actual units which were backed down/surrendered from each different generating stations and then determine the fixed cost liability of Applicants for the actual energy surrendered for open access. In the present Application, the Applicants have not submitted or considered any such data. The "generating station wise back down/surrendered" data is a critical component for recovery the fixed cost from Open Access Consumers which</p>	<p>The Discoms have determined the Additional Surcharge in the present filings in accordance with the Hon'ble Commissions' order dated:18.09.2020 duly incorporating the methodology as approved by the Commission.</p> <p>The licensees have considered the 15-minute time-block data of available capacity and scheduled capacity of all generating stations having long term PPAs with the Discoms, and the scheduled capacity of OA consumers of six months period. The stranded capacity for the 15-minute time block is then obtained to be the lower of the surplus capacity (i.e., available capacity less scheduled capacity) and capacity scheduled by OA consumers. Accordingly, the average stranded capacity for six-month period due to open access has been arrived.</p>

should have been considered but is missing in the computation done by the Applicants. Applicants should have utilized the source wise details of backed down energy to compute weighted average cost of energy backed down and effective fixed cost per unit of stranded power

The individually station wise back down/surrendered data should be equal to open access quantum granted by Applicants while computing the fixed charges

The Generation surrendered by Applicant(s) due to open access should be considered while calculating average fixed cost on per unit basis from each of the stranded power plants otherwise the basic contention of the licensee(s) that was a stranded capacity would not exist

Further, how the figures of Actual Energy Schedule of 29779.43 MU and 35769.61 MU for H1 and H2 respectively have arrived in the calculation is not clear in the Application of the Applicants. It is requested that complete break up of Actual Energy Schedule and breakup of individual fixed cost of each generating station is required in order to draw any conclusion for calculating the total fixed cost

Furthermore, why in the calculation transmission and distribution charges paid by Open Access consumers have been deducted from the demand charges is not clear. On what quantum the demand charges have been recovered from the consumers is also not clear. Whether DISCOMs are adjusting the demand charges on Open Access quantum or on the total quantum

Clarification on methodology adopted for "Net stranded charges

The same can be implied from the table below for H2 that is been submitted in the present filings.

Particular (in MW)	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Average
Availible capacity	8999	8874	8265	8349	8320	8642	8575
Scheduled Capacity	7342	7236	7272	7550	7907	8310	7603
(Deficit)/Surplus	1657	1638	993	799	413	333	972
OA Scheduled Capacity	308	317	240	248	195	165	246
Stranded Capacity	296	317	236	210	158	101	220

Stranded Capacity arrived by considering minimum of backing down i.e., deficit and OA scheduled capacity for each 15-min block

From the above table, it is evident that the average stranded capacity for H2 of FY20-21 i.e., 220MW being different from the average OA Scheduled capacity & Average Surplus of the Discoms viz., 246MW & 972MW respectively ensures that the stranded capacity has been determined by considering minimum of surplus & OA schedules for each 15-minute time block as directed by the Hon'ble Commission. Accordingly, the Discoms have filed for a recovery of fixed cost commitments limiting to the stranded capacity alone and not for the entire surplus capacity available with the Discoms. Hence, the contention of the objector that the Discoms have not considered the actual units which were backed down/surrendered from each different generating station and then determine the fixed cost liability of Applicants for the actual energy surrendered for open access is not correct.

The licensees have already provided the complete breakup of individual fixed cost of each generating station that has been considered in the determination of AS for H1 & H2 respectively. In arriving at the net stranded charges, the distribution charges that are paid by the OA consumers are to be adjusted in the net T&D

	<p>recoverable" figures and "Demand Charges adjusted by the DISCOMs" is requested</p>	<p>charges that are to be paid by Open Access consumers and the same has to be adjusted in the stranded cost that is to be recovered. Hence, the same has been adopted as presented below for H2:</p> <table border="1" data-bbox="1384 341 2419 803"> <thead> <tr> <th data-bbox="1384 341 2217 406">Particular</th> <th data-bbox="2217 341 2419 406">Amount (Cr.)</th> </tr> </thead> <tbody> <tr> <td data-bbox="1384 406 2217 479">(A) Fixed Charges for stranded capacity</td> <td data-bbox="2217 406 2419 479">139.99</td> </tr> <tr> <td data-bbox="1384 479 2217 576">(B) Transmission and distribution charges to be paid by open access consumers</td> <td data-bbox="2217 479 2419 576">243.44</td> </tr> <tr> <td data-bbox="1384 576 2217 673">(C) Demand charges recovered by the DISCOM from open access consumers</td> <td data-bbox="2217 576 2419 673">185.60</td> </tr> <tr> <td data-bbox="1384 673 2217 738">(D = B-C) Demand charges to be adjusted</td> <td data-bbox="2217 673 2419 738">-57.84</td> </tr> <tr> <td data-bbox="1384 738 2217 803">(E= A-D) Net stranded charges recoverable</td> <td data-bbox="2217 738 2419 803">197.83</td> </tr> </tbody> </table>	Particular	Amount (Cr.)	(A) Fixed Charges for stranded capacity	139.99	(B) Transmission and distribution charges to be paid by open access consumers	243.44	(C) Demand charges recovered by the DISCOM from open access consumers	185.60	(D = B-C) Demand charges to be adjusted	-57.84	(E= A-D) Net stranded charges recoverable	197.83
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(E= A-D) Net stranded charges recoverable	197.83													
<p>5</p>	<p>It is critical before the computation of additional surcharge that capacity which is stranded wholly due to open access sale should be classified, based on the figures 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 deserted capacity, the calculations towards additional surcharge should be made by considering the total fixed costs paid by the Applicant(s). It only looks like that the Applicant through its present application seeks to recover the fixed costs of its surplus power as additional surcharge from Open Access Consumers.</p>	<p>The Discoms have adopted the methodology as mentioned herein by the objector in arriving at the stranded capacity due to OA and hence, the contention of the objector that the application seeks to recover fixed costs of its surplus power as AS is not correct and the same has been explained above.</p>												
<p>6</p>	<p>Open Access sales considered by Applicants for H1 868.04 MUs</p>	<p>Open Access Sales which are highly intermittent in nature depends on</p>												

	<p>(from last FY2020-21) and for H2 844.11 MUs. These Open Access sales figures have been taken from previous year for projection of current FY which is not appropriate and fair to the Open Access consumers since last year the impact of Covid-19 lockdown have resulted in lesser Open Access volume which may be higher this FY pertaining to less restrictions and more or less all industries running. The projections made are based on the assumptions that have no effective backing. Therefore, the ground for levying the additional surcharge is not demonstrated in terms of NTP 2016, Para 8.5.4. In the event of the applications of DISCOMs are allowed and any retrospective effect of the same would entail huge amount of expenditure.</p> <p>Therefore it is suggested the actual figures of April — Sep 2021 should be considered in order to arrive at a true figures</p>	<p>various dynamic factors that is market driven and hence, accurate prediction of OA Sales is highly difficult. In view of the above, the Discoms have projected the sales for H1 & H2 of FY21-22 to be same as that of FY20-21 for the repective period.</p>
<p>7</p>	<p>Additionally, the Applicant(s) has included even the transmission cost for computing the stranded fixed costs.</p> <p>The NTP, 2016 evidently states that additional surcharge for obligation to supply shall 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. The NTP, 2016 also clearly states that the fixed costs related to network assets would be recovered through wheeling charges. Hence, in accordance with NTP, 2016 considering the transmission charges for computing the stranded costs is not at all correct when NTP, 2016 explicitly provides that the stranded cost of power purchase commitments is to be considered for additional surcharge. The power purchase</p>	<p>The computation of Additional Surcharge is based on stranded capacity of the generating stations for which the Licensees' are required to pay fixed charges and the transmission charges for conveyance from generating station to Licensees' network and fixed cost of stranded capacity of distribution network assets and the present methodology adheres the same. In accordance with the approved methodology by the Hon'ble Commission, the licensees had determined the AS in its present filings.</p>

	<p>commitments mean only the amount payable to Generation Companies based on Power Purchase Agreements with them and by no imagination transmission charges can be considered as part of power purchase commitments. The cost of stranded physical assets should be recovered through wheeling charges.</p> <p>As stated above, the Additional surcharge is applicable only if capacity is stranded due to Open Access availed by consumers. In case of Transmission System as far as utilization of the system concerned, there is no difference between consumers procuring power through Open Access or DISCOMs as in both case same transmission system is used</p> <p>Since, Transmission cost is payable only on scheduled quantum not on surrendered/back down quantum. Therefore, considering of transmission cost as stranded cost for determination of Additional Surcharge is an incorrect approach and should thus be excluded from the computation</p>	
8	<p>As per current practice in Telangana, the wheeling charges are recoverable by the DISCOMs on full NOC Quantum and not on actual energy scheduled. The difference amount is not refunded to the consumers. The excess income generated should be adjusted and needs to be reduced from Fixed Charges payable by DISCOMs while computing the average fixed cost/MW. Further, we seek clarity on the how much NOC quantum was issued from April — Sept. and how much is actually scheduled? Whether the Applicants are adjusting the same is not clear.</p>	<p>Considering the technical feasibility, the licensees issued NOC to the applicant based on the capacity requested by the applicants themselves. Hence, the wheeling charges are recovered by the Discoms on full NOC Quantum as the requisitioned capacity is reserved towards the respective applicant for such time period.</p>
9	<p>At the outset, it is submitted that the present Application is not maintainable, and is a gross abuse of process. It is submitted</p>	<p>The Hon'ble Commission vide its order in I.A.No.4 of 2021 dated: 27.03.2021 continued the Cross Subsidy Surcharge (CSS) and</p>

<p>that the period for which Additional Surcharge has been calculated by the Applicants i.e. April 2020— Sep 2020 is already over. Further, the said additional surcharge as calculated by the Applicants has been sought to be levied in the April 2020— Sep 2020 of FY 2020-21. Therefore, even the period for levying this additional surcharge is now over. In the circumstances, there cannot be any retrospective levy or correction of Additional Surcharge on the open access consumers which if imposed would be unfair, arbitrary and is completely unjustifiable. Retrospective applicability of surcharge would have significant adverse impact on the business of the industrial consumers of the State of Telengana as they had already suffered huge losses due to imposition of Nation—wide lockdown and in the State by Government of Telangana (GoTS) due to spread of pandemic COVID-19. Hence, the retrospective applicability of surcharge is a clear violation of principles of natural justice on the consumers of the State of Telengana. Any additional surcharge if corrected and increased by the Commission should be applicable only on prospective basis on open access consumers.</p>	<p>Additional Surcharge (AS) as applicable on 31.03.2019 as per order dated 27.03.2018 w.e.f.01.04.2021 and directed the Discoms to file the proposals of Additional Surcharge (AS) for FY21-22. Accordingly, the Discoms are levying the CSS & AS on the Open Access (OA) consumers i.e. as per the Hon'ble Commission's Order dated 27.03.2018.</p> <p>It is pertinent to mention that, the Hon'ble TSERC in its order in OP No. 23 of 2020 directed the Discoms to file the proposals for 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.</p> <p>However, the Discoms could not file the aforementioned proposals for FY21-22 within the stipulated timeline due to the enforcement of Model Code of Conduct in view of elections to GHMC, State Legislative Council , Bye-elections to a constituency of State Legislative Assembly &. imposition of state wide lockdown, by Govt. of Telangana for containment of COVID-19 pandemic in the state w.e.f. 12.05.2021 that are beyond the control limit of the licensees.</p> <p>Eventually, in accordance with the above mentioned directions, the licensees filed the present proposals of AS for H1 & H2 of FY21-22 duly considering the stranded capacity of the Discoms due to OA consumers that is in consonance with the methodology approved by the Hon'ble Commission with a request before the Hon'ble Commission to condone the delay in filing due to the aforementioned uncontrollable factors.</p> <p>It is also to mention that, the present levy of AS @ Rs.0.52 per unit already leads to under recovery of the stranded charges that are to be</p>
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		<p>recovered by the Discoms as per the statutory provisions and the Hon'ble Commissions' order in OP No.23 of 2020 and the same is herewith presented below:</p> <table border="1" data-bbox="1392 305 2494 586"> <thead> <tr> <th data-bbox="1392 305 2091 375">Particular</th> <th data-bbox="2091 305 2292 375">H1 of FY21-22</th> <th data-bbox="2292 305 2494 375">H2 of FY21-22</th> </tr> </thead> <tbody> <tr> <td data-bbox="1392 375 2091 410">Stranded capacity due to OA (MW)</td> <td data-bbox="2091 375 2292 410">276</td> <td data-bbox="2292 375 2494 410">220</td> </tr> <tr> <td data-bbox="1392 410 2091 446">Stranded charges recoverable (Cr.)</td> <td data-bbox="2091 410 2292 446">175</td> <td data-bbox="2292 410 2494 446">198</td> </tr> <tr> <td data-bbox="1392 446 2091 482">AS computed/filed (Rs./unit)</td> <td data-bbox="2091 446 2292 482">2.01</td> <td data-bbox="2292 446 2494 482">2.34</td> </tr> <tr> <td data-bbox="1392 482 2091 518">AS levied (Rs./unit)</td> <td data-bbox="2091 482 2292 518">0.52</td> <td data-bbox="2292 482 2494 518">0.52</td> </tr> <tr> <td data-bbox="1392 518 2091 586">Net under recovery of stranded charges by the Discoms (Cr.)</td> <td data-bbox="2091 518 2292 586">130</td> <td data-bbox="2292 518 2494 586">154</td> </tr> </tbody> </table> <p>Hence, in view of the above the present filings of the Discoms incorporating the recovery of the fixed cost commitments in view of its universal service obligation as per the Electricity Act, 2003 are justified.</p>	Particular	H1 of FY21-22	H2 of FY21-22	Stranded capacity due to OA (MW)	276	220	Stranded charges recoverable (Cr.)	175	198	AS computed/filed (Rs./unit)	2.01	2.34	AS levied (Rs./unit)	0.52	0.52	Net under recovery of stranded charges by the Discoms (Cr.)	130	154
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10	<p>In the data and information submitted by the Applicant, it is not clear whether the back down has been for round the clock basis or for some specific duration. The Hon'ble Commission is requested to examine the generation back down data of each of the 15 min time block period along with the reason of such back-down as the back down could be on account of other reasons as well such as economical, operation and technical considerations other than open access</p>	<p>The licensees have adopted the methodology as determined by the Hon'ble Commission in its order in OP No.23 of 2020 and the relevant data has been submitted to the Hon'ble Commission. Further, the methodology limits the stranded charges that are to be recovered by the Discoms to the extent of OA itself barring all the uncertainties safeguarding the interests of the consumer and the Discoms as well and the same has been affirmed by the Hon'ble Commissions' order in OP No. 23 of 2020 as mentioned below:</p> <p><i>“The methodology for computation of AS ensures that the DISCOMs are compensated only to the extent of capacity stranded due to OA and for no other reason.”</i></p> <p>The Discoms procured power from generators duly following the Merit Order Dispatch. Further, it is to mention that power shortage in any 15 min time block or deficiency of the licensees to meet the peak demand at any 15 min time block does not imply that there is no</p>																		
11	<p>It is submitted that when the consumer procures power from open access instead of procuring from its DISCOMs, the DISCOMs should schedule power on merit order basis i.e. lowest variable cost generation should be procured first then the second lowest variable cost generation and so on. From the present application it is not clear whether DISCOMs has properly followed the merit order</p>																			

Furthermore, the Para 8.5.4 of NTP, 2016 provides that Additional Surcharge is applicable only when capacity 'continues' to be stranded. The continuous period for which certain capacity has been stranded due to Open Access should be construed as the period for which Additional Surcharge is claimed by the Applicants. Therefore, in the present applications the DISCOMs should conclusively demonstrate that there was no power shortage in any of the 15 min time block between April 2020- September 2020 and the capacity was stranded/backed down primarily on account of open access. Similarly, for forthcoming years also it needs to be proved. In other words Additional Surcharge can be claimed only when DISCOMs are able to meet its peak demand for the concerned FY and did not do any load shedding during such peak demand period. The Applicant(s) have not been able to demonstrate continuous stranded capacity as per above mentioned principle. Furthermore, before levy of Additional surcharge for future period also it should be noted that the quantum of stranded power does not remain constant throughout the year or a month or a week or even a day. Therefore, it is submitted that Levy of additional surcharge without establishing "continuous" stranded capacity for FY 21-22 and for future years would be a jump in the dark and would infringe the rights of the Open Access Consumers provided under the Act, Regulation and NTP, 2016. Therefore, highly unfair and discriminatory

We request Hon'ble Commission to kindly consider the above mentioned comments/objections and suggestions for determination or correction of the Additional Surcharge on Open Access Consumers and further, direct DISCOMs to submit additional data and information including in relation to generating station wise back down/surrendered units, details of

stranded capacity due to OA consumption and the same has been opined by the Hon'ble Commission in its order in OP No. 23 of 2020:

“It is incorrect to state that inability to meet the peak demand does not entitle for claiming stranded capacity. As stated earlier, the maximum demand may be witnessed for only some part of the day or even a fraction of time. Non-availability of power for such a short duration does not imply that there is no stranded capacity during the entire period under consideration.”

It is to mention that, establishment of stranded capacity for future period based on the assumptions is highly irrational and inappropriate. Hence, the claim of the licensees to recover the stranded charges due to OA based on the actual data pertaining to FY2020-21 as per the present filings is highly justified.

	backing down due to force outage, congestion in transmission network due to which backing down be carried out etc. to establish that stranded capacity due to open access consumers	
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S.No.	Summary of Objections / Suggestions	Response of the Licensee
9.	Sri Navdurga Billets Pvt Ltd(SNDB) 21-1-820, Patel Market, Hyderabad – 500002, Ph: 040-65533100, sndbillets@hotmail.com	
10.	Sri Navdurga Billets Pvt Ltd(SNDB) 21-1-820, Patel Market, Hyderabad – 500002, Ph: 040-65533100, sndbillets@hotmail.com	
11.	Salasar Iron and Steels Pvt Ltd, Flat No. 101, 1 st Floor, Satya Sarovar Apt., Ghansi Bazar, Near High Court, Hyderabad – 500002, Telangana. Ph:- 040-66145102 & 03 Email: salasaar@gmail.com	
12.	Salasar Iron and Steels Pvt Ltd, Flat No. 101, 1 st Floor, Satya Sarovar Apt., Ghansi Bazar, Near High Court, Hyderabad – 500002, Telangana. Ph:- 040-66145102 & 03 Email: salasaar@gmail.com	
i.	<p>COMMENTS / SUGGESTIONS;</p> <p>The Hon'ble Commission vide Section 42 (4) of Electricity Act, 2003 conferred with power to fix Additional Surcharge on the charges of wheeling only. Hence, this should be made applicable while determine the Additional Surcharge;</p>	<p>The Hon'ble Commission had already addressed the contention of the objector to fix Additional Surcharge on the charges of wheeling in its Order on AS for FY2017-18 dated 13.12.2017 as presented below:</p> <p><i>“The wheeling charges are charges payable by a consumer towards utilisation of network for conveyance of electricity. Additional surcharge on other hand is towards recovery of stranded fixed cost of Licensees’ arising out of their obligation to supply as provided under Section 42 (4) of the Electricity Act, 2003.</i></p> <p><i>The above provision provides that the Additional Surcharge is in addition to wheeling charges.</i></p> <p><i>The fixed costs incurred by a Licensee’s comprise of the following:</i></p> <ol style="list-style-type: none"> <i>a. Fixed charges to the generating companies for contracted capacity</i> <i>b. Transmission charges to the transmission licensee for conveyance</i> <i>c. Cost payable for utilisation of distribution network from the input point to place of consumption of electricity</i> <p><i>The wheeling charge calculated under Section 62 of the Electricity Act, 2003 is with regard to the cost payable for utilisation of distribution network and transmission network. Therefore, the Fixed Cost required to be recovered by Licensees’ to meet USO is with respect to fixed cost payable to generating companies for contracted capacity and to transmission licensee for conveyance.</i></p> <p><i>In the Section 42 (4), the word Additional Surcharge on charges of wheeling means that the Additional Surcharge shall be over and above the charges of Wheeling. As such the Licensees are entitled to recover the additional surcharge (in</i></p>

		<p>addition to the Wheeling Charge) to meet their fixed cost commitments on capacity that remains stranded due to some of its consumers opting to purchase power from third party sources through open access.</p> <p>Based on the above observations, the Commission is of the view that Additional Surcharge is required to be based on stranded capacity of the generating stations for which the Licensees' are required to pay fixed charges and the transmission charges for conveyance from generating station to Licensees' network and fixed cost of stranded capacity of distribution network assets."</p> <p>Accordingly, The Hon'ble Commission had approved the methodology for determining the stranded capacity due to open access to determine the Additional Surcharge in its order in OP No.23 of 2020 and the Discoms have duly adhered to the aforementioned orders in determining the same.</p>
<p>ii.</p>	<p>As prescribed in Clause 8.5.1 of Resolution No. 23/2/2005-R&R (Vol. IX) dated 28.1.2016 the cross subsidy surcharge and additional surcharge should not be more than 20% of the applicable tariff of category of consumer. The present rate of 33 KV category is Rs. 6.15 per KWH thus the 20% of Rs. 6.15 will be Rs. 1.23 per KWH. Accordingly the Cross Subsidy Surcharge and Additional Surcharge should be more than Rs. 1.23 per KWH. But the consumer of 33 KV category is paying Rs. 1.46 per KWH towards Cross Subsidy Surcharge, Rs. 0.52 per KWH towards Additional Surcharge and Rs. 0.05 per KWH approximately (Rs. 33.90 per KVA / 720 KWH) towards wheeling charges thus totally to Rs. 2.03 per KWH which is in violation of said provision. Hence, the Hon'ble Commission may review to reduce the Additional Surcharge.</p> <p>The present proposal of the TSSPDCL is in violation of true spirit of Clause 8.5.1 and 8.5.4 of Tariff Policy issued by Ministry of</p>	<p>In accordance with the statutory provisions, the distribution licensees are entitled to levy Additional Surcharge (AS) on Open Access (OA) consumers with the approval of Hon'ble State Commission and further clause 8.5.4 of National Tariff Policy (NTP),2016 notified by MoP also iterates the same if the stranded capacity due to OA is conclusively demonstrated as presented below:</p> <p><i>"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".</i></p> <p>It is to mention that, the Distribution licensees are having sufficient contracts with the generators in view of its universal service obligation in accordance with the provisions of Electricity Act, 2003.</p>

	<p>Power vide Resolution No. 23/2/2005/R&R (Vol IX) dated 28.1.2016. Hence the same to be considered to reject the proposal. Also to be noted that the Additional Surcharge is to compensate fixed cost related to network assets and it is to be recovered through wheeling charges. Whereas Wheeling Charges is already fixed by this Hon'ble Commission in Wheeling Tariff dated 29.4.2020 for the period April to September, 2021. Hence, no more Additional Surcharge is to be paid.</p> <p>The present proposal of the TSSPDCL for Additional Surcharge for the period from April, 2021 to September, 2021 is in violation of Section 65 of Electricity Act, 2003. Hence, the same to be considered;</p> <p>The figure of Rs. 174.68 crores taken in Column (O) is not correct. If the figure of Column (E) of Rs. 171.89 crores is deducted with figure of Column (N) of Rs. -2.79 the result will be Rs. 169.10 crores. Hence, it should be rectified.</p>	<p>However, frequent switching of consumption by the OA consumers between the Discoms and open access led to the stranding of power purchase commitments of the licensees impacting its financials. In principle, the stranded cost commitments to the extent of OA cannot be passed on to other consumers and hence, the Additional Surcharge is levied to such extent on the OA consumers. Accordingly, the Hon'ble Commission has determined the methodology in its order in OP No.23 of 2020 and the licensees have duly adhered to the aforementioned order in determining the AS for H1 & H2 of FY21-22. Further, clause 8.5.1 of NTP, 2016 mentions the formula to determine the cross subsidy surcharge limiting it to 20 percent of the tariff applicable. It is to mention that, Cross Subsidy Surcharge shall be utilised to meet the requirements of current level of cross subsidy within the area of supply of the distribution licensee and hence, the same is limited to 20 percent as the tariffs shall also be made with in the 20 percent limit as mentioned in clause 8.3(2) of NTP, 2016. Whereas, Additional surcharge on the other hand is levied on the stranded commitments of the licensees due to Open Access opted by the consumers. Hence, the same should be recovered in totality as the same cannot be passed on to the other retail consumers. It is clearly mentioned in the NTP, the first proviso in 8.5.1 is applicable to the Cross Subsidy Surcharge formula which is been duly adhered in CSS Orders by the Hon'ble Commission and there is no such similar proviso for clause 8.5.4 i.e., on Additional Surcharge. The computation of net stranded charges of Rs.174.68 crores as mentioned in column(O) is correct i.e., the difference of fixed charges for stranded capacity (E) & Demand charges paid by the OA consumers that are to be adjusted (N) (E-N=171.89 - (-2.79))</p>
<p>iii.</p>	<p>OBJECTIONS:</p> <p>As per Clause 8.3 and 8.4 of Regulation 2 of 2006 dated 11.8.2006 the DISCOM have to adjust the open access energy and demand from the total consumption of energy and demand. But the</p>	<p>The Discoms are duly complying with the Regulation on Interim balancing and settlement code for open access transactions viz., Reg.No.2 of 2006 notified by the Hon'ble Commission and APERC</p>

<p>DISCOM did not comply the provision hence, the consumers made an applicable before the then Hon'ble APERC. Accordingly, the then Hon'ble APERC vide Proceeding No. APERC/Secy./25/2013 dated 4.5.2013 directed the DISCOM to adjust the demand component duly explaining the procedure in tabular column. A copy of proceeding No. APERC/Secy./25/2013 dated 4.5.2013 is enclosed as Annexure I (Page No. 1 — 4) for ready reference and to consideration of the table by this Hon'ble Commission.</p> <p>In spite of specific direction of the Hon'ble Commission, even though the Open Access consumer of 33 KV category is paying Wheeling Charges @ Rs. 33.90 per KVA the TSSPDCL is not adjusting the open access demand supplied by the generator even after May, 2013 to till date.</p> <p>It is pertinent to note that the TSSPDCL for supply of 550000 KWH approximately charging demand charges on 720 KVA @ Rs. 390/- per KVA whereas the open access power consumption of approximately 10,00,000 KWH adjusting only 10 to 20 KVA. How it is justifiable and in in violation of the above said provisions of law.</p> <p>In view of the above stated facts, we pray to this Hon'ble Commission to issue direction to the TSSPDCL to give effect of open access demand along with energy adjustment and revise the bills from May, 2013 onwards immediately and set aside the proposal of the Additional Surcharge of the period from April to September, 2021.</p>	<p>Proceedings dated:04.05.2013 and hence, the contention is not correct.</p>
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S.No.	Summary of Objections / Suggestions	Response of the Licensee
14.	<p>Arhyama, 1-8-31 to 41, iiird Floor, Kapadia Towers Lane Opp to ICICI Bank Bapubagh Colony, Penderghast Road, Secunderabad - 500003 Ph:- 040-40207799, Mpb:- 9177439452 Email id: arhyamasolarpower@gmail.com.</p>	
15.	<p>Telangana Solar Open Access Developers Associations(TSOADA), #8-3-224/4A, Pt No. 11 & 12, sy no. 01, room no. 412 Madhura Nagar, Yousufguda, Hyderabad- 500038.</p> <p>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 open access, the power plants were given permissions by DISCOMs during 2010-2016 and plants were commissioned during 2012-2016. So DISCOM's are 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.</p> <p>The generation assets getting stranded for the licensees is 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 open access, as this consumption is well known, in advance, 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 plants accordingly.</p> <p>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 surcharge for all for Solar open access transactions.</p>	<p>In accordance with the statutory provisions, the Hon'ble Commission passed order in OP No.23 of 2020 specifying the mechanism for determination of stranded capacity due to Open Access (OA) for computation of Additional Surcharge. The Discoms have duly adhered to the aforementioned order in determining the Additional Surcharge for FY21-22 clearly establishing the stranded capacity to the extent of OA. Hence, the present filings of the licensees incorporating the recovery of the stranded fixed cost commitments are highly justified.</p> <p>The contention that the licensees have made improper procurement of power is not correct and objectionable. The licensees in view of its universal service obligation had entered into substantial contracts with the generators. However, the frequent switching of consumption by the OA consumers between the Discoms and open access led to the stranding of power purchase commitments of the licensees impacting its financials. Further, the present methodology as approved by the Hon'ble Commission in OP No.23 of 2020 compensates the Discoms only to the extent of capacity stranded due to OA and for no other reason.</p> <p>The licensees are already complying with the directions of Hon'ble Commission regarding the exemption of levy of AS to solar developers covered as per the relevant TS Solar policy.</p>

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With respect to the proposal done by Discoms for H1 of FY21-22, clause 9 of OP No. 23 of 2020, dated 18.09.2020 clearly stipulates timelines within which the proposals need to be filed before this commission

“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.”

Hence, the DISCOMs should have been submitted their AS proposals for H1 of FY21-22 on or before 30-11-2021. However, the filings have come after almost a year. Hence, these proposals are not tenable

Levy of Additional Surcharge originates from fixed cost of the distribution licensee arising out of its obligation of supply. The latest ARR available was dated:15-12-2017, there were no filings till date in 2018, 2019, 2020. This means there has been no SALES FORECAST AND POWER PROCUREMENT PLAN proposals submitted for 3 financial years vis. FY19-20, FY20-21 & FY21-22, leave alone the long-term demand forecast, which forms the basis for signing of PPA's for which consent has been sought by DISCOMS as recent as this financial year in O.P. No 10 of 2016/NTPC PPA's (Hearing scheduled on 20.07.2021) and in O.P.Nos. 15 to 19 of 2021/TS Genco PPA's (Hearing scheduled on 30.06.2021) along with other PPA's executed by DISCOMS in last 4 years.

If TS DISCOMs are presently facing stranded capacity, what is the

The Discoms could not file the Additional Surcharge proposals for FY21-22 within the stipulated timeline due to the enforcement of Model Code of Conduct in view of elections to GHMC, State Legislative Council, Bye-elections to a constituency of State Legislative Assembly & imposition of state wide lockdown, by Govt. of Telangana for containment of COVID-19 pandemic in the state w.e.f. 12.05.2021 that are beyond the control limit of the licensees.

Eventually, in accordance with the directions by the Commission as per the aforementioned order, the licensees filed the present proposals of AS for H1 & H2 of FY21-22 duly considering the stranded capacity of the Discoms due to OA consumers that is in consonance with the methodology approved by the Hon'ble Commission with a request before the Hon'ble Commission to condone the delay in filing due to the aforementioned uncontrollable factors. It is also to mention that, the present levy of AS @ Rs.0.52 per unit already leads to under recovery of the stranded charges that are to be recovered by the Discoms as per the statutory provisions and the Hon'ble Commissions' order in OP No.23 of 2020 and the same is herewith presented below:

Particular	H1 of FY21-22	H2 of FY21-22
Stranded capacity due to OA (MW)	276	220
Stranded charges recoverable (Cr.)	175	198
AS computed/filed (Rs./unit)	2.01	2.34
AS levied (Rs./unit)	0.52	0.52
Net under recovery of stranded charges by the Discoms (Cr.)	130	154

Hence, in view of the above the present filings of the Discoms incorporating the recovery of the fixed cost commitments in view of its universal service obligation as per the Electricity Act, 2003 are

<p>need for sourcing power from PPA's. Is it just to cause more stranded capacity in future and cause more burden in the form of AS in future? In addition, as there were no ARR filings for past 3 years, how can one ascertain whether total fixed cost burden is calculated based on methodology approved by this commission</p> <p>Therefore, we submit that this honourable commission may (1) Concede to that fact that stranded capacity was not due to solar bi-tateral open access transactions and exempt this tiny solar open access capacity from levy of AS. (2) Direct discoms to file AS filings after approved ARR filings for public hearing.</p>	<p>justified.</p> <p>Further, it is to mention that, the licensees had also submitted the petitions for Aggregate Revenue Requirement (ARR) of the Discoms for Retail Supply Business for FY2019-20, FY2020-21 and FY2021-22 before the Hon'ble Commssion on 31.03.2021 and the same is pending before the Hon'ble Commission.</p>
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SI.No	Summary of Objections / Suggestions	Response of the Licensee
16. Jeevaka Industries Pvt Lts, 11-6-27/17, 1st floor, Opp. IDPL Factory, Balanagar.		
1	<p><u>Maintainability of the Petitions:-</u> <u>Non-adherence with the timelines:-</u> The Hon'ble Commission in the Order dated 18.09.2020, in the matter of determination of stranded capacity and framing the terms & conditions for levy of Additional Surcharge on open access users, directed the Petitioner to submit the filings for determination of Additional Surcharge for the 1st half of the ensuing financial year latest by 30th November of the current financial year and for the 2nd half of the ensuing financial year latest by 31st May of the ensuing financial year. Adherence with the above timelines is of significance since it provides ample opportunity to the stakeholders for assessment of the veracity of claims and helps the discoms in timely recovery of charges, if any. It is even more important in case of the Petitioner companies since they have not got prudence of ARR and the consequent retail tariff determination for the past 3 years (the last tariff order was issued by the Hon'ble Commission on 27.03.2018 for the year FY 2018-19).</p> <p>Notably, the present Petitions were initially filed with defects on 05.07.2021 based on incomplete data. Subsequently the Petitioner claims to have filed these petitions with re-computed ASC on 09.09.2021 with further dataset. The filing dates clearly show the casual approach of the Petitioner companies in filing their claims. It not only contravenes the directions of the Hon'ble Commission but also undermines the entire process of determination of charges. Unsurprisingly, the Petitioner companies have similarly failed to file tariff/true up Petitions for the past years within the timelines prescribed by the Hon'ble Commission in the relevant regulations. Considering the above facts of the matter, the present Petitions are</p>	<p>The Hon'ble Commission vide its order in I.A.No.4 of 2021 dated: 27.03.2021 continued the Cross Subsidy Surcharge (CSS) and Additional Surcharge (AS) as applicable on 31.03.2019 as per order dated 27.03.2018 w.e.f.01.04.2021 and directed the Discoms to file the proposals of Additional Surcharge (AS) for FY21-22. Accordingly, the Discoms are levying the CSS & AS on the Open Access (OA) consumers i.e. as per the Hon'ble Commission's Order dated 27.03.2018.</p> <p>It is pertinent to mention that, the Hon'ble TSERC in its order in OP No. 23 of 2020 directed the Discoms to file the proposals for 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.</p> <p>However, the Discoms could not file the aforementioned proposals for FY21-22 within the stipulated timeline due to the enforcement of Model Code of Conduct in view of elections to GHMC, State Legislative Council, Bye-elections to a constituency of State Legislative Assembly & imposition of state wide lockdown, by Govt. of Telangana for containment of COVID-19 pandemic in the state w.e.f. 12.05.2021 that are beyond the control limit of the licensees.</p> <p>Eventually, in accordance with the above mentioned directions, the licensees filed the present proposals of AS for H1 & H2 of FY21-22 initially with the data that is received by the licensees and then subsequently, corrigendum to the earlier petitions duly considering the stranded capacity of the Discoms due to OA consumers that is in</p>

liable to rejected inlimine.

2. Retrospective levy of additional surcharge:-

As is evident from the afore-stated dates of filing the Petitions, the Petitions cover the period of FY 2021-22 that has already elapsed Retrospective levy of additional surcharge, if any will cause grave injustice to the consumers.

Several judgements of the Hon'ble Appellate Tribunal of Electricity ('Aptel') depict that CSS and ASC are in the nature of compensation to the discoms and have no effect on the revenue of the discom since the collected amount is any ways reduced from its ARR.Following may also be referred in this regard.

There has never been retrospective levy of ASC in any state.

During FY 2017-18, the Petitioner discoms had filed ASC petitions on 15.06.2017 based on the data for FY 2016-17 and the order for the same was issued by the Hon'ble TERC on 13.12.2017.The order was made applicable from 01.01.2018 only.

Similarly, in Haryana, in the first instance of levy of ASC, the Discoms had filed Petition in June 2013 for levy of ASC in FY 2013-14, while ASC was levied by the HERC w.e.f. 29.05.2014. It was not levied on retrospective basis.

In its judgment dated 02.12.2013 in Appeal No.178 of 2011 in the case of Rlnfrays MERC, the Hon'ble Aptel ruled out the retrospective levy of CSS

Considering the above facts of the matter, the Petitioners cannot be allowed to recover the alleged costs based on the delayed filings. As an alternate, the Hon'ble Commission may allow the levy, if any, on a prospective basis only after it is found justifiable

consonance with the methodology approved by the Hon'ble Commission with a request before the Hon'ble Commission to condone the delay in filing due to the aforementioned uncontrollable factors.

It is also to mention that, the present levy of AS @ Rs.0.52 per unit already leads to under recovery of the stranded charges that are to be recovered by the Discoms as per the statutory provisions and the Hon'ble Commissions' order in OP No.23 of 2020 and the same is herewith presented below:

Particular	H1 of FY21-22	H2 of FY21-22
Stranded capacity due to OA (MW)	276	220
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Net under recovery of stranded charges by the Discoms (Cr.)	130	154

Hence, in view of the above the present filings of the Discoms incorporating the recovery of the fixed cost commitments in view of its universal service obligation as per the Electricity Act, 2003 are justified.

	on merits.	
3.	<p><u>Directions of the Hon'ble Commission in Order dated 27.03.2021 allowing continuation of the existing tariffs, CSS & ASC:</u></p> <p>3.1 The Petitioner has computed ASC on the actual fixed cost of power purchase, and the actual transmission cost without getting done the truing up/prudence of costs in any of the past years.</p> <p>3.2 Notably, in the I.A No. 4 of 2021 in O.P. Nos. 21 & 22 of 2017, the Petitioners had submitted to the Hon'ble Commission seeking direction to continue the existing retail supply tariffs, the CSS and the ASC as determined in the tariff order dated 27.03.2018 from 01.04.2021 till issuance of the retail supply tariffs, CSS and ASC orders for the financial year 2021-22.</p> <p>3.3 Based on such submission, the Hon'ble Commission vide order dated 27.03.2021 allowed the prayer of the Petitioners to continue the existing tariff along with CSS and ASC with effect from 01.04.2021.</p> <p>3.4. Therefore, while the Petitioners were supposed to file Petitions for determination of retail supply tariffs, CSS and ASC for FY 2021-22, they have chosen only to file the Petitions for determination of ASC.</p> <p>3.5. By way of only filing the petition for levy of ASC, the Petitioner is attempting to recover the fixed cost from a select few consumers while a significant quantum of its fixed cost and ARR remains unrecovered in the retail tariffs.</p> <p>3.6. The Hon'ble Commission is requested not to allow determination and levy of ASC without conducting the due prudence of costs and revision of retail tariffs.</p>	As mentioned above, the Discoms have submitted the present filings as directed by the Hon'ble Commission in its order in OP No.23 of 2020. Further, the licensees had also submitted the petitions for Aggregate Revenue Requirement (ARR) of the Discoms for Retail Supply Business for FY2019-20, FY2020-21 and FY2021-22 before the Hon'ble Commission on 31.03.2021 and the same is pending before the Hon'ble Commission.
4.	<u>Data Deficiency w.r.t available capacity and 15 min time block wise data</u>	The Discoms have duly adhered to the Commissions Order in OP No.23 of 2020 in determining the Additional Surcharge for H1 & H2 of

<p>4.1. The Hon'ble Commission in its order dated 18.09.2020 in OP No. 23 of 2020, has specified that the methodology approved vide Order dated 13.12.2017 in I.A.Nos.22&23 of 2017 in O.P.Nos.22&23 of 2016 respectively for computation of Additional Surcharge will remain active and final.</p> <p>4.2. Further, the Hon'ble Commission in its order dated 13.12.2017, has considered the long-term available capacity inclusive of all conventional and non-conventional sources of power excluding the market purchases, for the purpose of working out the fixed cost obligation of discoms.</p> <p>4.3. We submit the following in view of the above: -</p> <p>4.3.1. The 15 min- time block wise data stated to be submitted as soft copy in para 6 of the Petitions is not available to the stakeholders</p> <p>4.3.2. Due to the absence of data on the plant wise long term available capacity, it is impossible to verify if the Petitioner has adhered to the methodology approved by the Hon'ble Commission for determining long term available capacity.</p> <p>4.3.3. The stakeholders cannot validate. the determination of stranded capacity as purported to be done by the discoms i.e. by considering minimum of backing down and OA scheduled capacity for each 15 min time blocks.</p> <p>4.4. Considering the above, we request the Hon'ble Commission to direct the Petitioners to furnish all the data to the stakeholders for our analysis and comments thereof. It will not be possible comment on the claims of the discoms without such dataset.</p>	<p>FY21-22 and the relevant data has been submitted to the Hon'ble Commission and the same has been made available on Discoms' website as well.</p>
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<p>5</p>	<p><u>Open Access has helped the discoms lower its cost:-</u></p> <p>5.1. It is submitted that when the Open Access Consumers procure power from sources other than incumbent distribution licensee, the distribution licensee avoids procuring power in merit order i.e. highest variable cost generation is avoided first and then the second highest variable cost generation on so on.</p> <p>5.2. The open access consumers help the Discom in meeting their demand requirements and in avoiding expensive power purchases. Imposing Additional Surcharge in such a case will be tantamount to penalising the OA consumers who are helping in managing the power supply during shortage scenarios in a cost-effective manner.</p> <p>5.3 Open Access consumers lead to non-procurement of power by the Discom from expensive stations and thus help it in maintaining cost effective supply during shortage scenarios.</p>	<p>The Licensees have an obligation to provide uninterrupted reliable power supply to all the consumers in its area of supply. As a part of its universal obligation, the Licensees to meet the increasing demand have tied up with power generators to remove demand-supply gaps. The Licensees have to bear the fixed cost even in case of no off take of energy through such source.</p> <p>The frequent switching of consumption by the OA consumers between the Discoms and open access led to the stranding of power purchase commitments of the licensees impacting its financials. Even though, the procurement of power from highest variable station is avoided due to OA, the per unit cost of power procured by the licensees increases due to the fixed cost commitments indicating under utilization of the assets/available generation. Hence, the contention herein that the power procured by the Discoms shall be cost effective is not correct and highly untenable.</p>
	<p><u>B. Methodology for determination of Additional Surcharge:-</u></p> <p>Expenses approved in the Tariff Order for computation of Additional Surcharge:</p> <p>1.1 The Petitioner has computed ASC on the actual fixed cost of power purchase, and the actual transmission cost without getting done the truing up/prudence of costs in any of the past years</p> <p>1.2. It is necessary for the Hon'ble Commission to conduct prudence check of the actual data submitted in the petitions so that the cost of the inefficiencies of the Petitioners are not passed on to the Open Access consumers by way of the unjustifiably high additional surcharge.</p>	<p>The National Tariff Policy,2016 notified by Ministry of Power has the following provision on AS:</p> <p><i>Clause 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”.</i></p> <p>In accordance with the above mentioned provision, it is to mention that, the conclusive demonstration of stranded assets is viable only if the actual cost commitments of the Discoms are considered. Accordingly, the Hon’ble Commssion has also passed order in OP</p>

	<p>1.3. Thus, the Hon'ble Commission is requested to determine ASC either on the basis of the cost approved in earlier Tariff Order of the Hon'ble Commission or after conducting a thorough prudence check of the claimed costs.</p>	<p>No.23 of 2020 dated 18.09.2020 considering the actual cost commitments of the Discoms in arriving at the Additional Surcharge and hence, the Discoms has considered the actual figures in computation of AS that is appropriate.</p>										
	<p>2. Computation of Fixed Charges:-</p> <p>2.1. The Petitioners have considered the actual fixed charges paid during FY 2020-21 for working out the ASC. We depict below a comparison of this cost with the fixed cost of power purchase considered by the Hon'ble Commission in its order dated 09.03.2021 issued for determination of the pooled cost of power purchase' for FY 2020-21. Table:-</p> <table border="1" data-bbox="325 678 1344 932"> <thead> <tr> <th></th> <th>Petition for H1 FY21-22 (a)</th> <th>Petition for H2 FY21-22 (b)</th> <th>Fixed cost considered for ASC in present petitions (a+b)</th> <th>Fixed cost approved in pooled power purchase cost order dated 09.03.2021</th> </tr> </thead> <tbody> <tr> <td>Fixed Cost (Cr.)</td> <td>5110.20</td> <td>5462.49</td> <td>10572.69</td> <td>9314.04</td> </tr> </tbody> </table> <p>2.2. It can be observed from the above table that the fixed cost of power purchase considered in the present Petitions is higher by more than Rs. 800 Crore vis-à-vis the cost considered by the Hon'ble Commission in the order dated 09.03.2021.</p> <p>2.3. Besides the above, the Petitioners have also considered additional cost of Rs. 342.169 Crore in each half year on account of 'Interest on Pension Bonds', which is neither approved in the past orders of the Hon'ble Commission nor it is linked in any way to the determination of additional surcharge.</p>		Petition for H1 FY21-22 (a)	Petition for H2 FY21-22 (b)	Fixed cost considered for ASC in present petitions (a+b)	Fixed cost approved in pooled power purchase cost order dated 09.03.2021	Fixed Cost (Cr.)	5110.20	5462.49	10572.69	9314.04	<p>The Discoms had considered the actual fixed charges paid to the generators during H1 (Apr'20 to Sep'20) and H2 (Oct'20 to Mar'21) of FY2020-21 for determination of Additional Surcharge (AS) for H1 & H2 of FY2021-22 in consonance with the Commissions' order in OP No.23 of 2020.</p> <p>It is to mention that, the Hon'ble Commission had considered the actual fixed cost incurred for FY2019-20 for determination of the pooled cost of power purchase for FY 2020-21. Hence, the variation in fixed cost as mentioned is inevitable as the costs pertain to different periods.</p> <p>Interest on Pension Bonds constitutes the fixed cost commitments of the licensees as claimed by the generators and hence, the Discoms have considered the fixed charges paid to the generators in the respective period as per the methodology approved by the Commission in the present filings. It is also pertinent to mention that, the Hon'ble Commission has also considered the same in determining the AS for FY18-19 vide its order dated:27.03.2018.</p>
	Petition for H1 FY21-22 (a)	Petition for H2 FY21-22 (b)	Fixed cost considered for ASC in present petitions (a+b)	Fixed cost approved in pooled power purchase cost order dated 09.03.2021								
Fixed Cost (Cr.)	5110.20	5462.49	10572.69	9314.04								

	<p>2.4. In view of the above, the Hon'ble Commission is requested to thoroughly evaluate the fixed cost to be considered before determining the Additional Surcharge.</p>	<p>Further, the Hon'ble Commission in its Regulation on (Terms and Conditions of Generation Tariff) viz., Reg.No.1 of 2019 mentioned that the terminal liabilities in respect of pensioners shall be considered as per the actuals paid and the same is presented below: <i>“19.8. With regard to unfunded past liabilities of pension and gratuity, the Commission will follow the principle of “pay as you go”.....</i> <i>19.12. Terminal Liabilities such as death-cum-retirement gratuity, pension, commuted pension, leave encashment, LTC, medical reimbursement including fixed medical allowance in respect of pensioners will be approved as per the actuals paid.”</i> In view of the above, the inclusion of the cost paid by the licensees in the fixed cost commitments of the Discoms is highly justified.</p>
	<p><u>3. Transmission Charges for the purpose of Additional Surcharge:</u></p> <p>3.1. The Petitioners while computing per unit rate of transmission charges have considered the inter-state transmission charges, intra-state transmission charge and SLDC charges. The Hon'ble Commission in its order dated 27.03.2021 for determination of Additional Surcharge for FY 2018-19 has considered only the intra-state transmission charge while computing the transmission charge per unit.</p> <p>3.2. It may also be noted that the CERC (Sharing of Inter-State Transmission Charges and Losses) Regulations, 2020 also provide for reimbursement of such ISTS charges paid by the consumers availing STOA, back to the state where the entity is located. Thus, inclusion of ISTS charges and SLDC charges in the computation of transmission cost per unit will lead to unjustified levy of charges on the State Open Access Consumers since they are any-ways</p>	<p>The Hon'ble Commission in its order in OP No.23 of 2020 (pg 12) opined that the methodology of AS computation was approved in the Order dated 13.12.2017 in I.A.Nos.22&23 of 2017 in O.P.Nos.22&23 of 2016 respectively (AS Order for FY17-18) and the same have attained finality. Hence, in view of the above, the licensee has considered the transmission charges i.e., both intra & inter state transmission charges for computing per unit transmission charge in conformity with the aforementioned order. It is also pertinent to mention that, the Hon'ble Commission also considered the same for computing the per unit transmission charge in its order for determination of AS for FY2018-19. Further, there is no rationality in considering intra state transmission charges alone, as the Discoms have long term power purchase commitments with both intra and inter state generators thereby utilizing the intra and inter state transmission corridors. And, further the backing down of generation is not limited to intrastate generators alone. Hence, the transmission charges that are</p>

	<p>paying these.</p>	<p>considered in totality are justified in arriving at per unit transmission charge. The licensees pay the ISTS charges by considering the capacity of OA consumers also. Hence, the reimbursement of such charges to the OA consumers does not arise.</p>
	<p><u>4. Incorrect Consideration of Distribution charges:-</u></p> <p>4.1. It is submitted that the Petitioner in the current petition has not provided any details with regard to the calculation of the Distribution Cost per unit at the rate of Rs. 1.01/ unit. The Hon'ble Commission in its past orders has computed the Distribution charges per unit by dividing distribution cost and MOD units as approved in the latest Tariff Order.</p> <p>4.2 It is submitted that as per the clause 8 of the Terms and Conditions of Open Access to Intra-State Transmission and Distribution Regulation 2005, the Hon'ble Commission has allowed open access to consumers with contracted capacity more than 1 MW. Accordingly, it is only the distribution cost at 11 kV and above that can be attributed to the open access consumers. Loading of distribution cost of LT consumers is unjust and arbitrary.</p> <p>4.3. Notably, the Hon'ble Gujarat Electricity Regulatory Commission which follows the similar methodology for determination of the ASC, considers the distribution / wheeling charge at 11 kV & above only.</p> <p>4.4 The Hon'ble Commission is therefore requested to consider the appropriate distribution cost for the computation of Additional</p>	<p>It is to reiterate that, the licensee has computed the per unit Distribution cost in consonance with the commissions order in OP No.23 of 2020 dated 18.09.2020 and order for AS for FY17-18 dated 13.12.2017.</p> <p>It is also pertinent to mention that, the Hon'ble Commission considered the approved Distribution cost of FY16-17 i.e., Rs. 3,658.15 Cr. in arriving the per unit distribution cost of Rs.0.71 per unit in the order for AS for FY17-18. In a similar way, the licensee has considered the approved distribution cost of FY2020-21 by the Hon'ble Commission in arriving the per unit distribution cost of Rs.1.01 per unit in the present filings.</p>

	Surcharge.																																																	
	<p>5. Reduced Additional Surcharge on account of low OA capacity compared to Backed down Capacity :-</p> <p>5.1 The Hon'ble Commission in the Order dated 18.09.2020 in OP No. 23 of 2020, while framing the terms & conditions for levy of Additional Surcharge on open access users, has discussed in detail the various reasons leading to backing down of generating stations by the Discoms including but not limited to load variations, short term purchase by Discoms, open access etc.</p> <p>5.2. The Hon'ble Commission made similar observations in its earlier order dated 13.12.2017 while determining the ASC for FY 17-18 and highlighted that not all stranded capacity is due to open access. Relevant extract of the order is provided below: "3.5. Determination of Additional Surcharge</p> <p>3.5.1. The stranded cost is the fixed cost arrived at for the stranded capacity attributable only to the Open Access Consumers for which the Licensees' are to be appropriately compensated for allowing such open access.</p> <p>The Commission has closely looked into the calculation provided by the Licensees in order to arrive at what could be the reasonable Additional Surcharge. The Commission observed that not all stranded capacity is due to open access as open access sales for FY 2016-17 constitutes 44% of back down of FY 2016-17 (See Annexure i for details) There are sufficient reasons for levying Additional Surcharge; otherwise the entire liability due to stranded capacity would be loaded in the retail consumers when not all of them are beneficiaries of Open Access. Further the Additional</p>	<p>The Discoms have determined the Additional Surcharge in the present filings in accordance with the Hon'ble Commissions' order dated:18.09.2020 duly incorporating the methodology as approved by the Commission.</p> <p>The stranded capacity that has been mentioned in the present filings is attributed to Open Access only wherein the licensees have considered the 15-minute time-block data of available capacity and scheduled capacity of all generating stations having long term PPAs with the Discoms, and the scheduled capacity of OA consumers of six months period. The stranded capacity for the 15-minute time block is then obtained to be the lower of the surplus capacity (i.e., available capacity less scheduled capacity) and capacity scheduled by OA consumers. Accordingly, the average stranded capacity for six-month period due to open access has been arrived. The same can be implied from the table below for H2 that is submitted in the present filings.</p> <table border="1" data-bbox="1400 829 2494 1143"> <thead> <tr> <th>Particular (in MW)</th> <th>Oct-20</th> <th>Nov-20</th> <th>Dec-20</th> <th>Jan-21</th> <th>Feb-21</th> <th>Mar-21</th> <th>Average</th> </tr> </thead> <tbody> <tr> <td>Availible capacity</td> <td>8999</td> <td>8874</td> <td>8265</td> <td>8349</td> <td>8320</td> <td>8642</td> <td>8575</td> </tr> <tr> <td>Scheduled Capacity</td> <td>7342</td> <td>7236</td> <td>7272</td> <td>7550</td> <td>7907</td> <td>8310</td> <td>7603</td> </tr> <tr> <td>(Deficit)/Surplus</td> <td>1657</td> <td>1638</td> <td>993</td> <td>799</td> <td>413</td> <td>333</td> <td>972</td> </tr> <tr> <td>OA Scheduled Capacity</td> <td>308</td> <td>317</td> <td>240</td> <td>248</td> <td>195</td> <td>165</td> <td>246</td> </tr> <tr> <td>Stranded Capacity</td> <td>296</td> <td>317</td> <td>236</td> <td>210</td> <td>158</td> <td>101</td> <td>220</td> </tr> </tbody> </table> <p><i>Stranded Capacity arrived by considering minimum of backing down i.e., deficit and OA scheduled capacity for each 15-min block</i></p> <p>From the above table, it is evident that the average stranded capacity for H2 of FY20-21 i.e., 220MW being different from the average OA Scheduled capacity & Average Surplus of the Discoms viz., 246MW & 972MW respectively ensures that the stranded capacity has been</p>	Particular (in MW)	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Average	Availible capacity	8999	8874	8265	8349	8320	8642	8575	Scheduled Capacity	7342	7236	7272	7550	7907	8310	7603	(Deficit)/Surplus	1657	1638	993	799	413	333	972	OA Scheduled Capacity	308	317	240	248	195	165	246	Stranded Capacity	296	317	236	210	158	101	220
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Surcharge worked out cannot be wholly allowed to be passed on considering the fact that no Additional Surcharge has been allowed by this Commission thus far and levying of entire Additional Surcharge calculated above may adversely impact the Open Access consumers. In view of the above to strike a balance between the Commissions determines the Additional Surcharge at Rs.0.52/unit (i.e. 44% of Rs.1.17). Hence, the Commission determined the additional surcharge at Rs. 0.52 per kWh."

5.3. In line with the above order and the details submitted by the Petitioner in the present petitions for determination of Additional Surcharge in H1 and H2 of FY 2021-22, it was observed that open access schedule constitutes 13% and 25% of the average backed down capacity in H1 and H2 of FY 2020-21 respectively, as shown below

FY 20-21	Avg Backed Down Capacity (MW)(a)	Avg OA Scheduled Capacity (MW)(b)	Percentage of OA capacity as a part of backed down capacity(b/a)
H1	2014.95	279.68	13.88%
H2	972.26	245.56	25.25%

In view of the above, the Hon'ble Commission is requested to continue with its approach and determine Additional surcharge, if any, considering the percentage of open access capacity as a part of backed down capacity viz. —26% in H2 of FY 20-21.

determined by considering minimum of surplus & OA schedules for each 15-minute time block as directed by the Hon'ble Commission. Accordingly, the Discoms have filed for a recovery of fixed cost commitments limiting to the stranded capacity due to OA alone and not for the entire surplus capacity available with the Discoms. Hence, the AS computed in the present filings wholly pertains to OA. The Hon'ble Commission in its order for AS for FY16-17 as mentioned herein by the objector arrived at the stranded capacity based on the open access sales & backed down units by the generator and hence, limited the stranded capacity due to open access based on the percentage of OA sales to backed down units. However, in the present filings, there is a clear establishment of stranded capacity due to OA by the licensees considering 15 minute time block data and hence, the question of further limitation of AS based on percentage of open access capacity as a part of backed down capacity does not arise.

S.No.	Summary of Objections / Suggestions	Response of the Licensee
17.Devashree ISPAT (P) LTD., 8-2-293/82, Plot No.86, Prashasan Nagar, Road No.72, Jubilee Hills, Hyderabad – 500 110, Tel: 040-23550175, Email: dsisp@shreetmt.com		
i.	We request you to provide us the copy of filings of TSSPDCL for Additional Surcharge for H1 & H2 of FY21-22.	The copy of filings as requested by the consumer had been submitted in the form of hard copy and the same are made available on Discoms' website.