

SOUTHERN POWER DISTRIBUTION COMPANY OF TELANGANA LTD.

&

NORTHERN POWER DISTRIBUTION COMPANY OF TELANGANA LTD.



RESPONSES TO OBJECTIONS / SUGGESTIONS

On

Determination of Additional Surcharge for H1 of FY 2023-24

INDEX

S.No	Name and Address of the Objector	Pg.No.
1.	Jogendra Behera , CRO &VP - Market Economics & Regulatory, IEX	1
2.	The Federation of Telangana Chambers of Commerce and Industry (FTCCI) , Federation House, Federation Marg, 11-6-841, Red Hills, Hyderabad 500004	5
3.	South Indian Cement Manufacturers Association , 3 rd Floor, 36 th Square, Plot no. 481, Road no. 36, Jubilee Hills, Hyderabad-500034, Telangana	24

1. Response to IEX

S.No	Summary of Objections / Suggestions	Response of the Licensee
1	<p>The State Distribution Companies of Telangana i.e. TSSPDCL & TSNPDCL (hereinafter referred to as 'Licensees' or 'Petitioners' or 'Discoms') have filed the present Petitions before the Hon'ble Telangana State Electricity Regulatory Commission (hereinafter referred to as 'Hon'ble Commission') for determination of Additional Surcharge ('ASC') of Rs. 9.86/ unit for H1 of FY 2023-24. The proposed ASC is too high to be reflective of the stranded obligations of the Distribution Companies and if imposed may lead to disproportionately high recoveries.</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, TS Discoms have followed the Hon'ble Commission's methodology for determination of Additional Surcharge for H1 of FY 2023-24.</p>
2	<p>Distribution charges to be considered in the ASC computation- Need to align with previous Additional Surcharge Order dated 27.09.2022:</p> <p>2.1. In the present Petitions, the Discoms have claimed the per unit Distribution Cost at Rs. 1.17/ unit. It is observed that the per unit distribution cost computed in the petitions include the cost associated with LT network also which is contrary to the Hon'ble Commission approach in the Order on Additional Surcharge dated 27.09.2022 and Regulations applicable on OA consumers.</p> <p>2.2. Notably, the Hon'ble Commission in the previous order dated 27.09.2022, in line with the submissions of the stakeholders, did not consider the distribution cost of LT network while computing additional surcharge. Relevant section of the Order is iterated below:</p> <p><i>'The Commission finds merit in the submission of the stakeholders not to consider LT distribution cost for additional surcharge calculation. Hence the Commission has worked out the distribution</i></p>	<p>The licensee has considered the per unit Distribution cost in consonance with the commission's order in OP No.23 of 2020 dated 18.09.2020 and orders for AS for FY17-18 dated 13.12.2017 and AS for FY18-19 dated 27.03.2018. The Commission while determining AS for H1 2022-23 and H2 FY 2021-22 has also considered the total Distribution cost.</p> <p>The Hon'ble Commission considered the approved Distribution cost of FY16-17 i.e., Rs. 3,658.15 Cr. and of FY17-18 i.e., Rs. 4,295.84 Cr. in arriving at the per unit distribution cost of Rs.0.71 per unit and Rs. 0.82 per unit in the orders for AS for FY17-18 and AS for FY18-19 respectively. In a similar way, the licensee has considered the approved distribution cost of FY 2022-</p>

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	<p><i>charges of Rs.0.18/kWh by considering distribution cost other than LT i.e., 11 KV and 33 kV as detailed below:'</i></p> <p>2.3. Further, as per regulation 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. Consequently, it can be inferred that no consumers utilizing the facility of Open Access are connected to LT network.</p> <p>2.4. In view of the above, the Hon'ble Commission is requested to consider distribution cost for HT network only while computing Additional Surcharge.</p>	<p>23 by the Hon'ble Commission in arriving at the per unit distribution cost of Rs.1.17 per unit in the present AS H1 FY 24 filings.</p> <p>As per the methodology, Hon'ble Commission have not explicitly mentioned to exclude the LT Distribution cost while deriving the Additional Surcharge. Hence TS Discoms have considered the whole Distribution cost for FY 2022-23 as approved by the Hon'ble Commission in the Order for Distribution Business for 4th Control Period.</p> <p>TS Discoms would adhere to the instructions of the Hon'ble Commission, regarding the methodology for determination of Additional Surcharge.</p>
3	<p>Details of Fixed Charges of Power Purchase</p> <p>3.1. The Discoms in the present submission has considered Rs. 5589.64 Crore as the fixed charges for HI of FY 2022-23 for computation of Additional Surcharge. Further, the Discoms have only provided the generator wise breakup of fixed charges with no clarity on consideration of any supplementary charges or late payment surcharge or discount availed by the Discom on payment to Generators.</p> <p>3.2. The Hon'ble Commission is requested to conduct a prudence check on the fixed cost submitted by the Discoms and also direct the Discoms to submit the detailed break up of generator wise fixed cost considered for computation of Additional Surcharge.</p>	<p>The licensees have already provided the complete breakup of the individual fixed cost of each generating station that has been considered in the determination of AS for H1 FY 23-24.</p> <p>The invoices received from the generators are being verified as per PPA terms by internal audit team of TS Discoms and after their claims only the bills are passed for payments.</p> <p>TS Discoms would adhere to the instructions of the Hon'ble Commission for any further requirement of additional information.</p>

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4	<p>ISTS & STU Charges should not be considered for computation of Additional Surcharge</p> <p>4.1. The Discoms for the computation of per unit transmission charges, considered the inter-state, intra-state transmission charges and SLDC charges. It is submitted that the Hon'ble Commission by levy of ISTS and STU charges while computing Additional Surcharge will lead to excessive recovery of revenue by the Discom and inter-alia result in overburdening of the Open Access consumers.</p> <p>4.2. The Discoms in reply to our previous submission to the Additional Surcharge Petition for H2 of FY 2022-23 has relied on the methodology followed by the Hon'ble Commission for determination of Additional Surcharge for FY 2018-19, H2 for FY 2021-22 and HI for FY 2022-23.</p> <p>4.3. We submit here that the Hon'ble CERC in clause 11 (3) of the CERC (Sharing of Inter-State Transmission Charges and Losses) Regulations, 2020 clarify that any consumer availing open access to the ISTS system also pays its ISTS cost for the power procured</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. The Commission while determining AS for H1 and H2 2022-23 and H2 FY 2021-22 has also considered the ISTS.</p> <p>Hence, the licensee considered the transmission charges i.e., both intra-state & inter-state transmission charges for computing per unit transmission charge in conformity with the aforementioned order.</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> <p>TS Discoms understands that the ISTS cost paid by the consumer availing ISTS system, benefits in reduction of POC charges for the state. However, the same benefits have been passed on to the consumer through APR filed</p>

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	<p>through open access, the benefit of which accrues to the State/ Discom in reduction of their ISTS charges. Relevant clause of the Regulation is provided below:</p> <p><i>"11. Transmission charges for Short Term Open Access (3) Transmission charges for Short Term Open Access paid by an embedded intra-State entity during a month shall be reimbursed in the following billing month to the State in which such entity is located."</i></p> <p>4.4. Similarly, the embedded open access consumers are also paying STU charges as part of the fixed charges and additionally STU charges on all open access transactions.</p> <p>4.5. It is in view of the above that inclusion of ISTS & STU charges again for computation of Additional Surcharge as claimed by the Petitioner, will lead to double levy of the same charge on open access consumers. Thus, we request the Hon'ble Commission to re-consider its view on allowing inclusion of ISTS & STU charges in the ASC.</p> <p>In addition to the above, the Hon'ble Commission is requested to conduct the required prudence of the fixed costs claimed for H1- FY 23-24 while finalizing the Additional Surcharge to be levied on open access consumers.</p>	<p>by TS TRANSCO and approved by the Hon'ble Commission as per the regulatory processes.</p>

2. Response to [The Federation of Telangana Chambers of Commerce and Industry \(FTCCI\)](#)

S.No	Summary of Objections / Suggestions	Response of the Licensee																				
1	<p>1.1 ADDITIONAL SURCHARGE PROPOSED FOR H1 OF FY 2023-24 IS HIGHLY UNCOMPETITIVE</p> <p>a) It is humbly submitted that the proposed Additional Surcharge Rate of Rs. 9.86/unit in the instant petitions is highly uncompetitive as compared to other states. A brief comparison with other states is shown below:</p> <div data-bbox="491 662 1094 1084" data-label="Figure"> <table border="1"> <caption>ADDITIONAL SURCHARGE (RS/UNIT) APPROVED OTHER STATES FOR FY 23 VS TELANGANA PROPOSED FOR FY H1 FY 24</caption> <thead> <tr> <th>State</th> <th>Additional Surcharge (Rs/Unit)</th> </tr> </thead> <tbody> <tr> <td>TELANGANA</td> <td>9.86</td> </tr> <tr> <td>MADHYA PRADESH</td> <td>1.21</td> </tr> <tr> <td>GUJARAT</td> <td>0.31</td> </tr> <tr> <td>MARYANA</td> <td>1.15</td> </tr> <tr> <td>MAHARASHTRA</td> <td>1.27</td> </tr> <tr> <td>RAJASTHAN</td> <td>0.7</td> </tr> <tr> <td>DELHI (BYPL)</td> <td>1.33</td> </tr> <tr> <td>DELHI (BRPL)</td> <td>1.71</td> </tr> <tr> <td>DELHI (TPDDL)</td> <td>1.90</td> </tr> </tbody> </table> </div> <p>*The relevant orders of the other States are attached as Annexure-A</p> <p>b) Furthermore, it is apparent from the past submissions that the Telangana Discoms are claiming arbitrary inflated number pertaining to Additional Surcharge. Despite of the fact that Hon'ble TSERC with its wisdom, is consistently approving a lower value pertaining to Additional Surcharge. Notably, the Additional Surcharge claimed by the Petitioners in the instant petition is 7</p>	State	Additional Surcharge (Rs/Unit)	TELANGANA	9.86	MADHYA PRADESH	1.21	GUJARAT	0.31	MARYANA	1.15	MAHARASHTRA	1.27	RAJASTHAN	0.7	DELHI (BYPL)	1.33	DELHI (BRPL)	1.71	DELHI (TPDDL)	1.90	<p>The comparison of the approved Additional Surcharge of other states with the proposed Additional Surcharge of TS Discoms is improper.</p> <p>From the graph it can be observed that the approved Additional Surcharge in certain states is higher than the approved Additional Surcharge in Telangana (the approved AS in Telangana for H2 of FY 2022-23 is INR 1.38/kWh)</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. The Commission while determining AS for H2 2022-23 have also considered the same methodology.</p> <p>Hence, the licensee has derived the Additional Surcharge for H1 of FY 2023-24 in consonance with the methodology from the aforementioned order.</p>
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	<p>times of the approved value for H2 of FY23.</p> <table border="1" data-bbox="268 261 1310 841"> <thead> <tr> <th data-bbox="268 261 583 488">Particulars (In Rs/kWh)</th> <th data-bbox="583 261 762 488">As per ASC Order H2 2021-22 dated 24.12.2021</th> <th data-bbox="762 261 940 488">As per ASC Order H1 2022-23 dated 22.03.2022</th> <th data-bbox="940 261 1119 488">As per ASC Order H2 2022-23 dated 27.09.2022</th> <th data-bbox="1119 261 1310 488">As per ASC Petition H1 2023-24</th> </tr> </thead> <tbody> <tr> <td data-bbox="268 488 583 570">Claimed by the Petitioner</td> <td data-bbox="583 488 762 570">2.34</td> <td data-bbox="762 488 940 570">4.06</td> <td data-bbox="940 488 1119 570">6.81</td> <td data-bbox="1119 488 1310 570">9.86</td> </tr> <tr> <td data-bbox="268 570 583 724">Determined Additional Surcharge by the Commission</td> <td data-bbox="583 570 762 724">2.38</td> <td data-bbox="762 570 940 724">3.48</td> <td data-bbox="940 570 1119 724">1.38</td> <td data-bbox="1119 570 1310 724">-</td> </tr> <tr> <td data-bbox="268 724 583 841">Approved Additional Surcharge by the Commission</td> <td data-bbox="583 724 762 841">0.95</td> <td data-bbox="762 724 940 841">1.15</td> <td data-bbox="940 724 1119 841">1.38</td> <td data-bbox="1119 724 1310 841">-</td> </tr> </tbody> </table>	Particulars (In Rs/kWh)	As per ASC Order H2 2021-22 dated 24.12.2021	As per ASC Order H1 2022-23 dated 22.03.2022	As per ASC Order H2 2022-23 dated 27.09.2022	As per ASC Petition H1 2023-24	Claimed by the Petitioner	2.34	4.06	6.81	9.86	Determined Additional Surcharge by the Commission	2.38	3.48	1.38	-	Approved Additional Surcharge by the Commission	0.95	1.15	1.38	-	<p>Having said that, Hon’ble Commission in its Orders dated 24.12.2021 and 22.03.2022, had recognized the importance of promoting competition as enshrined in the Electricity Act, and had duly limited the final approved Additional Surcharge, in the interest of all the stakeholders.</p> <p>TS Discoms would abide by the orders passed by the Hon’ble Commission, regarding the determination of Additional Surcharge.</p>
Particulars (In Rs/kWh)	As per ASC Order H2 2021-22 dated 24.12.2021	As per ASC Order H1 2022-23 dated 22.03.2022	As per ASC Order H2 2022-23 dated 27.09.2022	As per ASC Petition H1 2023-24																		
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	<p>c) Further, the National Tariff Policy (NTP) notified by Ministry of Power on 28th January 2016 stipulates the following:</p> <p><i>“Clause 8.5.4: <u>The additional surcharge for obligation to supply as per section42(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</u>”.</i></p>	<p>As per the Hon’ble Commission guidelines TS Discoms have calculated the Additional Surcharge after arriving the stranded capacity for each 15 min time block-wise.</p>																				
	<p>d) Despite clear provision allowing levy of Additional Surcharge only when existing power purchase commitments has been and continues to be stranded due to Open Access, there is an inverse trend of increasing</p>	<p>The stranded capacity has also reduced due to reduction in OA sales. The AS is calculated by considering the fixed</p>																				

	<p>Additional Surcharge with decreasing Open Access sales. The same trend is represented in tabular form below:</p> <table border="1" data-bbox="268 272 1318 857"> <thead> <tr> <th>Particulars</th> <th>Units</th> <th>ASC Order H2 2021-22</th> <th>ASC Order H1 2022-23</th> <th>ASC Order H2 2022-23</th> <th>ASC Petition H1 2023-24</th> </tr> </thead> <tbody> <tr> <td>OA Sales</td> <td>MU</td> <td>844.11</td> <td>645.9</td> <td>370.34</td> <td>213.29</td> </tr> <tr> <td>Claimed by the Petitioner</td> <td>(Rs./unit)</td> <td>2.34</td> <td>4.06</td> <td>6.81</td> <td>9.86</td> </tr> <tr> <td>Determined Additional Surcharge by the Commission</td> <td>(Rs./unit)</td> <td>2.38</td> <td>3.48</td> <td>1.38</td> <td>-</td> </tr> <tr> <td>Approved Additional Surcharge by the Commission</td> <td>(Rs./unit)</td> <td>0.95</td> <td>1.15</td> <td>1.38</td> <td>-</td> </tr> </tbody> </table>	Particulars	Units	ASC Order H2 2021-22	ASC Order H1 2022-23	ASC Order H2 2022-23	ASC Petition H1 2023-24	OA Sales	MU	844.11	645.9	370.34	213.29	Claimed by the Petitioner	(Rs./unit)	2.34	4.06	6.81	9.86	Determined Additional Surcharge by the Commission	(Rs./unit)	2.38	3.48	1.38	-	Approved Additional Surcharge by the Commission	(Rs./unit)	0.95	1.15	1.38	-	<p>charges for the stranded capacity of the respective periods.</p> <table border="1" data-bbox="1346 302 1892 672"> <thead> <tr> <th>Particulars</th> <th>Units</th> <th>ASC order H2 2021-22</th> <th>ASC order H1 2022-23</th> <th>ASC order H2 2022-23</th> <th>ASC petition H1 2023-24</th> </tr> </thead> <tbody> <tr> <td>OA Sales</td> <td>MU</td> <td>844.1</td> <td>645.9</td> <td>370.3</td> <td>213.3</td> </tr> <tr> <td>Stranded capacity</td> <td>MW</td> <td>219.9</td> <td>222.2</td> <td>119.4</td> <td>78.1</td> </tr> </tbody> </table>	Particulars	Units	ASC order H2 2021-22	ASC order H1 2022-23	ASC order H2 2022-23	ASC petition H1 2023-24	OA Sales	MU	844.1	645.9	370.3	213.3	Stranded capacity	MW	219.9	222.2	119.4	78.1
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	<p>e) This inverse increasing trend of increasing Additional Surcharge with decreasing Open Access sale is divergent to the essence of National Tariff policy and is anticompetitive. The relevant extract in support from Tariff Policy has been reproduced below:</p> <p><i>8.5 Cross-subsidy surcharge and additional surcharge for open access</i> <i>8.5.1</i> <i>National Electricity Policy lays down that the amount of cross-subsidy surcharge and the <u>additional surcharge to be levied from consumers who are permitted open access should not be so onerous that it eliminates competition which is intended to be fostered in generation and supply of power directly to the consumers through open access.</u></i></p>	<p>The Discoms have computed the AS in consonance with the methodology in OP No 23 of 2020. The AS determined by the Hon'ble Commission are implemented from time to time.</p>																																																

f) Additionally, it is submitted that the Hon'ble Commission, in its Order dated 24.12.2021, in O.P.s No. 48, 49, 50 and 51 of 2021 & I.A.s No. 21, 22, 23 and 24 of 2021 pertaining to Additional Surcharge for H1 and H2 of FY 2021-22 for Telangana Discoms had recognized the importance of promoting competition as enshrined in the Electricity Act, and had duly limited the final approved Additional Surcharge, in the interest of all the stakeholders. The relevant extract of the Order is reproduced below:

“4.2.9 As per the above computations, the AS for H2 of FY 2021-22 works out to Rs.2.38 / kWh. The preamble of the Electricity Act, 2003 emphasises, amongst others, taking measures conducive to development of electricity industry, promoting competition therein, protection of interest of consumers and rationalisation of electricity tariffs, as the objectives. The Commission has to do a balancing act in fulfilment of the mandate of the Electricity Act, 2003. The DISCOMs are entitled to the AS computed as above but at the same time such AS, being significantly higher than the present levels of AS, could hinder the very competition that the Electricity Act, 2003 advocates. Therefore, in the interest of all the stakeholders, the Commission decides to allow AS of Rs.0.96/kWh (~40% of Rs.2.38 / kWh).”

(Emphasis supplied)

g) A similar approach is followed in Order dated 22.03.2022 passed by Hon'ble Commission with regards to O.P. No 61 & 62 for H1 of 2022-23. The relevant extract is reproduced below:

4.1.10 As per the above computations, the Additional Surcharge for H1 of FY 2022-23 works out to Rs.3.48/kWh. The preamble of the Electricity Act, 2003 emphasises, amongst others, “for taking

The Discoms have computed the AS in consonance with the methodology in OP No 23 of 2020. The AS determined by the Hon'ble Commission are implemented from time to time.

measures conducive to development of electricity industry, promoting competition therein, protecting interest of consumers and rationalisation of electricity tariffs". The Commission has to do a balancing act in fulfilment of the mandate of the Electricity Act, 2003. TS Discoms are entitled to the Additional Surcharge computed as above but at the same time such Additional Surcharge, being significantly higher than the present level of Additional Surcharge, could hinder the promotion of competition that the Electricity Act, 2003 advocates. Therefore, in the interest of all the stakeholders, the Commission decides to allow Additional Surcharge of Rs.1.15/kWh (i.e., ~ 33% of Rs.3.48/kWh).

(Emphasis supplied)

h) Hence, the Objector humbly prays that the Hon'ble Commission may allow only a competitive Additional Surcharge after a through prudence check.

<p>2</p>	<p>1.2 Distribution cost</p> <p>a) It is apparent from the instant submissions that the Petitioners have submitted the Distribution Cost per unit at the rate of Rs. 1.17/unit assuming the Distribution ARR for LT as well as HT Consumers.</p> <p>b) The Objector is consistently raising this issue before Hon’ble TSERC by its past submissions. The Hon’ble TSERC with its wisdom has acknowledged the same in its latest order dated 27.09.2022 pertaining to H2 of FY 2022-23.</p> <p>Objector’s Past Submission in this regard:</p> <p><i>But it is humbly submitted that this is an incorrect approach and rather the distribution cost be attributed to only HT consumer. As per the applicable APERC Terms and Conditions of Open Access to Intra-State Transmission and Distribution Network Regulation No. 2 of 2005 (Clause 8: Phasing of Open Access), the Hon’ble Commission allowed the open access to consumers having contracted capacity of 1 MW or more than 1 MW.</i></p> <p><i>Hence, adhering to the regulation, it can clearly be derived that the mentioned distribution cost is for open access consumer connected at voltage level greater than 11 KV. Accordingly, the loading of distribution cost pertaining to LT network on HT consumers is not ethical</i></p> <p><i>Even the Hon’ble Commission in its past order regarding H1 of 2022-23 has approved the Additional Surcharge to be levied on Open Access Consumers by allowing the composite claim of Distribution</i></p>	<p>The licensee has computed the per unit Distribution cost in consonance with the commission's order in OP No.23 of 2020 dated 18.09.2020 and orders for AS for FY17-18 dated 13.12.2017 and AS for FY18-19 dated 27.03.2018. The Commission while determining AS for H1 2022-23 and H2 FY 2021-22 has also considered the total Distribution cost.</p> <p>The Hon’ble Commission considered the approved Distribution cost of FY16-17 i.e., Rs. 3,658.15 Cr. and of FY17-18 i.e., Rs. 4,295.84 Cr. in arriving at the per unit distribution cost of Rs.0.71 per unit and Rs. 0.82 per unit in the orders for AS for FY17-18 and AS for FY18-19 respectively. In a similar way, the licensee has considered the approved distribution cost of FY 2022-23 by the Hon’ble Commission in arriving at the per unit distribution cost of Rs.1.17 per unit in the present AS H1 FY 24 filings.</p> <p>TS Discoms state that the distribution cost per unit is arrived by considering the total distribution cost and total power purchase quantum, which is as per the methodology approved by the Hon’ble Commission.</p> <p>As per the methodology, Hon’ble Commission have not explicitly</p>
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	<p><i>Charges (Including HT as well as LT consumers) without any providing any rationale for the same. It is depicting a picture that Hon’ble Commission is allowing the Discoms to recover the LT network charges twice. First is from LT consumer in the form of tariff and second is from HT consumer in the form of Additional Surcharge.</i></p> <p>(.....)</p> <table border="1" data-bbox="296 483 1285 613"> <thead> <tr> <th>Particulars</th> <th>Petitioner’s Claim</th> <th>Objector’s Assessment</th> </tr> </thead> <tbody> <tr> <td>Distribution Cost</td> <td>Rs. 1.17/kWh</td> <td>Rs. 0.20/kWh</td> </tr> </tbody> </table>	Particulars	Petitioner’s Claim	Objector’s Assessment	Distribution Cost	Rs. 1.17/kWh	Rs. 0.20/kWh	<p>mentioned to exclude the LT Distribution cost while deriving the Additional Surcharge. Hence TS Discoms have considered the whole Distribution cost for FY 2022-23 as approved by the Hon’ble Commission in the Order for Distribution Business for 4th Control Period.</p> <p>TS Discoms would adhere to the instructions of the Hon’ble Commission, regarding the methodology for determination of Additional Surcharge.</p>
Particulars	Petitioner’s Claim	Objector’s Assessment						
Distribution Cost	Rs. 1.17/kWh	Rs. 0.20/kWh						
<p>3</p>	<p>1.3 Dubious fixed charges paid and recovery of Demand charges</p> <p>(a) It is well known principle that full Fixed Charges shall be recoverable only at normative plant availability and be allowed on prorated basis below the level of normative plant availability. The Objector is unable to comment on the veracity of fixed charges due to the following reasons:</p> <p>I. Ambiguity in Linkage of Fixed Charges Paid with Plant Availability</p> <p>The Petitioners have claimed Rs. 5589.64 Crores under the head of Fixed Charges paid without providing any clarity about the linkage of plant availability with fixed charges paid.</p> <p>Furthermore, it is submitted that the Actual Fixed Costs as a part of Actual Power Purchase Cost, ought to be subjected to strict prudence check in terms of Regulation 12 of the Tariff Regulations:</p> <p><i>“12.1 The Distribution Licensee shall be allowed to recover the cost of power it procures, including from State generators,</i></p>	<p>The licensees have already provided the complete breakup of the individual fixed cost of each generating station that has been considered in the determination of AS for H1 FY 23-24.</p> <p>TS Discoms would adhere to the instructions of the Hon’ble Commission for any further requirement of additional information.</p> <p>Discoms have computed the stranded capacity in each time block duly considering the availability of generation plants and the fixed charges paid to the generators are based on the availability of power plants as per the terms &</p>						

	<p><i>independent power producers, Central generating stations, non-conventional energy generators, and others, for supply to consumers, based on the Commission-approved Power Procurement Plan of the Distribution Licensee covering each year of the Control Period:</i></p> <p><i>Provided that where the procurement is for sale to consumers permitted open access by the Nodal Agency under the Open Access Regulation or purchase for trading, the Distribution Licensee shall provide an Allocation Statement as referred to in clause 5 clearly specifying the costs that are attributable to the sales made to such consumers, utilities, etc.</i></p> <p><i>12.2 Except in the case of Retail Supply Business insofar as for the first Control Period is concerned:</i></p> <p><i>a. The Commission shall adopt the Sales Forecast, the Distribution loss trajectory and the Power Procurement Plan approved as part of the Resource Plan for the purpose of determining the Power Purchase Requirement of the Distribution Licensee for the Control Period;</i></p> <p><i>b. The power procurement plan will not generally require any revisions during the Control Period, and the Commission-approved category-wise power procurement forecast shall be applied for estimating the Distribution Licensees' power procurement requirement for each year of the Control Period;</i></p> <p><i>c. While approving the cost of power procurement, the Commission shall determine the quantum of electricity to be procured, consistent with the power procurement plan, from various sources of supply, in accordance with the principle of merit order schedule and dispatch, based on a ranking of-all approved sources of supply in the order of variable cost or price.”</i></p>	<p>conditions of the PPA.</p>
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	<p>It is humbly submitted that Hon'ble Commission may direct the Petitioner to furnish Actual Monthly/Half-yearly Plant Availability Factor for each of the Power Plants from which Long-Term Power Procurement is being carried out.</p>																																
	<p>II. No break up of Fixed Charges elements provided for various generating stations, in order to confirm that no charge on the account of DPS or any non-fixed cost is considered.</p>	<p>The fixed charges paid to the generators are based on the availability of power plants as per the terms & conditions of the PPA.</p>																															
	<p>III. Absence of reconciliation statement with the relevant Audited Account report</p> <p>The Objector while verifying the submitted claims has observed that only audited accounts pertaining to TSSPDCL for respective quarters are available in public domain. The relevant finding from the audited accounts is reproduced below:</p> <p><u>Q1 Audited Accounts for TSSPDCL</u></p> <table border="1" data-bbox="451 966 1134 1136"> <thead> <tr> <th colspan="4">23 - POWER PURCHASE COST</th> </tr> <tr> <th rowspan="2">Particulars</th> <th>Q1 of 2022-23</th> <th>Q1 of 2021-22</th> <th>FY 2021-22</th> </tr> <tr> <th>₹ (in Crore)</th> <th>₹ (in Crore)</th> <th>₹ (in Crore)</th> </tr> </thead> <tbody> <tr> <td>Purchase of Power - Fixed Cost</td> <td>2,097.71</td> <td>2,049.01</td> <td>8,910.20</td> </tr> <tr> <td>Purchase of Power - Variable Cost</td> <td>5,202.41</td> <td>3,390.63</td> <td>16,353.17</td> </tr> <tr> <td>Transmission Charges</td> <td>824.82</td> <td>587.58</td> <td>3,066.60</td> </tr> <tr> <td>Other Power Purchase Costs</td> <td>34.81</td> <td>14.33</td> <td>(300.29)</td> </tr> <tr> <td>Total</td> <td>8,159.75</td> <td>6,041.55</td> <td>28,029.68</td> </tr> </tbody> </table>	23 - POWER PURCHASE COST				Particulars	Q1 of 2022-23	Q1 of 2021-22	FY 2021-22	₹ (in Crore)	₹ (in Crore)	₹ (in Crore)	Purchase of Power - Fixed Cost	2,097.71	2,049.01	8,910.20	Purchase of Power - Variable Cost	5,202.41	3,390.63	16,353.17	Transmission Charges	824.82	587.58	3,066.60	Other Power Purchase Costs	34.81	14.33	(300.29)	Total	8,159.75	6,041.55	28,029.68	<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>
23 - POWER PURCHASE COST																																	
Particulars	Q1 of 2022-23	Q1 of 2021-22	FY 2021-22																														
	₹ (in Crore)	₹ (in Crore)	₹ (in Crore)																														
Purchase of Power - Fixed Cost	2,097.71	2,049.01	8,910.20																														
Purchase of Power - Variable Cost	5,202.41	3,390.63	16,353.17																														
Transmission Charges	824.82	587.58	3,066.60																														
Other Power Purchase Costs	34.81	14.33	(300.29)																														
Total	8,159.75	6,041.55	28,029.68																														

Q2 Audited Accounts for TSSPDCL

23 - POWER PURCHASE COST

Particulars	Q2 of 2022-23	Q1 of 2022-23	Q2 of 2021-22	FY 2021-22
Purchase of Power - Fixed Cost	1,856.85	2,097.71	7.60	8,910.20
Purchase of Power - Variable Cost	4,440.44	5,202.41	6,270.77	16,353.17
Transmission Charges	922.77	824.82	586.53	3,066.60
Other Power Purchase Costs	44.36	34.81	24.00	(300.29)
Total	7,264.42	8,159.75	6,888.90	28,029.68

The Petitioners have not even furnished any reconciliation statement for the available audited accounts which is quite necessary to verify the claim.

Hence, it is prayed that Hon'ble Commission may direct the TS Discoms to provide relevant reconciliation statement and TSNPDCL audited reports towards corresponding quarters in order to check the veracity of the said claims.

IV. No clarity about the Fixed Charges paid towards the NCE power procurement

- b) Furthermore, it is submitted that the Hon'ble TSERC in its Retail Supply Tariff Order for FY 2022-23 dated 23.03.2022 has not considered any capacity allocation from NTECL Vallur TPS and NLC Tamil Nadu Power Ltd for FY 2022-23 in line with the earlier directives of the Commission in RST Orders for FY 2017-18 and FY 2018-19. The relevant extract of the RST order dt. 23.03.2022 for FY 2022-23 is reproduced below:

The **fixed charges** paid to the generators (NTECL Vallur TPS and NLC Tamil Nadu Power Ltd for **FY 2022-23**) are based on the allocation by Central Govt. and availability of power plants.

The Licensees submitted a requisition to MOP, GoI expressing its willingness to **surrender** the share of Telangana State from NTECL Vallur TPS and NLC TamilNadu Power Ltd. and it is under process.

Table 4-15 Power procurement cost from Central Generating Stations for FY 2022-23

Source	Claimed				Approved			
	Quantum MU	Fixed Cost Rs.crore	Variable Cost Rs.crore	Total Rs.crore	Quantum MU	Fixed Cost Rs.crore	Variable Cost Rs.crore	Total Rs.crore
Thermal								
NTPC Ramagundam Stage I & II	2683.01	189.60	690.63	879.22	2716.15	181.22	699.16	880.38
NTPC Ramagundam Stage III	721.42	57.15	182.20	239.35	729.22	53.89	184.17	238.06
NTPC Talcher TPS II	1638.93	117.79	284.28	402.07	1598.29	110.39	277.23	387.62
NTPC Simhadri Stage I	2251.89	478.57	707.59	1186.13	3672.35	356.75	1153.88	1510.63
NTPC Simhadri Stage II	1298.23	230.24	398.51	628.75	1765.35	245.11	541.91	787.02
NTPC Kudgi	1017.12	319.88	348.05	667.92	1751.40	294.24	599.31	893.55
NLC TPS II Stage I	395.60	27.08	104.54	131.63	385.93	28.10	101.99	130.09
NLC TPS II Stage II	710.07	50.12	187.82	237.95	692.64	52.26	183.21	235.47
NNTPP	402.72	68.24	88.03	156.28	392.73	78.22	85.84	164.06
TSSTPP Unit 1	3499.63	790.92	794.42	1585.33	3412.84	711.82	774.72	1486.54
NTECL Vallur TPS	834.63	135.00	245.48	380.48	0.00	0.00	0.00	0.00
NLC Tamil Nadu Power Ltd.	1068.60	188.57	283.77	472.34	0.00	0.00	0.00	0.00
Sub Total	16521.83	2652.16	4315.29	6967.45	17116.91	2112.01	4601.41	6713.42
Nuclear								

c) Further, the Objector has considered the Interest on Pension Bonds to the tune of Rs. 627.51 Crores (i.e. approved Rs.1255.01 Crores for FY23) in accordance with the latest approved TS Genco MYT Order dt. 22.03.2022 for FY 2019-20 to FY 2023-24 as against the Petitioner's claim of Rs. 653.72 Crores.

TSERC has approved Rs. 1255.01 Crores towards interest on pension bonds and Rs 52.43 Crores towards water charges in TS Genco MYT order for FY 2022-23, which adds up to **Rs. 1307.44 Crore** for FY 2022-23. Accordingly for **half year, 50%** of the total amount (Rs. 1307.44 Crore), i.e., **Rs. 653.72 Crores** has been considered.

d) In line with the Hon'ble Commission directives and latest TS GENCO Order, the Objector has worked out the allowable Fixed Charges paid:
(All Figures in Crores)

Name of the Generating Station	Petitioner's Claim	Objector's Assessment
	Apr'22 to Sep'22	Apr'22 to Sep'22
CGS		
NPC Kaiga - I& II	-	-

The Hon'ble Commission has 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 that is appropriate.

NPC-MAPS	-	-
NPC-Kudankulam	-	-
NLC ST-I	1.77	1.77
NLC ST-II	2.86	2.86
NNTPS	40.34	40.34
NTPC(SR) I & II	87.35	87.35
NTPC(SR) ST III	19.78	19.78
NTPC-Simhadri -I	229.90	229.90
NTPC-Simhadri -II	162.11	162.11
NTPC-Talcher-ST II	68.78	68.78
NTPC KUDIGI I	164.17	164.17
NTECL - VALLURU	71.59	-
NLC Tamilnadu Power Ltd	77.38	-
CGS Total	926.03	777.06
APGPCL ST-I	-	-
APGPCL ST-I & II	-	-
APGPCL Total	-	-
IPPs		
M/s Thermal Powertech 570MW	530.03	530.03
Thermal Powertech 269.45 MW	159.33	159.33
TOTAL IPPs/MPPs	689.37	689.37
KTPS V (D)	179.90	179.90
KTPS VI	260.90	260.90
RTS-B	275.97	275.97
Kakatiya Stage-I	43.11	43.11
Kakatiya Stage-II	180.30	180.30
KTPS Stage VII	360.06	360.06
BTPS	646.82	646.82

	<table border="1"> <tr> <td>Interest on Pension bonds</td> <td>653.72</td> <td>627.51</td> </tr> <tr> <td>TSGENCO-Hydel</td> <td>665.40</td> <td>665.40</td> </tr> <tr> <td>Thermal Incentive 2021-22</td> <td>-</td> <td>-</td> </tr> <tr> <td>TSGENCO-TOTAL</td> <td>3266.17</td> <td>3239.95</td> </tr> <tr> <td>SINGARENI CCL U1&U2</td> <td>708.08</td> <td>708.08</td> </tr> <tr> <td>Chhattisgarh SPDCL</td> <td>-</td> <td>-</td> </tr> <tr> <td>Total Fixed Cost Excluding NCEs</td> <td>5589.64</td> <td>5414.46</td> </tr> </table> <p>The veracity of above shown data needs to be verified by the Hon'ble Commission to avoid any loading of inefficiency of Discom on state Consumers in the form of Additional Surcharge.</p> <p>e) The Hon'ble Commission is requested to reevaluate the approach and direct the Petitioner to submit element wise break up of Fixed charges paid in order to check the veracity of claim.</p>	Interest on Pension bonds	653.72	627.51	TSGENCO-Hydel	665.40	665.40	Thermal Incentive 2021-22	-	-	TSGENCO-TOTAL	3266.17	3239.95	SINGARENI CCL U1&U2	708.08	708.08	Chhattisgarh SPDCL	-	-	Total Fixed Cost Excluding NCEs	5589.64	5414.46	
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Chhattisgarh SPDCL	-	-																					
Total Fixed Cost Excluding NCEs	5589.64	5414.46																					
4	<p>1.4 Inter-state transmission charges and SLDC charges</p> <p>a) The Objector is actively raising this issue before Hon'ble TSERC through its past submissions. The Past Submission in this regard is briefed below:</p> <p><i>a) Conceptually, Interstate Transmission charges (ISTS Charges) are paid by the Discoms on the account of accessing ISTS system for Open Access as notified by NLDC.</i></p> <p><i>b) Consumer availing interstate Open Access also pays against the cost of ISTS system for the power availed. A snippet of payment schedule of an Open access consumer is presented below for reference purpose only:</i></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. The Commission while determining AS for H1 and H2 2022-23 and H2 FY 2021-22 have also considered the ISTS.</p> <p>Hence, the licensee considered the transmission charges i.e., both intra-state & inter-state transmission charges for computing per unit transmission charge in</p>																					

9. Payment Schedule: Payment Due Date: 24/12/2021

(i) Transmission Charges			
Trans. Systems	Rates (Rs./MWh)	MWh	Total (Rs.)
(a) Intra-State			
UPPTCL	242.1	144	34862
(b) Inter-State (ISTS Charges)			
ISTS Charges (Madhya Pradesh)	448	144	64512
Total Of (i)			99374
(ii) Operating Charges			
RLDC/SLDC	Rates (Rs./Days)/ (Rs./MWh)	No Of Days/ Mwh	Total (Rs.)
WRLDC	1000	1	1000
NRLDC	1000	1	1000
Uttar Pradesh SLDC	1000	1	1000
Total Of (ii)			3000
(iii) Non-Refundable Application Fee (if not paid earlier)			5000
Grand Total (i + ii + iii)			107374

c) *This payment against the ISTS system paid by open access consumer results in the benefit to state in the form of reduced POC charges.*

(1) “.”

d) *Despite this, it is observed that the Open access consumer are double levied by inter-state transmission charges first at the time of availing Open Access and second at the time of paying Additional Surcharge, which is violative and unjustified in nature of the set principle. Even if the benefit is passed in the future ARR, this impact has already made open access infeasible for the state consumers.*

e) *The Objector request the Hon'ble Commission may reevaluate the view of allowing such inclusion of ISTS charges in the determination of Additional Surcharge.*

conformity with the aforementioned order.

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>b) The Hon’ble TSERC in its instant order dated 27.09.2022 pertaining to Additional Surcharge Order for H2 of FY 2022-23 has accepted the Discom’s submission. The Discom’s replies and Hon’ble TSERC view are reproduced below for reference:</p> <p style="text-align: center;">“TSDISCOMs’ Replies</p> <p style="text-align: center;"><i>3.5.13 TSDISCOMs understands that the ISTS cost paid by the consumer availing ISTS system, benefits in reduction of POC charges for the state. However, the same benefits have been passed on to the consumer through APR filed by TSTRANSCO.</i></p> <p style="text-align: center;">Commission’s View</p> <p style="text-align: center;"><i>3.5.14 The Commission is in agreement with the replies given by the TSDISCOMs.”</i></p>	
	<p>c) The Objector submits that the TS Discoms’ benefits in reduction of POC charges for the state have been passed on to the consumer through APR filed by TSTRANSCO does not accrue until the final order is issued and such benefit does not pass directly to Open Access Consumers.</p>	<p>TS Discoms understands that the ISTS cost paid by the consumer availing ISTS system, benefits in reduction of POC charges for the state. However, the same benefits have been passed on to the consumer through APR filed by TS TRANSCO.</p> <p>The Hon’ble Commission passed the orders duly considering the benefits in reduction of the POC charges for the state in the respective APRs filed by TS TRANSCO.</p>
<p>5</p>	<p>1.5 Proposed additional surcharge is higher than approved ACoS</p> <p>a) The TS Discoms has proposed an additional surcharge at a rate of Rs. 9.86/unit for H1 of FY 2023-24. The Hon’ble Commission in its last RST order FY 2022-23 dated 23.03.2022 has approved voltage wise</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.</p>

cost of supply. It can be clearly pointed out that the approved cost of supply for HT categories (33 kV and 132 kV) is far less than the proposed additional surcharge. The same from the RST order is reproduced below:

5.1.8 The CoS computed for each consumer category is as shown below:

Table 5-1 Cost of Service for FY 2022-23 (Rs./kWh)

Consumer Category		Claimed		Approved		
		TSSPDCL	TSNPDCCL	TSSPDCL	TSNPDCCL	State
LT Categories						
LT-I	Domestic	7.82	8.92	6.82	7.76	7.10
LT-II	Non-Domestic/ Commercial	7.20	8.23	6.53	7.46	6.75
LT-III	Industrial	7.05	7.85	6.59	7.46	6.77
LT-IV	Cottage Industries	7.17	10.29	6.43	9.76	8.05
LT-V	Agricultural	9.20	8.96	8.38	8.34	8.36
LT-VI	Street Lighting & PWS	7.58	10.09	6.40	9.74	7.74
LT-VII	General Purpose	8.23	9.77	7.43	9.74	8.52
LT-VIII	Temporary Supply	8.23	9.77	9.31	11.65	9.45
LT-IX	Electric Vehicle Charging station	8.94	9.77	6.16	NA	6.16
HT Categories						
HT-I	Industry Segregated					
	11 kV	6.78	5.88	7.64	9.13	7.90
	33 kV	5.82	5.37	5.76	5.96	5.77
	132 kV and above	5.28	4.96	5.01	5.29	5.05

b) Even the total sum of Additional surcharge proposed, CSS as approved in RST order FY 2022-23 dated 22.03.2022 and voltage wise wheeling charges approved for FY 2022-23 is far more than the approved ACoS. A comparison between the approved Average Cost of Supply and Open charges for HT category eligible for Open Access in tabular form is shown below:

(All Figures in Rs./kWh)

TSSPDCL	Approved CoS	Total Charges	Proposed Additional Surcharge	Approved CSS	Approved Wheeling Charges
HT Industry		(D = A+B+C)	(A)	(B)	(C)

22&23 of 2016 respectively (AS Order for FY17-18) and the same have attained finality. The Commission while determining AS for H2 for FY2022-23 have also considered the same methodology.

Hence, the licensee has derived the Additional Surcharge for H1 of FY 2023-24 in consonance with the methodology from the aforementioned order.

There is no defined capping on Additional Surcharge in the approved methodology.

Having said that, Hon'ble Commission in its Orders dated 24.12.2021 and 22.03.2022, had recognized the importance of promoting competition as enshrined in the Electricity Act, and had duly limited the final approved Additional Surcharge, in the interest of all the stakeholders.

The addition of Additional Surcharge to Cross-subsidy Surcharge and wheeling charges and comparison with ACoS is incorrect as ACoS is based on the Power purchase, Transmission and Distribution costs of the licensees.

TS Discoms would abide by the orders passed by the Hon'ble Commission,

	<table border="1"> <tr> <td>11 kV</td> <td>7.64</td> <td>12.47</td> <td>9.86</td> <td>1.97</td> <td>0.64</td> </tr> <tr> <td>33 kV</td> <td>5.76</td> <td>11.84</td> <td>9.86</td> <td>1.74</td> <td>0.24</td> </tr> <tr> <td>132 kV</td> <td>5.01</td> <td>11.59</td> <td>9.86</td> <td>1.53</td> <td>0.20</td> </tr> </table> <p>c) From the analysis presented in above table, it can be clearly pointed out that claim proposed by Discoms in its instant petitions is highly abrupt and against the consumer interest.</p> <p>d) It is humbly requested that the Hon’ble Commission may conduct a thorough prudence check over the proposed claim</p>	11 kV	7.64	12.47	9.86	1.97	0.64	33 kV	5.76	11.84	9.86	1.74	0.24	132 kV	5.01	11.59	9.86	1.53	0.20	regarding the determination of Additional Surcharge.																		
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33 kV	5.76	11.84	9.86	1.74	0.24																																	
132 kV	5.01	11.59	9.86	1.53	0.20																																	
6	<p>1.6 Additional surcharge for H1 of FY 2023-24 as per objector’s assessment</p> <p>a) Based on the data available, the Objector has computed the allowable Additional Surcharge for H1 of FY 2023-24, as follows:</p> <p style="text-align: center;">Additional Surcharge as per Objector’s Assessment</p> <table border="1"> <thead> <tr> <th colspan="2">Additional Surcharge</th> <th>Unit</th> <th>As per Objector's Assessment</th> </tr> </thead> <tbody> <tr> <td>{A}</td> <td>Long term available capacity</td> <td>MW</td> <td>8,651.85</td> </tr> <tr> <td>{B}</td> <td>Capacity stranded due to open access</td> <td>MW</td> <td>78.10</td> </tr> <tr> <td>{C}</td> <td>Fixed Charges paid</td> <td>Rs. crore</td> <td>5,414.46</td> </tr> <tr> <td>$\{D\}=\{C\}\div\{A\}$</td> <td>Fixed Charges per MW</td> <td>Rs. crore/MW</td> <td>0.63</td> </tr> <tr> <td>$\{E\}=\{D\}\times\{B\}$</td> <td>Fixed Charges for stranded capacity</td> <td>Rs. crore</td> <td>48.87</td> </tr> <tr> <td>{F}</td> <td>Transmission charges paid</td> <td>Rs. crore</td> <td>1,724.50</td> </tr> <tr> <td>{G}</td> <td>Actual Energy scheduled</td> <td>MU</td> <td>35,288.87</td> </tr> <tr> <td>$\{H\}=\{F\}\div\{G\}$</td> <td>Transmission charges per unit</td> <td>Rs./kWh</td> <td>0.49</td> </tr> </tbody> </table>	Additional Surcharge		Unit	As per Objector's Assessment	{A}	Long term available capacity	MW	8,651.85	{B}	Capacity stranded due to open access	MW	78.10	{C}	Fixed Charges paid	Rs. crore	5,414.46	$\{D\}=\{C\}\div\{A\}$	Fixed Charges per MW	Rs. crore/MW	0.63	$\{E\}=\{D\}\times\{B\}$	Fixed Charges for stranded capacity	Rs. crore	48.87	{F}	Transmission charges paid	Rs. crore	1,724.50	{G}	Actual Energy scheduled	MU	35,288.87	$\{H\}=\{F\}\div\{G\}$	Transmission charges per unit	Rs./kWh	0.49	<p>TS Discoms have responded to the item-wise objections made by the objector, in the above-mentioned sections, and would request the Hon’ble Commission to consider the computations done by Discoms, considering the justifications shared on the same.</p> <p>Having said that, Hon’ble Commission in its Orders dated 24.12.2021 and 22.03.2022, had recognized the importance of promoting competition as enshrined in the Electricity Act, and had duly limited the final approved Additional Surcharge, in the interest of all the stakeholders.</p> <p>TS Discoms would abide by the orders passed by the Hon’ble Commission, regarding the determination of Additional Surcharge.</p>
Additional Surcharge		Unit	As per Objector's Assessment																																			
{A}	Long term available capacity	MW	8,651.85																																			
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{F}	Transmission charges paid	Rs. crore	1,724.50																																			
{G}	Actual Energy scheduled	MU	35,288.87																																			
$\{H\}=\{F\}\div\{G\}$	Transmission charges per unit	Rs./kWh	0.49																																			

I	Distribution Charges as per Objector's Assessment	Rs./kWh	0.20	The objector has considered the transmission charges by omitting the ISTS charges, fixed charges by omitting the NTECL Vallur and NLC Tamilnadu and considered the Distribution charges of only HT network, hence the Additional Surcharge computed by the objector is inappropriate.
$\{J\}=\{H\}+\{I\}$	Total transmission and distribution charges per unit	Rs./kWh	0.69	
$\{K\}$	Energy consumed by open access consumers from the DISCOM	MU	1,922.68	
$\{L\}=\{K\}\times\{J\}$	Transmission and distribution charges to be paid by open access consumers	Rs. crore	131.97	
$\{M\}$	Demand charges recovered by the DISCOM from open access consumers	Rs. crore	194.93	
$\{N\}=\{M\}-\{L\}$	Demand charges to be adjusted	Rs. crore	62.96	
$\{O\}=\text{MAX}[\{E\}-\{N\},0]$	Net stranded charges recoverable	Rs. crore	-	
$\{P\}$	Open access sales	MU	213.29	
$\{Q\}=\{O\}\div\{P\}$	Additional Surcharge computed	Rs./kWh	-	
<p>b) The Objector humbly submits that there is no need for imposing additional surcharge on Open Access Consumers as the Demand charges to be adjusted i.e. Rs. 62.96 Crores is already being in excess as compared to the computed Fixed Charges for stranded capacity i.e. Rs. 48.87 Crores.</p>				

<p>7</p>	<p>PRAYERS</p> <p>The Objector most respectfully prays that this Hon’ble Commission may be pleased to:</p> <p>A. Consider the above Objection Statement filed by the Objector;</p> <p>B. Consider the Distribution Cost as submitted by the Objector in accordance to Hon’ble TSERC order dt. 27.09.2022 for the computation of Additional Surcharge;</p> <p>C. May allow the Transmission charges duly considering the CERC (Sharing of Inter-State Transmission Charges and Losses) Regulations, 2020;</p> <p>D. May Conduct a Prudence check over the Fixed Charges Paid and Demand Charges recoveries from Open Access Consumers;</p> <p>E. May direct the Discoms to provide a reconciliation with the audited accounts and the Fixed cost component of power purchase may be accordingly allowed subject to prudence check;</p> <p>F. May disallow the claim of Additional surcharge due to Discrepancies in computation and absence of reconciliation statement with audited accounts for the claim proposed by the Petitioners;</p> <p>G. Consider the methodology/approach/computation to work out the Additional Surcharge, if any, attributable to the open access consumers as assessed by the Objector;</p> <p>H. May approve null Additional Surcharge as assessed by the Objector;</p> <p>I. Pass necessary orders as may be deemed appropriate in the facts and circumstances of the case in the interest of competition, as has been enshrined in the Electricity Act;</p>	<p>TS Discoms have responded to the item-wise objections made by the objector, in the abovementioned sections, and would request the Hon’ble Commission to consider the computations done by Discoms, considering the justifications shared on the same.</p>
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3. Response to [South Indian Cement Manufacturers Association \(SICMA\)](#)

S.No	Summary of Objections / Suggestions	Response of the Licensee																				
1	<p>1.1 ADDITIONAL SURCHARGE PROPOSED FOR H1 OF FY 2023-24 IS HIGHLY UNCOMPETITIVE</p> <p>a) It is humbly submitted that the proposed Additional Surcharge Rate of Rs. 9.86/unit in the instant petitions is highly uncompetitive as compared to other states. A brief comparison with other states is shown below:</p> <div data-bbox="491 667 1094 1084" data-label="Figure"> <table border="1"> <caption>ADDITIONAL SURCHARGE (RS/UNIT) APPROVED OTHER STATES FOR FY 23 VS TELANGANA PROPOSED FOR FY H1 FY 24</caption> <thead> <tr> <th>State</th> <th>Additional Surcharge (Rs/Unit)</th> </tr> </thead> <tbody> <tr> <td>TELANGANA</td> <td>9.86</td> </tr> <tr> <td>MADHYA PRADESH</td> <td>1.21</td> </tr> <tr> <td>GUJARAT</td> <td>0.31</td> </tr> <tr> <td>MARYANA</td> <td>1.15</td> </tr> <tr> <td>MAHARASHTRA</td> <td>1.27</td> </tr> <tr> <td>RAJASTHAN</td> <td>0.7</td> </tr> <tr> <td>DELHI (BYPL)</td> <td>1.33</td> </tr> <tr> <td>DELHI (BRPL)</td> <td>1.71</td> </tr> <tr> <td>DELHI (TPDDL)</td> <td>1.90</td> </tr> </tbody> </table> </div> <p>*The relevant orders of the other States are attached as Annexure-A</p> <p>b) Furthermore, it is apparent from the past submissions that the Telangana Discoms are claiming arbitrary inflated number pertaining to Additional Surcharge. Despite of the fact that Hon'ble TSERC with its wisdom, is consistently approving a lower value pertaining to Additional Surcharge. Notably, the Additional Surcharge claimed by the Petitioners in the instant petition is 7</p>	State	Additional Surcharge (Rs/Unit)	TELANGANA	9.86	MADHYA PRADESH	1.21	GUJARAT	0.31	MARYANA	1.15	MAHARASHTRA	1.27	RAJASTHAN	0.7	DELHI (BYPL)	1.33	DELHI (BRPL)	1.71	DELHI (TPDDL)	1.90	<p>The comparison of the approved Additional Surcharge of other states with the proposed Additional Surcharge of TS Discoms is improper.</p> <p>From the graph it can be observed that the approved Additional Surcharge in certain states is higher than the approved Additional Surcharge in Telangana (the approved AS in Telangana for H2 of FY 2022-23 is INR 1.38/kWh)</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. The Commission while determining AS for H2 2022-23 have also considered the same methodology.</p> <p>Hence, the licensee has derived the Additional Surcharge for H1 of FY 2023-24 in consonance with the methodology from the aforementioned order.</p>
State	Additional Surcharge (Rs/Unit)																					
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	<p>times of the approved value for H2 of FY23.</p> <table border="1" data-bbox="268 261 1310 841"> <thead> <tr> <th data-bbox="268 261 583 488">Particulars (In Rs/kWh)</th> <th data-bbox="583 261 762 488">As per ASC Order H2 2021-22 dated 24.12.2021</th> <th data-bbox="762 261 940 488">As per ASC Order H1 2022-23 dated 22.03.2022</th> <th data-bbox="940 261 1119 488">As per ASC Order H2 2022-23 dated 27.09.2022</th> <th data-bbox="1119 261 1310 488">As per ASC Petition H1 2023-24</th> </tr> </thead> <tbody> <tr> <td data-bbox="268 488 583 570">Claimed by the Petitioner</td> <td data-bbox="583 488 762 570">2.34</td> <td data-bbox="762 488 940 570">4.06</td> <td data-bbox="940 488 1119 570">6.81</td> <td data-bbox="1119 488 1310 570">9.86</td> </tr> <tr> <td data-bbox="268 570 583 724">Determined Additional Surcharge by the Commission</td> <td data-bbox="583 570 762 724">2.38</td> <td data-bbox="762 570 940 724">3.48</td> <td data-bbox="940 570 1119 724">1.38</td> <td data-bbox="1119 570 1310 724">-</td> </tr> <tr> <td data-bbox="268 724 583 841">Approved Additional Surcharge by the Commission</td> <td data-bbox="583 724 762 841">0.95</td> <td data-bbox="762 724 940 841">1.15</td> <td data-bbox="940 724 1119 841">1.38</td> <td data-bbox="1119 724 1310 841">-</td> </tr> </tbody> </table>	Particulars (In Rs/kWh)	As per ASC Order H2 2021-22 dated 24.12.2021	As per ASC Order H1 2022-23 dated 22.03.2022	As per ASC Order H2 2022-23 dated 27.09.2022	As per ASC Petition H1 2023-24	Claimed by the Petitioner	2.34	4.06	6.81	9.86	Determined Additional Surcharge by the Commission	2.38	3.48	1.38	-	Approved Additional Surcharge by the Commission	0.95	1.15	1.38	-	<p>Having said that, Hon’ble Commission in its Orders dated 24.12.2021 and 22.03.2022, had recognized the importance of promoting competition as enshrined in the Electricity Act, and had duly limited the final approved Additional Surcharge, in the interest of all the stakeholders.</p> <p>TS Discoms would abide by the orders passed by the Hon’ble Commission, regarding the determination of Additional Surcharge.</p>
Particulars (In Rs/kWh)	As per ASC Order H2 2021-22 dated 24.12.2021	As per ASC Order H1 2022-23 dated 22.03.2022	As per ASC Order H2 2022-23 dated 27.09.2022	As per ASC Petition H1 2023-24																		
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	<p>c) Further, the National Tariff Policy (NTP) notified by Ministry of Power on 28th January 2016 stipulates the following:</p> <p><i>“Clause 8.5.4: <u>The additional surcharge for obligation to supply as per section42(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</u>”.</i></p>	<p>As per the Hon’ble Commission guidelines TS Discoms have calculated the Additional Surcharge after arriving the stranded capacity for each 15 min time block-wise.</p>																				
	<p>d) Despite clear provision allowing levy of Additional Surcharge only when existing power purchase commitments has been and continues to be stranded due to Open Access, there is an inverse trend of increasing</p>	<p>The stranded capacity has also reduced due to reduction in OA sales. The AS is calculated by considering the fixed</p>																				

	<p>Additional Surcharge with decreasing Open Access sales. The same trend is represented in tabular form below:</p> <table border="1" data-bbox="268 272 1318 857"> <thead> <tr> <th>Particulars</th> <th>Units</th> <th>ASC Order H2 2021-22</th> <th>ASC Order H1 2022-23</th> <th>ASC Order H2 2022-23</th> <th>ASC Petition H1 2023-24</th> </tr> </thead> <tbody> <tr> <td>OA Sales</td> <td>MU</td> <td>844.11</td> <td>645.9</td> <td>370.34</td> <td>213.29</td> </tr> <tr> <td>Claimed by the Petitioner</td> <td>(Rs./unit)</td> <td>2.34</td> <td>4.06</td> <td>6.81</td> <td>9.86</td> </tr> <tr> <td>Determined Additional Surcharge by the Commission</td> <td>(Rs./unit)</td> <td>2.38</td> <td>3.48</td> <td>1.38</td> <td>-</td> </tr> <tr> <td>Approved Additional Surcharge by the Commission</td> <td>(Rs./unit)</td> <td>0.95</td> <td>1.15</td> <td>1.38</td> <td>-</td> </tr> </tbody> </table>	Particulars	Units	ASC Order H2 2021-22	ASC Order H1 2022-23	ASC Order H2 2022-23	ASC Petition H1 2023-24	OA Sales	MU	844.11	645.9	370.34	213.29	Claimed by the Petitioner	(Rs./unit)	2.34	4.06	6.81	9.86	Determined Additional Surcharge by the Commission	(Rs./unit)	2.38	3.48	1.38	-	Approved Additional Surcharge by the Commission	(Rs./unit)	0.95	1.15	1.38	-	<p>charges for the stranded capacity of the respective periods.</p> <table border="1" data-bbox="1346 302 1892 672"> <thead> <tr> <th>Particulars</th> <th>Units</th> <th>ASC order H2 2021-22</th> <th>ASC order H1 2022-23</th> <th>ASC order H2 2022-23</th> <th>ASC petition H1 2023-24</th> </tr> </thead> <tbody> <tr> <td>OA Sales</td> <td>MU</td> <td>844.1</td> <td>645.9</td> <td>370.3</td> <td>213.3</td> </tr> <tr> <td>Stranded capacity</td> <td>MW</td> <td>219.9</td> <td>222.2</td> <td>119.4</td> <td>78.1</td> </tr> </tbody> </table>	Particulars	Units	ASC order H2 2021-22	ASC order H1 2022-23	ASC order H2 2022-23	ASC petition H1 2023-24	OA Sales	MU	844.1	645.9	370.3	213.3	Stranded capacity	MW	219.9	222.2	119.4	78.1
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	<p>e) This inverse increasing trend of increasing Additional Surcharge with decreasing Open Access sale is divergent to the essence of National Tariff policy and is anticompetitive. The relevant extract in support from Tariff Policy has been reproduced below:</p> <p>8.5 Cross-subsidy surcharge and additional surcharge for open access</p> <p>8.5.1</p> <p><i>National Electricity Policy lays down that the amount of cross-subsidy surcharge and the <u>additional surcharge to be levied from consumers who are permitted open access should not be so onerous that it eliminates competition which is intended to be fostered in generation and supply of power directly to the consumers through open access.</u></i></p>	<p>The Discoms have computed the AS in consonance with the methodology in OP No 23 of 2020. The AS determined by the Hon'ble Commission are implemented from time to time.</p>																																																

f) Additionally, it is submitted that the Hon'ble Commission, in its Order dated 24.12.2021, in O.P.s No. 48, 49, 50 and 51 of 2021 & I.A.s No. 21, 22, 23 and 24 of 2021 pertaining to Additional Surcharge for H1 and H2 of FY 2021-22 for Telangana Discoms had recognized the importance of promoting competition as enshrined in the Electricity Act, and had duly limited the final approved Additional Surcharge, in the interest of all the stakeholders. The relevant extract of the Order is reproduced below:

“4.2.9 As per the above computations, the AS for H2 of FY 2021-22 works out to Rs.2.38 / kWh. The preamble of the Electricity Act, 2003 emphasises, amongst others, taking measures conducive to development of electricity industry, promoting competition therein, protection of interest of consumers and rationalisation of electricity tariffs, as the objectives. The Commission has to do a balancing act in fulfilment of the mandate of the Electricity Act, 2003. The DISCOMs are entitled to the AS computed as above but at the same time such AS, being significantly higher than the present levels of AS, could hinder the very competition that the Electricity Act, 2003 advocates. Therefore, in the interest of all the stakeholders, the Commission decides to allow AS of Rs.0.96/kWh (~40% of Rs.2.38 / kWh).”

(Emphasis supplied)

g) A similar approach is followed in Order dated 22.03.2022 passed by Hon'ble Commission with regards to O.P. No 61 & 62 for H1 of 2022-23. The relevant extract is reproduced below:

4.1.10 As per the above computations, the Additional Surcharge for H1 of FY 2022-23 works out to Rs.3.48/kWh. The preamble of the Electricity Act, 2003 emphasises, amongst others, “for taking

The Discoms have computed the AS in consonance with the methodology in OP No 23 of 2020. The AS determined by the Hon'ble Commission are implemented from time to time.

measures conducive to development of electricity industry, promoting competition therein, protecting interest of consumers and rationalisation of electricity tariffs". The Commission has to do a balancing act in fulfilment of the mandate of the Electricity Act, 2003. TS Discoms are entitled to the Additional Surcharge computed as above but at the same time such Additional Surcharge, being significantly higher than the present level of Additional Surcharge, could hinder the promotion of competition that the Electricity Act, 2003 advocates. Therefore, in the interest of all the stakeholders, the Commission decides to allow Additional Surcharge of Rs.1.15/kWh (i.e., ~ 33% of Rs.3.48/kWh).

(Emphasis supplied)

h) Hence, the Objector humbly prays that the Hon'ble Commission may allow only a competitive Additional Surcharge after a through prudence check.

<p>2</p>	<p>1.2 Distribution cost</p> <p>c) It is apparent from the instant submissions that the Petitioners have submitted the Distribution Cost per unit at the rate of Rs. 1.17/unit assuming the Distribution ARR for LT as well as HT Consumers.</p> <p>d) The Objector is consistently raising this issue before Hon’ble TSERC by its past submissions. The Hon’ble TSERC with its wisdom has acknowledged the same in its latest order dated 27.09.2022 pertaining to H2 of FY 2022-23.</p> <p>Objector’s Past Submission in this regard:</p> <p><i>But it is humbly submitted that this is an incorrect approach and rather the distribution cost be attributed to only HT consumer. As per the applicable APERC Terms and Conditions of Open Access to Intra-State Transmission and Distribution Network Regulation No. 2 of 2005 (Clause 8: Phasing of Open Access), the Hon’ble Commission allowed the open access to consumers having contracted capacity of 1 MW or more than 1 MW.</i></p> <p><i>Hence, adhering to the regulation, it can clearly be derived that the mentioned distribution cost is for open access consumer connected at voltage level greater than 11 KV. Accordingly, the loading of distribution cost pertaining to LT network on HT consumers is not ethical</i></p> <p><i>Even the Hon’ble Commission in its past order regarding H1 of 2022-23 has approved the Additional Surcharge to be levied on Open Access Consumers by allowing the composite claim of Distribution</i></p>	<p>The licensee has computed the per unit Distribution cost in consonance with the commission's order in OP No.23 of 2020 dated 18.09.2020 and orders for AS for FY17-18 dated 13.12.2017 and AS for FY18-19 dated 27.03.2018. The Commission while determining AS for H1 2022-23 and H2 FY 2021-22 has also considered the total Distribution cost.</p> <p>The Hon’ble Commission considered the approved Distribution cost of FY16-17 i.e., Rs. 3,658.15 Cr. and offFY17-18 i.e., Rs. 4,295.84 Cr. in arriving at the per unit distribution cost of Rs.0.71 per unit and Rs. 0.82 per unit in the orders for AS for FY17-18 and AS for FY18-19 respectively. In a similar way, the licensee has considered the approved distribution cost of FY 2022-23 by the Hon’ble Commission in arriving at the per unit distribution cost of Rs.1.17 per unit in the present AS H1 FY 24 filings.</p> <p>TS Discoms state that the distribution cost per unit is arrived by considering the total distribution cost and total power purchase quantum, which is as per the methodology approved by the Hon’ble Commission.</p> <p>As per the methodology, Hon’ble Commission have not explicitly</p>
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Charges (Including HT as well as LT consumers) without any providing any rationale for the same. It is depicting a picture that Hon'ble Commission is allowing the Discoms to recover the LT network charges twice. First is from LT consumer in the form of tariff and second is from HT consumer in the form of Additional Surcharge.

(.....)

Particulars	Petitioner's Claim	Objector's Assessment
Distribution Cost	Rs. 1.17/kWh	Rs. 0.20/kWh

mentioned to exclude the LT Distribution cost while deriving the Additional Surcharge. Hence TS Discoms have considered the whole Distribution cost for FY 2022-23 as approved by the Hon'ble Commission in the Order for Distribution Business for 4th Control Period.

TS Discoms would adhere to the instructions of the Hon'ble Commission, regarding the methodology for determination of Additional Surcharge.

3 1.4 Dubious fixed charges paid and recovery of Demand charges

(a) It is well known principle that full Fixed Charges shall be recoverable only at normative plant availability and be allowed on prorated basis below the level of normative plant availability. The Objector is unable to comment on the veracity of fixed charges due to the following reasons:

I. Ambiguity in Linkage of Fixed Charges Paid with Plant Availability

The Petitioners have claimed Rs. 5589.64 Crores under the head of Fixed Charges paid without providing any clarity about the linkage of plant availability with fixed charges paid.

Furthermore, it is submitted that the Actual Fixed Costs as a part of Actual Power Purchase Cost, ought to be subjected to strict prudence check in terms of Regulation 12 of the Tariff Regulations:

“12.1 The Distribution Licensee shall be allowed to recover the cost of power it procures, including from State generators,

The licensees have already provided the complete breakup of the individual fixed cost of each generating station that has been considered in the determination of AS for H1 FY 23-24.

TS Discoms would adhere to the instructions of the Hon'ble Commission for any further requirement of additional information.

Discoms have computed the stranded capacity in each time block duly considering the availability of generation plants and the **fixed charges paid** to the generators are based on the **availability of power plants** as per the terms &

	<p><i>independent power producers, Central generating stations, non-conventional energy generators, and others, for supply to consumers, based on the Commission-approved Power Procurement Plan of the Distribution Licensee covering each year of the Control Period:</i></p> <p><i>Provided that where the procurement is for sale to consumers permitted open access by the Nodal Agency under the Open Access Regulation or purchase for trading, the Distribution Licensee shall provide an Allocation Statement as referred to in clause 5 clearly specifying the costs that are attributable to the sales made to such consumers, utilities, etc.</i></p> <p><i>12.2 Except in the case of Retail Supply Business insofar as for the first Control Period is concerned:</i></p> <p><i>d. The Commission shall adopt the Sales Forecast, the Distribution loss trajectory and the Power Procurement Plan approved as part of the Resource Plan for the purpose of determining the Power Purchase Requirement of the Distribution Licensee for the Control Period;</i></p> <p><i>e. The power procurement plan will not generally require any revisions during the Control Period, and the Commission-approved category-wise power procurement forecast shall be applied for estimating the Distribution Licensees' power procurement requirement for each year of the Control Period;</i></p> <p><i>f. While approving the cost of power procurement, the Commission shall determine the quantum of electricity to be procured, consistent with the power procurement plan, from various sources of supply, in accordance with the principle of merit order schedule and dispatch, based on a ranking of-all approved sources of supply in the order of variable cost or price.”</i></p>	<p>conditions of the PPA.</p>
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	<p>It is humbly submitted that Hon'ble Commission may direct the Petitioner to furnish Actual Monthly/Half-yearly Plant Availability Factor for each of the Power Plants from which Long-Term Power Procurement is being carried out.</p>																																
	<p>II. No break up of Fixed Charges elements provided for various generating stations, in order to confirm that no charge on the account of DPS or any non-fixed cost is considered.</p>	<p>The fixed charges paid to the generators are based on the availability of power plants as per the terms & conditions of the PPA.</p>																															
	<p>III. Absence of reconciliation statement with the relevant Audited Account report</p> <p>The Objector while verifying the submitted claims has observed that only audited accounts pertaining to TSSPDCL for respective quarters are available in public domain. The relevant finding from the audited accounts is reproduced below:</p> <p><u>Q1 Audited Accounts for TSSPDCL</u></p> <table border="1" data-bbox="453 964 1134 1138"> <thead> <tr> <th colspan="4">23 - POWER PURCHASE COST</th> </tr> <tr> <th rowspan="2">Particulars</th> <th>Q1 of 2022-23</th> <th>Q1 of 2021-22</th> <th>FY 2021-22</th> </tr> <tr> <th>₹ (in Crore)</th> <th>₹ (in Crore)</th> <th>₹ (in Crore)</th> </tr> </thead> <tbody> <tr> <td>Purchase of Power - Fixed Cost</td> <td>2,097.71</td> <td>2,049.01</td> <td>8,910.20</td> </tr> <tr> <td>Purchase of Power - Variable Cost</td> <td>5,202.41</td> <td>3,390.63</td> <td>16,353.17</td> </tr> <tr> <td>Transmission Charges</td> <td>824.82</td> <td>587.58</td> <td>3,066.60</td> </tr> <tr> <td>Other Power Purchase Costs</td> <td>34.81</td> <td>14.33</td> <td>(300.29)</td> </tr> <tr> <td>Total</td> <td>8,159.75</td> <td>6,041.55</td> <td>28,029.68</td> </tr> </tbody> </table> <p><u>Q2 Audited Accounts for TSSPDCL</u></p>	23 - POWER PURCHASE COST				Particulars	Q1 of 2022-23	Q1 of 2021-22	FY 2021-22	₹ (in Crore)	₹ (in Crore)	₹ (in Crore)	Purchase of Power - Fixed Cost	2,097.71	2,049.01	8,910.20	Purchase of Power - Variable Cost	5,202.41	3,390.63	16,353.17	Transmission Charges	824.82	587.58	3,066.60	Other Power Purchase Costs	34.81	14.33	(300.29)	Total	8,159.75	6,041.55	28,029.68	<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>
23 - POWER PURCHASE COST																																	
Particulars	Q1 of 2022-23	Q1 of 2021-22	FY 2021-22																														
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23 - POWER PURCHASE COST				
Particulars	Q2 of 2022-23	Q1 of 2022-23	Q2 of 2021-22	FY 2021-22
Purchase of Power - Fixed Cost	1,856.85	2,097.71	7.60	8,910.20
Purchase of Power - Variable Cost	4,440.44	5,202.41	6,270.77	16,353.17
Transmission Charges	922.77	824.82	586.53	3,066.60
Other Power Purchase Costs	44.36	34.81	24.00	(300.29)
Total	7,264.42	8,159.75	6,888.90	28,029.68

The Petitioners have not even furnished any reconciliation statement for the available audited accounts which is quite necessary to verify the claim.

Hence, it is prayed that Hon'ble Commission may direct the TS Discoms to provide relevant reconciliation statement and TSNPDCL audited reports towards corresponding quarters in order to check the veracity of the said claims.

IV. No clarity about the Fixed Charges paid towards the NCE power procurement

- c) Furthermore, it is submitted that the Hon'ble TSERC in its Retail Supply Tariff Order for FY 2022-23 dated 23.03.2022 has not considered any capacity allocation from NTECL Vallur TPS and NLC Tamil Nadu Power Ltd for FY 2022-23 in line with the earlier directives of the Commission in RST Orders for FY 2017-18 and FY 2018-19. The relevant extract of the RST order dt. 23.03.2022 for FY 2022-23 is reproduced below:

The **fixed charges** paid to the generators (NTECL Vallur TPS and NLC Tamil Nadu Power Ltd for **FY 2022-23**) are based on the allocation by Central Govt. and availability of power plants.

The Licensees submitted a requisition to MOP, GoI expressing its willingness to **surrender** the share of Telangana State from NTECL Vallur TPS and NLC TamilNadu Power Ltd. and it is under process.

Table 4-15 Power procurement cost from Central Generating Stations for FY 2022-23

Source	Claimed				Approved			
	Quantum MU	Fixed Cost Rs.crore	Variable Cost Rs.crore	Total Rs.crore	Quantum MU	Fixed Cost Rs.crore	Variable Cost Rs.crore	Total Rs.crore
Thermal								
NTPC Ramagundam Stage I & II	2683.01	189.60	690.63	879.22	2716.15	181.22	699.16	880.38
NTPC Ramagundam Stage III	721.42	57.15	182.20	239.35	729.22	53.89	184.17	238.06
NTPC Talcher TPS II	1638.93	117.79	284.28	402.07	1598.29	110.39	277.23	387.62
NTPC Simhadri Stage I	2251.89	478.57	707.59	1186.13	3672.35	356.75	1153.88	1510.63
NTPC Simhadri Stage II	1298.23	230.24	398.51	628.75	1765.35	245.11	541.91	787.02
NTPC Kudgi	1017.12	319.88	348.05	667.92	1751.40	294.24	599.31	893.55
NLC TPS II Stage I	395.60	27.08	104.54	131.63	385.93	28.10	101.99	130.09
NLC TPS II Stage II	710.07	50.12	187.82	237.95	692.64	52.26	183.21	235.47
NNTPP	402.72	68.24	88.03	156.28	392.73	78.22	85.84	164.06
TSSTPP Unit 1	3499.63	790.92	794.42	1585.33	3412.84	711.82	774.72	1486.54
NTECL Vallur TPS	834.63	135.00	245.48	380.48	0.00	0.00	0.00	0.00
NLC Tamil Nadu Power Ltd.	1068.60	188.57	283.77	472.34	0.00	0.00	0.00	0.00
Sub Total	16521.83	2652.16	4315.29	6967.45	17116.91	2112.01	4601.41	6713.42
Nuclear								

c) Further, the Objector has considered the Interest on Pension Bonds to the tune of Rs. 627.51 Crores (i.e. approved Rs.1255.01 Crores for FY23) in accordance with the latest approved TS Genco MYT Order dt. 22.03.2022 for FY 2019-20 to FY 2023-24 as against the Petitioner's claim of Rs. 653.72 Crores.

TSERC has approved Rs. 1255.01 Crores towards interest on pension bonds and Rs 52.43 Crores towards water charges in TS Genco MYT order for FY 2022-23, which adds up to **Rs. 1307.44 Crore** for FY 2022-23. Accordingly for **half year, 50%** of the total amount (Rs. 1307.44 Crore), i.e., **Rs. 653.72 Crores** has been considered.

d) In line with the Hon'ble Commission directives and latest TS GENCO Order, the Objector has worked out the allowable Fixed Charges paid:
(All Figures in Crores)

Name of the Generating Station	Petitioner's Claim	Objector's Assessment
	Apr'22 to Sep'22	Apr'22 to Sep'22
CGS		
NPC Kaiga - I& II	-	-

The Hon'ble Commission has 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 that is appropriate.

NPC-MAPS	-	-
NPC-Kudankulam	-	-
NLC ST-I	1.77	1.77
NLC ST-II	2.86	2.86
NNTPS	40.34	40.34
NTPC(SR) I & II	87.35	87.35
NTPC(SR) ST III	19.78	19.78
NTPC-Simhadri -I	229.90	229.90
NTPC-Simhadri -II	162.11	162.11
NTPC-Talcher-ST II	68.78	68.78
NTPC KUDIGI I	164.17	164.17
NTECL - VALLURU	71.59	-
NLC Tamilnadu Power Ltd	77.38	-
CGS Total	926.03	777.06
APGPCL ST-I	-	-
APGPCL ST-I & II	-	-
APGPCL Total	-	-
IPPs		
M/s Thermal Powertech 570MW	530.03	530.03
Thermal Powertech 269.45 MW	159.33	159.33
TOTAL IPPs/MPPs	689.37	689.37
KTPS V (D)	179.90	179.90
KTPS VI	260.90	260.90
RTS-B	275.97	275.97
Kakatiya Stage-I	43.11	43.11
Kakatiya Stage-II	180.30	180.30
KTPS Stage VII	360.06	360.06
BTPS	646.82	646.82

	<table border="1"> <tr> <td>Interest on Pension bonds</td> <td>653.72</td> <td>627.51</td> </tr> <tr> <td>TSGENCO-Hydel</td> <td>665.40</td> <td>665.40</td> </tr> <tr> <td>Thermal Incentive 2021-22</td> <td>-</td> <td>-</td> </tr> <tr> <td>TSGENCO-TOTAL</td> <td>3266.17</td> <td>3239.95</td> </tr> <tr> <td>SINGARENI CCL U1&U2</td> <td>708.08</td> <td>708.08</td> </tr> <tr> <td>Chhattisgarh SPDCL</td> <td>-</td> <td>-</td> </tr> <tr> <td>Total Fixed Cost Excluding NCEs</td> <td>5589.64</td> <td>5414.46</td> </tr> </table> <p>The veracity of above shown data needs to be verified by the Hon'ble Commission to avoid any loading of inefficiency of Discom on state Consumers in the form of Additional Surcharge.</p> <p>e) The Hon'ble Commission is requested to reevaluate the approach and direct the Petitioner to submit element wise break up of Fixed charges paid in order to check the veracity of claim.</p>	Interest on Pension bonds	653.72	627.51	TSGENCO-Hydel	665.40	665.40	Thermal Incentive 2021-22	-	-	TSGENCO-TOTAL	3266.17	3239.95	SINGARENI CCL U1&U2	708.08	708.08	Chhattisgarh SPDCL	-	-	Total Fixed Cost Excluding NCEs	5589.64	5414.46	
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Total Fixed Cost Excluding NCEs	5589.64	5414.46																					
4	<p>1.4 Inter-state transmission charges and SLDC charges</p> <p>b) The Objector is actively raising this issue before Hon'ble TSERC through its past submissions. The Past Submission in this regard is briefed below:</p> <p><i>a) Conceptually, Interstate Transmission charges (ISTS Charges) are paid by the Discoms on the account of accessing ISTS system for Open Access as notified by NLDC.</i></p> <p><i>b) Consumer availing interstate Open Access also pays against the cost of ISTS system for the power availed. A snippet of payment schedule of an Open access consumer is presented below for reference purpose only:</i></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. The Commission while determining AS for H1 and H2 2022-23 and H2 FY 2021-22 have also considered the ISTS.</p> <p>Hence, the licensee considered the transmission charges i.e., both intra-state & inter-state transmission charges for computing per unit transmission charge in</p>																					

9. Payment Schedule: Payment Due Date: 24/12/2021

(i) Transmission Charges			
Trans. Systems	Rates (Rs./MWh)	MWh	Total (Rs.)
(a) Intra-State			
UPPTCL	242.1	144	34862
(b) Inter-State (ISTS Charges)			
ISTS Charges (Madhya Pradesh)	448	144	64512
Total Of (i)			99374
(ii) Operating Charges			
RLDC/SLDC	Rates (Rs./Days)/ (Rs./MWh)	No Of Days/ Mwh	Total (Rs.)
WRLDC	1000	1	1000
NRLDC	1000	1	1000
Uttar Pradesh SLDC	1000	1	1000
Total Of (ii)			3000
(iii) Non-Refundable Application Fee (if not paid earlier)			5000
Grand Total (i + ii + iii)			107374

c) *This payment against the ISTS system paid by open access consumer results in the benefit to state in the form of reduced POC charges.*

(1) “.”

d) *Despite this, it is observed that the Open access consumer are double levied by inter-state transmission charges first at the time of availing Open Access and second at the time of paying Additional Surcharge, which is violative and unjustified in nature of the set principle. Even if the benefit is passed in the future ARR, this impact has already made open access infeasible for the state consumers.*

e) *The Objector request the Hon'ble Commission may reevaluate the view of allowing such inclusion of ISTS charges in the determination of Additional Surcharge.*

conformity with the aforementioned order.

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>b) The Hon’ble TSERC in its instant order dated 27.09.2022 pertaining to Additional Surcharge Order for H2 of FY 2022-23 has accepted the Discom’s submission. The Discom’s replies and Hon’ble TSERC view are reproduced below for reference:</p> <p style="text-align: center;">“TSDISCOMs’ Replies</p> <p style="text-align: center;"><i>3.5.13 TSDISCOMs understands that the ISTS cost paid by the consumer availing ISTS system, benefits in reduction of POC charges for the state. However, the same benefits have been passed on to the consumer through APR filed by TSTRANSCO.</i></p> <p style="text-align: center;">Commission’s View</p> <p style="text-align: center;"><i>3.5.14 The Commission is in agreement with the replies given by the TSDISCOMs.”</i></p>	
	<p>c) The Objector submits that the TS Discoms’ benefits in reduction of POC charges for the state have been passed on to the consumer through APR filed by TSTRANSCO does not accrue until the final order is issued and such benefit does not pass directly to Open Access Consumers.</p>	<p>TS Discoms understands that the ISTS cost paid by the consumer availing ISTS system, benefits in reduction of POC charges for the state. However, the same benefits have been passed on to the consumer through APR filed by TS TRANSCO.</p> <p>The Hon’ble Commission passed the orders duly considering the benefits in reduction of the POC charges for the state in the respective APRs filed by TS TRANSCO.</p>
<p>5</p>	<p>1.5 Proposed additional surcharge is higher than approved ACoS</p> <p>e) The TS Discoms has proposed an additional surcharge at a rate of Rs. 9.86/unit for H1 of FY 2023-24. The Hon’ble Commission in its last RST order FY 2022-23 dated 23.03.2022 has approved voltage wise</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.</p>

cost of supply. It can be clearly pointed out that the approved cost of supply for HT categories (33 kV and 132 kV) is far less than the proposed additional surcharge. The same from the RST order is reproduced below:

5.1.8 The CoS computed for each consumer category is as shown below:

Table 5-1 Cost of Service for FY 2022-23 (Rs./kWh)

Consumer Category		Claimed		Approved		
		TSSPDCL	TSNPDCCL	TSSPDCL	TSNPDCCL	State
LT Categories						
LT-I	Domestic	7.82	8.92	6.82	7.76	7.10
LT-II	Non-Domestic/ Commercial	7.20	8.23	6.53	7.46	6.75
LT-III	Industrial	7.05	7.85	6.59	7.46	6.77
LT-IV	Cottage Industries	7.17	10.29	6.43	9.76	8.05
LT-V	Agricultural	9.20	8.96	8.38	8.34	8.36
LT-VI	Street Lighting & PWS	7.58	10.09	6.40	9.74	7.74
LT-VII	General Purpose	8.23	9.77	7.43	9.74	8.52
LT-VIII	Temporary Supply	8.23	9.77	9.31	11.65	9.45
LT-IX	Electric Vehicle Charging station	8.94	9.77	6.16	NA	6.16
HT Categories						
HT-I	Industry Segregated					
	11 kV	6.78	5.88	7.64	9.13	7.90
	33 kV	5.82	5.37	5.76	5.96	5.77
	132 kV and above	5.28	4.96	5.01	5.29	5.05

- f) Even the total sum of Additional surcharge proposed, CSS as approved in RST order FY 2022-23 dated 22.03.2022 and voltage wise wheeling charges approved for FY 2022-23 is far more than the approved ACoS. A comparison between the approved Average Cost of Supply and Open charges for HT category eligible for Open Access in tabular form is shown below:

(All Figures in Rs./kWh)

TSSPDCL	Approved CoS	Total Charges	Proposed Additional Surcharge	Approved CSS	Approved Wheeling Charges
HT Industry		(D = A+B+C)	(A)	(B)	(C)

22&23 of 2016 respectively (AS Order for FY17-18) and the same have attained finality. The Commission while determining AS for H2 for FY2022-23 have also considered the same methodology.

Hence, the licensee has derived the Additional Surcharge for H1 of FY 2023-24 in consonance with the methodology from the aforementioned order.

There is no defined capping on Additional Surcharge in the approved methodology.

Having said that, Hon'ble Commission in its Orders dated 24.12.2021 and 22.03.2022, had recognized the importance of promoting competition as enshrined in the Electricity Act, and had duly limited the final approved Additional Surcharge, in the interest of all the stakeholders.

The addition of Additional Surcharge to Cross-subsidy Surcharge and wheeling charges and comparison with ACoS is incorrect as ACoS is based on the Power purchase, Transmission and Distribution costs of the licensees.

TS Discoms would abide by the orders passed by the Hon'ble Commission,

	<table border="1"> <tr> <td>11 kV</td> <td>7.64</td> <td>12.47</td> <td>9.86</td> <td>1.97</td> <td>0.64</td> </tr> <tr> <td>33 kV</td> <td>5.76</td> <td>11.84</td> <td>9.86</td> <td>1.74</td> <td>0.24</td> </tr> <tr> <td>132 kV</td> <td>5.01</td> <td>11.59</td> <td>9.86</td> <td>1.53</td> <td>0.20</td> </tr> </table> <p>g) From the analysis presented in above table, it can be clearly pointed out that claim proposed by Discoms in its instant petitions is highly abrupt and against the consumer interest.</p> <p>h) It is humbly requested that the Hon’ble Commission may conduct a thorough prudence check over the proposed claim</p>	11 kV	7.64	12.47	9.86	1.97	0.64	33 kV	5.76	11.84	9.86	1.74	0.24	132 kV	5.01	11.59	9.86	1.53	0.20	regarding the determination of Additional Surcharge.																		
11 kV	7.64	12.47	9.86	1.97	0.64																																	
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6	<p>1.7 Additional surcharge for H1 of FY 2023-24 as per objector’s assessment</p> <p>c) Based on the data available, the Objector has computed the allowable Additional Surcharge for H1 of FY 2023-24, as follows:</p> <p style="text-align: center;">Additional Surcharge as per Objector’s Assessment</p> <table border="1"> <thead> <tr> <th colspan="2">Additional Surcharge</th> <th>Unit</th> <th>As per Objector's Assessment</th> </tr> </thead> <tbody> <tr> <td>{A}</td> <td>Long term available capacity</td> <td>MW</td> <td>8,651.85</td> </tr> <tr> <td>{B}</td> <td>Capacity stranded due to open access</td> <td>MW</td> <td>78.10</td> </tr> <tr> <td>{C}</td> <td>Fixed Charges paid</td> <td>Rs. crore</td> <td>5,414.46</td> </tr> <tr> <td>$\{D\}=\{C\}\div\{A\}$</td> <td>Fixed Charges per MW</td> <td>Rs. crore/MW</td> <td>0.63</td> </tr> <tr> <td>$\{E\}=\{D\}\times\{B\}$</td> <td>Fixed Charges for stranded capacity</td> <td>Rs. crore</td> <td>48.87</td> </tr> <tr> <td>{F}</td> <td>Transmission charges paid</td> <td>Rs. crore</td> <td>1,724.50</td> </tr> <tr> <td>{G}</td> <td>Actual Energy scheduled</td> <td>MU</td> <td>35,288.87</td> </tr> <tr> <td>$\{H\}=\{F\}\div\{G\}$</td> <td>Transmission charges per unit</td> <td>Rs./kWh</td> <td>0.49</td> </tr> </tbody> </table>	Additional Surcharge		Unit	As per Objector's Assessment	{A}	Long term available capacity	MW	8,651.85	{B}	Capacity stranded due to open access	MW	78.10	{C}	Fixed Charges paid	Rs. crore	5,414.46	$\{D\}=\{C\}\div\{A\}$	Fixed Charges per MW	Rs. crore/MW	0.63	$\{E\}=\{D\}\times\{B\}$	Fixed Charges for stranded capacity	Rs. crore	48.87	{F}	Transmission charges paid	Rs. crore	1,724.50	{G}	Actual Energy scheduled	MU	35,288.87	$\{H\}=\{F\}\div\{G\}$	Transmission charges per unit	Rs./kWh	0.49	<p>TS Discoms have responded to the item-wise objections made by the objector, in the above-mentioned sections, and would request the Hon’ble Commission to consider the computations done by Discoms, considering the justifications shared on the same.</p> <p>Having said that, Hon’ble Commission in its Orders dated 24.12.2021 and 22.03.2022, had recognized the importance of promoting competition as enshrined in the Electricity Act, and had duly limited the final approved Additional Surcharge, in the interest of all the stakeholders.</p> <p>TS Discoms would abide by the orders passed by the Hon’ble Commission, regarding the determination of Additional Surcharge.</p>
Additional Surcharge		Unit	As per Objector's Assessment																																			
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I	Distribution Charges as per Objector's Assessment	Rs./kWh	0.20	The objector has considered the transmission charges by omitting the ISTS charges, fixed charges by omitting the NTECL Vallur and NLC Tamilnadu and considered the Distribution charges of only HT network, hence the Additional Surcharge computed by the objector is inappropriate.
$\{J\}=\{H\}+\{I\}$	Total transmission and distribution charges per unit	Rs./kWh	0.69	
$\{K\}$	Energy consumed by open access consumers from the DISCOM	MU	1,922.68	
$\{L\}=\{K\}\times\{J\}$	Transmission and distribution charges to be paid by open access consumers	Rs. crore	131.97	
$\{M\}$	Demand charges recovered by the DISCOM from open access consumers	Rs. crore	194.93	
$\{N\}=\{M\}-\{L\}$	Demand charges to be adjusted	Rs. crore	62.96	
$\{O\}=\text{MAX}[\{E\}-\{N\},0]$	Net stranded charges recoverable	Rs. crore	-	
$\{P\}$	Open access sales	MU	213.29	
$\{Q\}=\{O\}\div\{P\}$	Additional Surcharge computed	Rs./kWh	-	
<p>d) The Objector humbly submits that there is no need for imposing additional surcharge on Open Access Consumers as the Demand charges to be adjusted i.e. Rs. 62.96 Crores is already being in excess as compared to the computed Fixed Charges for stranded capacity i.e. Rs. 48.87 Crores.</p>				

<p>7</p>	<p>PRAYERS</p> <p>The Objector most respectfully prays that this Hon'ble Commission may be pleased to: A. Consider the above Objection Statement filed by the Objector;</p> <p>J. Consider the Distribution Cost as submitted by the Objector in accordance to Hon'ble TSERC order dt. 27.09.2022 for the computation of Additional Surcharge;</p> <p>K. May allow the Transmission charges duly considering the CERC (Sharing of Inter-State Transmission Charges and Losses) Regulations, 2020;</p> <p>L. May Conduct a Prudence check over the Fixed Charges Paid and Demand Charges recoveries from Open Access Consumers;</p> <p>M. May direct the Discoms to provide a reconciliation with the audited accounts and the Fixed cost component of power purchase may be accordingly allowed subject to prudence check;</p> <p>N. May disallow the claim of Additional surcharge due to Discrepancies in computation and absence of reconciliation statement with audited accounts for the claim proposed by the Petitioners;</p> <p>O. Consider the methodology/approach/computation to work out the Additional Surcharge, if any, attributable to the open access consumers as assessed by the Objector;</p> <p>P. May approve null Additional Surcharge as assessed by the Objector;</p> <p>Q. Pass necessary orders as may be deemed appropriate in the facts and circumstances of the case in the interest of competition, as has been enshrined in the Electricity Act;</p>	<p>TS Discoms have responded to the item-wise objections made by the objector, in the abovementioned sections, and would request the Hon'ble Commission to consider the computations done by Discoms, considering the justifications shared on the same.</p>
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