

STATE LOAD DESPATCH CENTRE (SLDC) ANNUAL FEE & OPERATING CHARGES

for balance two years period

FY2017-18 and FY2018-19

of the Third Control Period



ORDER

20th June, 2017

**TELANGANA STATE ELECTRICITY
REGULATORY COMMISSION**

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ABBREVIATIONS

A&G	Administration & General
AG	Accountant General
APERC	Andhra Pradesh Electricity Regulatory Commission
APGPCL	Andhra Pradesh Gas Power Corporation Limited
ARR	Aggregate Revenue Requirement
BSES	Bombay Suburban Electric Supply
CAGR	Compound Annual Growth Rate
CERC	Central Electricity Regulatory Commission
CGS	Central Generating Stations
CPI	Consumer Price Index
Cr.	Crore
DA	Dearness Allowance
Discom	Distribution Company
EMS	Energy Management System
FCC	Financial Completion Certificate
FPT	Filing of Proposed Tariff
GoTS	Government of Telangana State
IPP	Independent Power Producer
KTPP	Kakatiya Thermal Power Plant
KTPS	Kothagudem Thermal Power Station
MAPS	Madras Atomic Power Station
MPP	Mini Power Project
MU	Million Units
MW	Mega-Watt
MYT	Multi-Year-Tariff
NPC	Nuclear Power Corporation
NSLCPH	Nagarjuna Sagar Left Canal Power House
NSPH	Nagarjuna Sagar Power House
NTPC	National Thermal Power Corporation Limited
O&M	Operation and Maintenance

ABBREVIATIONS

O.P.	Original Petition
PCC	Project Completion Certificate
R&M	Repairs and Maintenance
RAC	Regulatory Affairs Cell
Rs.	Rupees
RTS	Ramagundam Thermal Station
SAC	State Advisory Committee
SCADA	Supervisory Control and Data Acquisition
SLDC	State Load Despatch Centre
SR	Southern Region
SSLMLCPH	Srisaïlam Left Canal Power House
STU	State Transmission Utility
T.S. / TS	Telangana State
TSGenco	Telangana State Power Generation Corporation Limited
TSTRANSCO	Transmission Corporation of Telangana Limited
u/s	Under Section
ULDC	Unified Load Despatch Centre
VTPS	Vijayawada Thermal Power Station (Dr. Narla Tata Rao Thermal
WPI	Wholesale Price Index
FY	Financial Year

**TELANGANA STATE ELECTRICITY REGULATORY COMMISSION
HYDERABAD**

Dated: 20.06.2017

Present

**Sri Ismail Ali Khan, Chairman
Sri H. Srinivasulu, Member**

O.P. No. 9 of 2017

**Transmission Corporation of Telangana Limited representing State
Load Despatch Centre.**

... Applicant

The applicant filed a petition for fixing the Annual Fee and Operating Charges for SLDC Business for the balance two years period ie.,FY2017-18 to FY2018-19 of 3rd Control Period before the Commission on 21st April 2017. The application was widely published and a Public Hearing was held on 08.06.2017 at Hyderabad. The stakeholders including consumers, generators, representatives of various consumer organizations and political parties were invited to participate in the public hearing to represent their views on the SLDC ARR filings. Having stood over for consideration till this day, the Commission passed the following.

O R D E R
CHAPTER - I
INTRODUCTION

1. The Transmission Corporation of Telangana Limited (TSTransco), the Petitioner has filed the SLDC petition before the Commission on 21st April, 2017 for approval of its Aggregate Revenue Requirement (ARR) and Filing of Proposed Tariff (Annual & Operating Charges) for FY 2017-18 and FY 2018-19 (balance two years period of the 3rd Control Period) for its SLDC Activity u/s 26(5) of the Andhra Pradesh Electricity Reform Act, 1998 (Reform Act) read with section 61,62,63 and 64 of the Electricity Act, 2003 read with relevant APERC Regulation No.1 of 2006 applicable for SLDC Operator as adopted by the Commission till date.
2. The present determination by the Commission of the Annual Fee and Operating Charges of the SLDC based on TSTRANSCO filing for SLDC activity have been made for the energy infrastructure environment of the State of Telangana.
3. Consequent to formation of the state of Telangana, the Government of Telangana established the Commission vide G.O. Ms. No.3 dated 26.07.2014 and constituted the Commission vide G.O. Ms. No.13 dated 22.10.2014 by appointing the Chairman and the Members. The Commission after it became functional on 03.11.2014 had issued its first regulation, Regulation No.1 of 2014, on 10.12.2014 being Telangana State Electricity Regulatory Commission (Adoption) Regulation, 2014. Clause 2 of the said Regulation states as follows:
“All regulations, decisions, directions or orders, all the licensees and practice directions issued by the erstwhile Andhra Pradesh Electricity Regulatory Commission (Regulatory Commission for States of Andhra Pradesh and Telangana) as in existence as on the date of the constitution of the Telangana State Electricity Regulatory Commission and in force, shall mutatis-mutandis apply in relation to the stakeholders in electricity in the State of Telangana including the Commission and shall continue to have effect until duly altered, repealed or amended, any of Regulation by the Commission with effect from the date of notification as per Notification issued by the Government of Telangana in G.O.Ms.No.3 Energy(Budget) Department, dt.26-07-2014 constituting the Commission.”.

4. In accordance with the above Regulation, all the regulations framed by the erstwhile APERC shall continue to apply for the state of Telangana.

State Load Despatch Centre (SLDC)

5. Consequent upon formation of the State of Telangana with effect from 02.06.2014, the then Government of Andhra Pradesh had established Transmission Corporation of Telangana Limited Vide GO Ms No. 25 dated 29.05.2014. The Commission (APERC) had issued a deemed licence to TSTransco with licensee No. 1 of 2014 Vide proceedings No.APERC/Sey/160/2014, dated 11.07.2014.
6. As per Section 31(1) of the Electricity Act 2003, the State Government shall establish a State Load Despatch Center (SLDC). Sub Section (2) of Section 31 of the Electricity Act 2003 provides that the said SLDC shall be operated by a Government company or any authority or Corporation established or constituted by or under any State Act and that until such Government company or any authority or corporation is notified by the State Government, the State Transmission utility shall operate the State Load Despatch Center (SLDC). The Government of Telangana State notified in G.O Ms No.9 Dated 17-09-2014 that the existing SLDC shall continue as SLDC and be operated by the Transmission Corporation of Telangana Limited (TSTRANSCO) which was notified as State Transmission Utility (STU) for the Telangana State.
7. Section 32(3) of the Act provides for the levy and collection of such fees and charges from the generating companies and licensees engaged in the intra-state transmission of electricity as may be specified by the State Commission.
8. In exercise of powers conferred u/s 32(3) read with Section 181(2)(g) of the Electricity Act, 2003 and all other powers enabling it in that behalf, the Telangana State Electricity Regulatory Commission (TSERC or Commission) duly adopting the SLDC Regulation No.1 of 2006 notified on 27.07.2006, issued by APERC (Levy and Collection of Fees and Charges by State Load Despatch Centre) Regulation 2006 for the levy and collection of fees and charges from all users for the period from 2017-18 to 2018-19.

Filings of ARR/FPT

9. TSTRANSCO, the SLDC Operator, as per G.O.Ms.No.9 dt:17-09-2014, who is also the petitioner herein, has filed its petition before the Commission on 21.04.2017 for approval of its proposal for Annual Fee and Operating Charges for two years (i.e., FY2017-18 to FY2018-19) of the 3rd Control Period for its

SLDC activity u/s 32(3) of the Electricity Act, 2003 read with Regulation No.1 of 2006.

Processing of the Application

10. The filings and statements containing the proposals for determination of the Annual Fee and Operating Charges for the two years period of the 3rd control period filed by petitioner were scrutinized and found to be generally in order as required under the TSERC (Conduct of Business) Regulation No.2 of 2015. The Commission admitted the petition and the same was taken on record by assigning Original Petition (O.P.) No.9 of 2017.

Notification calling for objections/suggestions

11. The petitioner, as directed by the Commission, published a public notice in two (2) English, two (2) Telugu (in Telugu) and one (1) Urdu daily newspapers on 06.05.2017 informing the general public that the petitioner had made its filings on SLDC Annual Fee and Operating Charges for the balance period of 3rd Control Period (FY2017-18 to FY2018-19) before the TSERC and copies of the filings were available at the Office of the Chief Engineer (Planning, RAC & Reforms) at their headquarters and also in the Zonal, Circle and Divisional offices located at each District, for inspection/perusal/ purchase by interested person(s). These filings were also made available on the website of the petitioner as well as the Commission. Interested person(s) and stakeholders were requested to file their objections/suggestion on the filings by 25.05.2017. They were also informed about the intention of the Commission to conduct a Public Hearing in the matter from 10:30 Hrs. onwards on 08.06.2017 at Hyderabad.

Response to Public Notice

12. Following the public notice, one (1) person has sent his objections/ suggestions to the Commission Secretary, TSERC on the Tariff proposals of the petitioner by the due date i.e., by 25.05.2017.
13. The Commission directed the Petitioner on 06.05.2017 that it should simultaneously arrange responses to the Objectors as and when the Objections were received, without waiting till the due date i.e., 25.05.2017 and also to post the responses on the Petitioner's official website.

Venue of Public Hearing

14. The venue of the public hearing viz., Court Hall, TSERC, 5th Floor, Singareni Bhavan Red Hills, Lakdi-ka-pul, Hyderabad was informed to the Applicant on 06.05.2017 and was also adequately publicized through a press release and through the Commission's website.

Public Hearing

15. The Commission organized the Public Hearing at the predetermined venue on 08.06.2017 on the ARR filings made by TSTRANSCO on SLDC activity. Initiating the Public Hearing, the Petitioner made a brief presentation on the content of their filings. During the hearing, the Licensee made a brief presentation on their ARR filings and the Commission heard all those objectors desiring to be heard in person. No objector had attended the public hearing in person, however the comments received until due date were taken on record.
16. The list of registered objectors who had submitted written objections within the due date and the names of the stakeholders who had attended the Public Hearing on 08.06.2017 and submitted their objections /suggestions /comments on filings of TSTRANSCO are given in Annexure-B.

CHAPTER - II
SLDC - TRUING-UP OF EXPENDITURE PERTAINING (FY2014-15 (02.06 2014 to 31.03.2015) AND FY2015-16) of 3rd CONTROL PERIOD

18. Consequent to formation of Telangana State SLDC, the opening balances of assets and liabilities pertaining to TSSLDC as on **2nd June, 2014** are still in the process of finalisation. In the absence of a separate approved ARR for SLDC, the expenditure approved for composite SLDC as per Tariff Order dt: 9th May 2014 for 3rd MYT Control Period (FY 2014-15 to FY 2018-19) by the erstwhile APERC has been segregated based on the power allocation ratio of 53.89% to TSDISCOMs and apportioned to SLDC (as notified by GoAP Vide G.O Ms No. 20, dated 08.05.2014) and then compared with the relevant actuals for FY 2014-15 and FY 2015-16.
19. Pending segregation of assets and liabilities of the composite APTRANSCO between two entities, TSTRANSCO has compiled its provisional accounts for FY 2014-15 (02-06-2014 to 31-03-2015) and for FY 2015-16 based on the provisional opening assets and liabilities as per the draft demerger plan prepared by APTRANSCO and same shall be subjected to statutory audit/A.G Audit. Based on this data the actual relevant for the above period were arrived at for truing-up purpose for the initial two years stated above.
20. As per the Tariff Orders of SLDC Business for the 3rd control period issued by the erstwhile APERC for the period from FY2014-15 to FY2018-19, the details containing year wise ARR amount and approved Tariff Charges relevant to TSTRANSCO share for the period from 02.06.2014 to 31.03.2016 are indicated in the below table:

**Table No. 2.1 - Year Wise approved Annual Fees and Operating Charges
As per erstwhile APERC Tariff Order for 3rd Control Period, (Rs. Cr.)**

S.No.	Financial Year	Operating Charges	Spl. Apprn	Annual Fees	Total Charges
1	2014-15	28.36	-0.273	2.47	30.555
2	2015-16	34.48	-0.304	4.02	38.196
		62.84	-0.58	6.49	68.75

22. As per the clause 4.7 of the Regulation 1 of 2006, any variations in recovery of SLDC business capital cost and operating charges over the fee and charges fixed for a year on account of variations in SLDC usage shall be adjusted in the subsequent control period. In the case of SLDC charges,

the true-up is applicable to Annual Charges and Operating Charges as well.

23. For the purpose of determination of variation in recovery of tariff orders charges approved by the Commission in the 3rd MYT order were compared with draft demerger provisional annual accounts communicated by TSTRANSCO. This resulted in determination of the overrun or underrun of the approved costs and revenues as per the details provided below:

Table No. 2.2 - Actual costs incurred and Revenue realized for the two years in 3rd Control Period, (Rs. Cr.)

Sl. No.	Financial Year	Operating charges	Annual Fees	Total Charges incurred	Total Revenue realized
1.	2014-15	28.57	0.40	28.97	35.90
2.	2015-16	32.95	0.53	33.48	46.15
		61.52	0.93	62.45	82.05

24. While undertaking the true-up exercise, the Commission ensured a prudential check on all the element wise costs incurred with reference to its earlier 3rd MYT Order issued by the APERC prior to formation of the Telangana state. The abstract of the costs and revenue true-up adopted is as under:

Table No.2.3 - Cost and Revenue True-up finalised by TSERC for 3rd Control Period, (Rs. Cr.)

Financial Year	Actual Charges incurred	Charges apportioned Based on TO	Variance (deficit)	Variance (Surplus)	Revenue Apportioned (based on TO)	Revenue realized	Variance (deficit)	Variance (Surplus)	Total Variance
FY 2014-15 (02.06.2014 to 31.03.2015)									
a) Opr. Expn	28.57	28.36	0.21	--	30.25	35.90	--	5.65	-5.44
b) Spl. apprn	--	-0.57	--	0.57		(incl. NTI)	--	--	-0.57
c) Annual Fee	0.40	2.47	--	2.07			--	--	-2.07
FY 2015-16 (1.04.2015 to 31.03.2016)									
a) Opr. Expn.	32.95	34.48	--	1.53	38.50	46.15	--	7.65	-9.18
b) Annual Fee	0.53	4.02	--	3.49		(incl. NTI)	--	--	-3.49
Net result for 2 yrs of 3rd CP.			0.21	7.66			--	13.30	-20.75

25. As seen from above, an amount of Rs.20.75 Cr. surplus had accrued to the SLDC Business over and above the Tariff Order approved figures over

the initial two years period in 3rd Control Period. Of this amount of Rs.20.75 Cr. an amount of Rs.10.375 Cr. has been proposed to be adjusted in the operating cost equally in the remaining years i.e., FY2017-18 and FY2018-19 of the Third Control Period as claw back amount in full & final settlement of true-up relevant to FY 2014-15 and FY 2015-16.

26. TSTRANSCO, in their filing for the SLDC business for the remaining two years period of 3rd Control Period has indicated an amount of Rs.17.14 Cr as surplus for the FY 2014-15 and 2015-16 of 3rd Control Period and proposed to claw back this amount equally in two years FY2017-18 and FY 2018-19 despite the fact that the Third Control Period is yet to complete. However, as per clause 4.7 of Regulation 1 of 2006 of APERC, any variation in recovery of capital cost and operating charges over the fee and charges fixed for a year on account of variations in SLDC usage shall be adjusted in the subsequent control period, or earlier in case the variations are considered to be significant by the Commission warranting adjustment. As TSTRANSCO had consented to claw back within the 3rd Control Period itself as per their SLDC ARR filings and also the amount to be true-up Rs.20.75 Crs is very significant the Commission accepts to claw back the entire amount and to reflect the reduction equally from the Operating Costs of FY2017-18 and FY 2018-19. The variation between the Commission computed and the TSTRANSCO arrived figure is mainly due to not adopting the number of days involved in the FY 2014-15 and on account of adoption of month-wise apportionment to arrive at the figures and the Non-Tariff income gains accrued were ignored.

CHAPTER - III
MYT FILINGS FOR BALANCE PERIOD FY 2017-18 AND FY 2018-19
OF THIRD CONTROL PERIOD

General

27. TSTRANSCO filed the SLDC Annual Fee and monthly Operating Charges to recover the capital cost and operating cost respectively from the users of the SLDC services for the balance period of Multi-Year-Tariff (MYT) 3rd control period i.e., from FY2017-18 to FY 2018-19. The proposed Annual Fee and Operating Charges are to be levied on users of SLDC services based on users' generation capacity. The details of capital cost, operating cost, generation capacity of users likely to use SLDC services, Annual Fee and monthly Operating Charges have been filed for each year of the balance period of 3rd Control Period. The filings broadly conform to the APERC Regulation No.1 of 2006 which was adopted by TSERC upon issue of Regulation 1 of 2014 for the purpose of fixing the Annual Fee and Operating Charges for SLDC services.

Generation Capacity

28. TSTRANSCO estimated the system generation capacity (in terms of MW) based on generation capacities contracted by two distribution companies and capacity contracted by other users (such as open access and captive users) who are likely to use the SLDC services to transmit the electricity to their chosen destinations. The generation capacity arrived in this manner will be the base on which the proposed Annual Fee and Operating Charges are to be levied. TSTRANSCO projected the generation capacity to reach 16160.57 MW by the last year (i.e., FY2018-19) of the 3rd Control Period, while giving the details for each year. The details of the generation capacity in terms of MW filed by TSTRANSCO are given in Table below.

Table No.3.1 - Filings: Estimated Generation Capacities, (MW)

Sl.	Source of Power	2017-18	2018-19
I	TSGenco	5545.30	7295.28
	a) Thermal	3063.47	4813.45
	b) Hydro	2481.83	2481.83
II	Central Generating Stations	2412.43	2412.43
III	Joint Sector	24.51	24.51
IV	IPPs	898.10	783.10
V	Others (NCE, MPPs, Wind, Mini Hydel,	5495.25	5495.25
VI	Open Access Generators	150.00	150.00
	Total Generation Capacity (MW)	14525.59	16160.57

Capital Investment

29. The petitioner filed the details of Capital Investment for SLDC business as follows:
The opening balance of Fixed Assets (Investment) at the beginning of FY2016-17 was shown as Rs.8.58 Cr. and the assets indicated to have been added during FY2016-17 was Rs.16.35 Cr. For the 3rd Control Period, summation of the year-wise Capital Investments as projected by the petitioner is Rs.40.03 Cr. Details are provided in Table-3.2 below.

Table No.3.2 - Filings: Capital Investment, (Rs. Cr.)

Name of the Wing	2016-17(R.E)	2017-18	2018-19	Total
SCADA Wing	9.7000	9.5975	8.4475	27.7450
Power Systems	--	--	0.8500	0.8500
Commercial/EBC	--	3.0000	--	3.0000
Telecom	6.6500	0.1855	--	6.8355
Power Planning	--	--	1.6000	1.6000
Total	16.3500	12.7830	10.8975	40.0305

The petitioner worked out the Capital Cost with average borrowing rate in order to recover the investments proposed in the 3rd Control Period including the assets existing at the beginning of FY 2016-17, as per the stipulation in Regulation No.1 of 2006 on annual basis in Rs./MW.

Capital Cost

30. The capital cost for SLDC business for each year of the 3rd Control Period is the sum of the unrecovered annual capital costs on previous investments plus the costs on proposed investments for each year of the 3rd Control Period. Thus, the capital cost for FY2016-17 is equal to unrecovered annual capital cost on previous investments plus the capital cost on proposed investment for FY2016-17. The annual capital cost (amortized investments) is derived through a formulae specified in the Regulation No.1 of 2006 with two key parameters, a) the investment recovery period (5/10 years) and b) the Actual rate of interest on capital borrowed or 150% of the bank rate, whichever is lower.
31. The petitioner proposed to recover a sum of Rs.19.69 Cr. as capital cost on the investments proposed during the leftover years of 3rd Control Period and on residual investments as at the beginning of FY2016-17. The capital cost worked out in this manner is given for each year of the 3rd Control Period in the filing since the reference for levy of charges is on each year basis. The details of historic and future investments and capital cost on these investments are given in Table below.

Table No.3.3-Filings: Capital Cost for the balance period of 3rd Control Period, (Rs. Cr.)

Sl.	Parameter	2016-17	2017-18	2018-19	Total
1.	Capital Cost on new investment	2.89	2.26	1.93	7.08
2.	Capital Cost on Residual investment	1.52	4.42	6.67	12.61
Total Capital Cost (crs)		4.41	6.68	8.60	19.69

Operating Cost

32. The operating cost for SLDC comprises of expenditure on three major components, a) Employee costs, b) Administration & General (A&G) expenses and c) Repairs & Maintenance (R&M) expenses. These expenses are of recurring in nature and related to operating aspects of SLDC activity. These expenses for remaining two years of the 3rd Control Period have been estimated in the filings by TSTRANSCO using a uniform growth rate of 8.6% p.a for Employees cost, A&G cost and R&M cost. The APERC Regulation No.1 of 2006 specifies that the operating cost is to be recovered in full in every year through the levy of monthly operating charge.
33. TSTRANSCO estimated a sum of Rs.113.10 Cr. as the net Operating Cost for the leftover two years of the 3rd Control Period while submitting the year-wise details. The Operating Cost is the major cost item in the total SLDC operating expenditure and within the Operating Cost; the employee cost constitutes a significant portion. The total Operating Cost, as per filings, consists of Rs.122.52 Cr of Employee cost, Rs.9.50 Cr of A&G expenses and Rs.4.38 Cr of R&M expenses for the remaining years of 3rd Control Period. The details of Employee cost, A&G expenses and R&M expenses are given in Table below.

Table No.3.4 - Filings: Operating & Maintenance expenses, (Rs. Cr.)

Sl.	Parameter	2016-17 R.E	2017-18	2018-19	Total
1.	Employee Cost	37.52	40.75	44.25	122.52
2.	A&G Expenses	2.91	3.16	3.43	9.50
3.	R&M Expenses	1.34	1.46	1.58	4.38
4.	Other Expenses	-	-	-	-
5.	Spl. Apprn for (2014 to 2016)	-	(-) 8.57	(-) 8.57	(-)17.14
Gross O&M Expenses		41.77	36.80	40.69	119.26
6.	Less: Non-Tariff Income	2.16	2.00	2.00	6.16
Net Operating Charges		39.61	34.80	38.69	113.10

Fee and Charges

34. To recover the capital cost, TSTRANSCO proposed to levy the Annual Fee (Rs./MW/Year) for each year of the 3rd Control period based on estimated generation capacity. To recover operating cost, TSTRANSCO proposed to levy the monthly Operating Charges (Rs/MW/month) on estimated generation capacity. Through, levy of Annual Fee and Operating Charges on users availing of SLDC services, TSTRANSCO will recover the entire estimated annual expenditure of SLDC business from its users. The details of Annual Fee and Operating Charges filed are given in Table-3.5 below.

Table No.3.5 - Filings: Annual Fee and Operating Charges

Sl.No.	Parameter	2016-17	2017-18	2018-19
1.	Generation Capacity (MW)	13770	14525.59	16160.57
2.	Capital Cost (Rs. Cr.)	4.41	6.68	8.60
3.	Operating Expenses (Rs. Cr.)	39.61	34.80	38.69
Annual Fee (Rs./MW/P.A)		3202.61	4598.65	5321.45
Operating Charges (Rs/MW/Month)		2397.12	1996.42	1995.03

Conclusion

35. The TSTRANSCO filing for SLDC activity is in conformity with the Regulation No.1 of 2006 issued for the purpose of fixation of the Annual Fee and Operating Charges. TSTRANSCO requested that the filing may be examined and the Annual Fee and monthly Operating Charges fixed for balance period (i.e., FY 2017-18 and FY 2018-19) of the 3rd Control Period.
36. The Commission analyzed the filings in detail and determined the costs and generation capacity for balance years of the 3rd Control Period. Based on these workings, the Commission fixed the Annual Fee and monthly Operating Charges for each year of the 3rd Control Period i.e., FY2017-18 to FY2018-19. The Commission analysis on these filings is detailed in Chapter-V. Prior to that an analysis of the issues raised during the Public Hearing are dealt in Chapter IV.

CHAPTER - IV

ISSUES RAISED BY THE GENERAL PUBLIC AND TSTRANSCO RESPONSES

Issue: Higher Employee cost vis-a-vis and lesser capitalisation and lesser expenditure & a surplus of Rs.17.14 crs accrued during 02.06.2014 to 31.03.2016

37. Sri M. Venugopala Rao submitted that TSTRANSCO had shown total surplus of Rs17.14 crs for the first two years of the 3rd CP since formation of Telangana state which includes the special appropriation amount of Rs.-0.27 cr and Rs.-0.31 cr for the 1st and 2nd control periods respectively. The surplus be adjusted over the remaining years of SLDC fees and charges. He also requested to confine the utility employee cost to the applicable parameters and fix at a reasonable level only.

Reply of the Licensee: a) The increase in salaries is due to pay revision occurred in 2014 which is a pass through and therefore, the Hon'ble Commission is requested to approve the employee cost without linking to norms. b) The Hon'ble Commission may take a view as per Regulation in vogue for the amount saved under capitalisation and also other heads like O&M, General Expenses and R&M.

Commission's View: This issue relating to true-up for earlier years has been addressed fully by the Commission in Chapter-II of this order.

Issue: Reduction of interest rate of Loan

38. Sri M. Venugopala Rao, submitted that the TSTRANSCO proposed interest rate of 12% on loans, but in view of the drastic reduction of interest rates by Banks and financial institutions post-demonetisation, 12% interest rate is obviously on the higher side and request for reduction of the same realistically.

Reply of the Licensee: TSTRANSCO replied that the weighted average rate of cost of debt for FY 2016-17 (provl.) works out to 10.60% p.a as against the proposed interest rate of 12% p.a adopted by them for arriving at capital cost in their SLDC ARR filings and expressed their willingness for Hon'ble Commission to take a view on this issue.

Commission's View: The information on this issue was also raised while obtaining the additional information on the said ARR filing for reduction of the rate of interest for the SLDC business and TSTRANSCO in its submission had informed that their weighted average cost of debt has been revised to 10.60% p.a from earlier 12% p.a and agreed for adopting the same for the purpose of arriving at the annual fee determination. Eventually, the interest rate on loan at 10.60% p.a is adopted for purpose of tariff calculation.

Issue: Substantial Surplus Power and Idle generation capacity

39. Sri M. Venugopala Rao submitted that the total generation capacities indicated for the FY 2017-18 and FY 2018-19 by TSTRANSCO together with Open-Access can be concluded that there is a substantial surplus power occurring during the ensuing two years may remain idle proportionately due to backing down and their inability to compete in the market and sell surplus power resulting in unwarranted full payment of SLDC charges while SLDC services are underutilised. He requested to ensure the realistic determination of long-term load forecast, resources and procurement plan and also to ensure timely completion of projects relating to generation, Transmission and Distribution.

Reply of the Licensee: The Contracted capacities as shown in the SLDC Tariff filings are the ex-bus installed capacities of all the generating stations with which TSDiscoms have entered into long-term PPAs. Installed capacities are taken as the contracted capacities in the present filings. The Open Access capacity was arrived at based on the contracts entered with third party developers by the TRANSCO/DISCOMs. If the contracted capacities are undermined as stated it would result in increased SLDC operating charges as the total ARR sum is constant.

Commission's View: The generating capacities as was already approved for in the case of Transmission business after their due verification were fully considered for SLDC activity also but the Open Access Capacities as proposed in the filing by the SLDC business were considered afresh. The reply furnished by the Licensee is reasonable and more of realistic in nature and it is satisfactory.

Issue: Realistic consideration of NTI & additional incomes of SLDC

40. Sri M. Venugopala Rao, submitted that Commission should determine the Annual fee and the operational charges for the two years 2017-18 and 2018-19 on a realistic basis, keeping in view the proposed Non-tariff income of Rs. 2 cr per annum and taking into account the proposed appropriations.

Reply of the Licensee: Saving and additional revenue of SLDC is exclusive income of SLDC, hence need not be adjusted. Hon'ble Commission is requested to allow SLDC to retain the additional income.

Commission's View: The consideration of Non-Tariff income/other additional income earned/to be earned by the SLDC business activity is similar to that of the Transmission business and it cannot be dealt differently. Even, if SLDC wants to engage in any other kind of business other than licensed activity for optimum utilization of their assets, it can do so with the prior intimation in writing to the Commission to engage in such Other Business. In doing so, the SLDC shall comply with certain conditions and stipulations stated in the APERC Regulation.No.3 of 2005. Moreover, it is for the Commission to determine the quantum of sharing of revenue so derived from such other business with that of Licensed Business but not by TSTRANCO's volition. Such additional income so accruing to the SLDC business would/shall be utilised in reducing the operational charges of SLDC business being shared by its users. Therefore, TSTRANSCO's contention to treat additional incomes as exclusive income of SLDC, thereby need not be adjusted is not tenable.

CHAPTER - V
COMMISSION ANALYSIS AND DECISIONS ON FILINGS

Generation Capacity

41. The Commission examined the generation capacity details filed by TSTRANSCO for the purpose of levying the Annual Fee and Operating Charges. The capacity expansion plan submitted by TSTRANSCO for the 3rd Control Period is found to be reasonable and accordingly Commission has adopted the same together with the 150 MWs of Open Access capacity for reckoning SLDC Annual Fee and monthly Operating Charges.
42. TSTRANSCO projects that the Generating capacity could reach to 16160.57 MW by the end of the 3rd control period, while the Commission has estimated it to be 16196.59 MW. The brief details of the capacity determined by the Commission are given in Table-5.1.

Table No.5.1 - TSERC: Estimated Generation Capacities, (MW)

Sl	Source of Power	2017-18	2018-19
I	TSGenco	5545.28	7331.28
	a) Thermal	3063.45	4849.45
	b) Hydro	2481.83	2481.83
II	Central Generating Stations	2412.45	2412.45
III	Joint Sector	24.51	24.51
IV	IPPs	898.10	783.10
V	Others (NCE, MPPs, Wind, Mini Hydel, etc.)	5495.25	5495.25
VI	Open Access Generators	150.00	150.00
Total Generation Capacity (MW)		14525.59	16196.59

The complete details filed by TSTRANSCO (generating station-wise capacity (MW) details, year-wise) and Commission accepted details are annexed in **Annexure-D**.

Opening balance of Fixed Assets at the beginning of 2016-17

43. In the ARR filings, Rs.8.58 Crs was indicated as the opening balance of fixed assets as on 01.04.2016. However, no further details were readily available in the ARR filing with regard to the item-wise break-up, software or hardware component of the capital asset and the remaining (leftover) period of various

assets comprising in such amount. As the annual fee would be assessed keeping track of the leftover amortisation period of various assets comprising in the block value of Rs.8.58 crs, hence the break-up details were called for. The SLDC while furnishing the break-up, could provide the break-up summing only upto Rs.7.84 crores towards net fixed assets (along with the base value of such assets) as per the draft demerger plan of APTRANSCO, leaving the gap of Rs.0.74 crs without any further details. Eventually, the opening balance (residual value) of net assets was finally taken as Rs.7.84 crs instead of Rs.8.58 crs in the absence of required details. Upon exploring the excel data sheet made available to the Commission for verification, it is observed that Rs.6.16 crores of assets out of Rs.7.84 crs have already reached 10% i.e., residual value of the base value and only an amount of Rs.1.685 crores of net assets is eligible to be considered in the calculation of Capital cost (annual fee). Besides, the data was further evaluated to extract the varied years of useful life of these assets for which the capital costs are to be determined. In doing so, the 12.77% rate of depreciation as is being used by SLDC was adopted. The detail of these assets as extracted from the furnished data applicable for this order period is tabulated below.

Assets residual value & Useful life for Amortisation	2016-17	2017-18	2018-19
	in Rs.	in Rs.	in Rs.
One year	77656		
Two years	851289	851289	
Three years	689007	689007	689007
Four years	1906162	1906162	1906162
Five years	3367084	3367084	3367084
Six years	895782	895782	895782
Seven years	9071227	9071227	9071227
Total Amount	16858207	16780552	15929263

The applicable base value of assets as consider by the Commission for the two years is tabulated below:

Financial year	2017-18	2018-19
Opening Investments (Rs. Crs)	1.6780	1.5929

The Amortization of Capital cost on the Opening investment calculated by the Commission is provided at the **Annexure - E**.

Capital Investments for FY 2017-18 and FY2018-19

44. The Commission examined the investment proposals made by TSTRANSCO for SLDC activity for each of remaining years of the 3rd Control Period. The major part of the proposed investments for the SLDC operations occurs in SCADA wing and EBC. The Commission has effected a reduction in the projected capital expenditure after (a) examination of actual Vs approved capital expenditure during the first two years of the 3rd Control Period, which revealed a meagre investment, resulting in claw back of the annual fee to the tune of Rs.5.56 crs on comparing the actual with those figures of Tariff order issued by the erstwhile APERC order dt: 9th May 2014 for the 3rd control period. The lower level of investments in the sector may be due to the transition period prevailing in the formation of new state where the changeover of controls from APTRANSCO to TSTRANSCO is taking place. While for the FY2016-17, it was stated that they had spent about Rs.9.70 Crs and Rs.6.65 crs in SACDA Wing and Telecommunication activity respectively. As the annual accounts for the FY 2016-17 are still to be finalised, the same will be scrutinised at time of finalisation of these charges for the next control period. In respect of the remaining two years (ie.,FY2017-18 and FY2018-19) the total investments proposed in the ARR is to the tune of Rs.23.68 crs. In the process of finalising the investment plan as proposed by the SLDC, the information such as loan tie-ups, administrative approvals and copy of sanction orders given by their management for execution of the said investments could not be produced for verification. But, it is ascertained that they are still in the beginning process and could not produce concrete supportive evidences for approving the proposed investment plans to the satisfaction of the Commission. However, keeping in view of the need and requirements of the SLDC business in the newly formed state, the Commission felt it necessary to allow investments in order to allow improvement and strengthening of SLDC activity without any hindrance and gives investment plan approval to the tune of Rs.14.02 crs after detailed discussions with the SLDC officials, though their performance in the past is slow. The detailed break-up of the investment proposed by the SLDC for various activities are given in Table 5.2. The detail of investment plan approved is placed at **Annexure-F**.

Table No.5.2–Year - wise Investment Proposed by TSTransco vs Investment approved by the Commission, (Rs. Cr.)

Financial Year	2017-18	2018-19	Total
As per TSTRANSCO filing	12.78	10.90	23.68
Approved by Commission	6.37	7.65	14.02

Capital Cost

45. The Capital Cost computed by the Commission is based on the following:
- i) As per the Regulation No.1 of 2006 in computing the capital cost, rate of interest used, on investment made (capital borrowed), shall be the lower of (a) 150% of the bank rate or (b) actual rate of interest on capital borrowed. At present, the bank rate is 9% per annum and 150% of this rate works out to 13.5% per annum. Initially TSTRANSCO has adopted 12% p.a as the borrowing cost for capital cost calculation. Subsequently, the TSTRANSCO has communicated in the process of replying to the additional information called for by the Commission that the borrowing rate may be revised to 10.60% per annum. Accordingly, capital borrowing cost of 10.60% per annum has been considered in the computation of Capital cost for each of the two years of 3rd Control Period.
 - ii) Number of years in which investments are to be recovered is considered as 5 years for software component and 10 years for other investments as per the clause 4.4 of APERC Regulation 1 of 2006.
46. TSTRANSCO had proposed to recover a sum of Rs.15.28 Crores of capital cost during the leftover two years period of 3rd Control Period which includes the capital cost on residual investments also. As per the Commission's calculations, the capital cost is placed at Rs.10.02 Cr. for the balance two years period of 3rd Control Period against Rs.15.28 Cr. proposed by TSTRANSCO. The capital cost as worked out by the Commission is lower by Rs.5.26 Cr. compared with the filings made by TSTRANSCO. Year-wise capital cost proposal as filed by TSTRANSCO and approved by the Commission are given in Table-5.3.

Table No.5.3 - Year-wise Capital Cost filed by TSTransco and approved by the Commission, (Rs. Cr.)

Financial Year	2016-17	2017-18	2018-19	Total
As per TSTRANSCO filing	16.35	12.78	10.90	40.03
Approved by TSERC	16.35	6.37	7.65	30.37

The yearly Investments and Capital Costs details computed by the Commission for the period from 2016-17 to 2018-19 of the 3rd Control Period are given in **Table-5.4**.

Table No.5.4 - TSERC: Investments and Capital Cost approved (Rs. Cr.) during the remaining two years of the 3rd Control Period

Capital Cost Calculation	2016-17	2017-18	2018-19
Opening balance of Fixed Asset	1.69	1.68	1.59
Additions in 2016-17 RE	16.35	16.35	16.35
Additions in 2017-18		6.37	6.37
Additions in 2018-19			7.65
Total Investment value (Rs.Crs)	18.04	24.40	31.96
Rate of Interest	10.60%	10.60%	10.60%
Tenure	10	(5/10)	(5/10)
Capital cost claimed			
Opening balance of Fixed Asset	0.2815	0.2802	0.2660
Additions in 2016-17 RE	2.7299	2.7299	2.7299
Additions in 2017-18		1.2146	1.2146
Additions in 2018-19			1.5847
Total Capital cost (Rs. Crs)	3.0114	4.2247	5.7952

However, while determining the Capital cost (Annual fee) component on the opening balance of residual value of assets due regard has been given for the left over useful life of the asset. Again in doing so, the annual fee components were limited to only to those numbers of years for which the asset has remaining useful life.

Operating Cost

47. The Commission examined the operating cost proposals made by TSTRANSCO

for each of the two years of the 3rd Control Period. Major component in operating cost is the employee cost for SLDC activity. The Commission has affected the following changes to the operating cost amount projected by TSTRANSCO.

- i) For estimating Employee cost for each of the two years of the 3rd control period, the Commission examined the expenditure actually incurred in the previous years. Employee cost has been estimated considering the actual expenditure incurred in FY2015-16 which reflected the wage revision component impact in 2014-15 and a growth rate of 8.6% has been added year on year basis up to FY2018-19.
- ii) While TSTRANSCO has adopted a flat escalation of 8.6% p.a to arrive at the A&G cost of each year of remaining period of the 3rd Control Period. This escalation has been adopted uniformly for all the elements of O&M Expenses by the TSTRANSCO, with no proper justification for this adoption. However, in estimating the A&G expenditure for each year of 3rd Control Period by Commission, the actual A&G expenditure incurred in FY 2015-16 is taken as base and an escalation at 8% p.a has been adopted in arriving at A&G expenditure for the FY2017-18 and FY2018-19.
- iii) With regard to R&M expenses, the Commission examined the actual expenditure incurred in 2014-15 at Rs.2.55 crs and Rs.1.55 crs in 2015-16 and also noted that for FY 2016-17 TSTRANSCO had made a projection of Rs.1.34 crs only. When, this issue was raised in the additional information called for from TSTRANSCO, it was explained that an expenditure of Rs.14 lacs was incurred by them on account of 4 nos of OFC break-downs and repairs to communication equipment in Telecom circle, Warangal in FY 2015-16 and later on there were no such breakdown occurrences, hence no drawl of communication equipment and additional expenditure. The explanation given by TSTRANSCO is found to be reasonable. Therefore, taking the R&M cost projected by the TSTRANSCO for FY 2016-17 as base and adopted a flat 8% p.a escalation to arrive the R&M cost for the FY2017-18 and FY2018-19.
- iv) As seen from the ARR filings, a uniform Rs.2 cr was projected towards Non-Tariff Income for FY2017-18 & FY2018-19 which apparently lesser

than Rs.2.16 crs that was projected for 2016-17, but there is no explanation/reason in the ARR filings for such a projection. But SLDC business has various other sources of income from Application registration fee, Processing fee and from delayed payment surcharges from their SLDC users. As seen from the filings there is a steep jump in the NTI from 1.31crs in 2015-16 to 2.16 crs in 2016-17, it is therefore felt proper to show some increase in the Non-Tariff Income in the ensuing years as well. Accordingly, the NTI for two years are taken as Rs.2.25 crs and 2.35 crs by the Commission for the remaining two years of 3rd Control period.

During November 2016, the Chief Engineer/SLDC& Telecom informed the Commission of their intention to engage in leasing out the Spark Dark Fibre available in the existing and upcoming fibre optic network on 400kV and 20kV Transmission lines for optimum utilization of these assets with no extra capital investment besides such leasing will no way interfere or affect their licensed SLDC business activity and still they can earn some additional revenue from such deals. They had made an appropriate reference to the provisions (Regulation No.3 of 2005) covering this other business activity to gain additional revenue. However, no reference was made in the ARR filings now made about its stage and furthering of such activity for optimum utilisation of the idle SLDC assets for useful financial gains. The Commission is keen on such proposal and hereby directs the SLDC to make a needful study and send the proposal on it for Commission's examination and approval for optimum utilisation of such assets and amount of financial gains accruing to the Licensee **on or before 31st December 2017.**

- v) An amount of Rs.20.75 cr towards claw back has been arrived at by the Commission which is higher by Rs.3.61 cr over the figure of Rs.17.14 cr proposed by TSTRANSCO in their SLDC ARR filing and was adjusted equally over the two years i.e. FY2017-18 and FY2018-19. The detailed calculation of the Commission arriving at the amount is indicated at para-24 of Chapter-II of this order.

48. With the above changes on operating cost, the Commission has placed the

operating cost for SLDC at Rs.54.85 Cr over two years period of the 3rd Control Period. The operating cost as per the Commission's determination is lower by Rs.18.64 Cr. compared with the filings of TSTRANSCO at Rs.73.49 Cr. The year wise O&M expenses for 3rd Control Period as filed by TSTRANSCO and approved by the Commission are given in Table-5.5. The details, year-wise and element-wise Operating Expenditure (Cost), as filed by TSTRANSCO and approved by the Commission is annexed in Annexure-I.

Table No. 5.5 - Year - wise O&M Expenses as filed by TSTransco and approved by the Commission (Rs. Cr.)

Year	2017-18	2018-19	Total
As per TSTRANSCO Filing	34.80	38.69	73.49
Approved by TSERC	25.83*	29.02*	54.85

* 50% of claw back amount of Rs 20.75 Cr. relating to 2014-15 and 2015-16 has been deducted in each year.

Annual Fee and Monthly Operating Charges

49. To recover the approved cost for each year of a Control Period, the Commission has fixed two instruments for SLDC. These are;

$$i) \quad \text{Annual Fee (Rs/MW/Year)} = \frac{\text{Capital Cost}}{\text{Generation Capacity}}$$

$$ii) \quad \text{Operating Charges (Rs/MW/Month)} = \frac{\text{Operating Cost}}{(\text{Generation Capacity} \times 12)}$$

Through Annual Fee, the SLDC recovers the approved capital cost in full for each year of the 3rd control period. Through Operating Charges, the SLDC recovers the approved operating cost in full for each year of the 3rd Control Period. The schedule of SLDC Annual Fee and Operating Charges for 3rd Control Period is given in Annexure-A. The year-wise Annual Fee and

Operating Charges filed by TSTRANSCO and approved by the Commission is annexed in Annexure-J. The details of Commission's calculations on Annual Fee and Operating Charges are given in Table-5.6.

Table No.5.6 - Approved - Annual Fee and Operating Charges

Sl.	Parameter	2017-18	2018-19
1)	Generation Capacity (MW)	14525.59	16196.59
2)	Capital Cost (Rs. Cr.)	4.225	5.795
3)	Operating Expenses (Rs. Cr.)	25.83	29.02
Annual Fee (Rs./MW/Annum)		2908.44	3578.01
Operating Charges (Rs/MW/Month)		1481.88	1492.87

Notes on fee and charge

- i) The SLDC charges (Annual Fee & Operating Charges) shall be paid by Generating Companies (including Captive Generating Plants), Distribution Licensees and Trading Licensees using the intra-State Transmission Network.
- ii) The Annual Fee shall be paid by all the Users in advance in two equal Instalments, by 10th of April and by 10th of October every financial year starting from FY 2017-18 onwards.
- iii) Provided that in case where the usage of intra-state transmission system commences after the 10th of April or the 10th October of a year, the Annual Fee for the period upto 30th September of the year and 31st March of the subsequent year respectively shall be required to be paid before the commencement of intra-state transmission.
- iv) The Operating Charges shall be paid monthly.
- v) If the Annual Fee and Operating Charges as the case may be are not paid by the due date(s), surcharge at the rate of two percent per month shall be levied on the unpaid amounts.
- vi) An amount equivalent to two months' Operating Charges shall have to be deposited in advance by every User as security against default in payment of Operating Charges.

50. The Commission's Fresh Directives are annexed in Annexure-C.

Commission Intervention in Case of Variations in Cost and Revenues

51. For the purpose of monitoring the actual cost and revenue, the directives issued on filing of monthly costs be scrupulously followed by TSTRANSCO / SLDC.

52. The aforementioned fee and charges fixed for each of the two years FY 2017-18 and FY2018-19 of the 3rd Control Period are usually applicable from 1st April to 31st March of the respective Financial Year. However, the fee and charges applicable for the year 2017-18 shall be levied only from the date of issue of this order.

This Order is signed on the 20th day of June, 2017.

**Sd/-
(H.SRINIVASULU)
MEMBER**

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

ANNEXURE - A

SCHEDULE OF SLDC ANNUAL FEE AND OPERATING CHARGES FOR TWO YEARS PERIOD OF 3rd CONTROL PERIOD

(FY 2017-18 and FY 2018-19)

Year	Annual Fee (Rs./MW/Year)	Operating Charge (Rs/MW/Month)
2017-18	2908.44	1481.88
2018-19	3578.01	1492.87

Notes: Users of SLDC services shall pay both Annual Fee and Operating Charges as per the terms and conditions prescribed by Telangana State Electricity Regulatory Commission (TSERC) from time to time.

Notes on Annual Fee and Operating Charges

- i) The SLDC charges (Annual Fee & Operating Charges) shall be paid by Generating Companies (including Captive Generating Plants), Distribution Licensees and Trading Licensees using the intra-State Transmission Network.
- ii) The Annual Fee shall be paid by all the Users in advance in two equal instalments, by 10th of April and by 10th of October every Financial Year starting from FY2017-18 onwards:
- iii) Provided that in case where the usage of intra-state transmission system commences after the 10th of April or the 10th October of a year, the Annual Fee for the period upto 30th September of the year and 31st March of the subsequent year respectively shall be required to be paid before the commencement of intra-state transmission.
- iv) The Operating Charges shall be paid monthly.
- v) If the Annual Fee and Operating Charges as the case may be are not paid by the due dates, surcharge at the rate of two percent (2%) per month shall be levied on the unpaid amounts.
- vi) An amount equivalent to two months' Operating Charges shall have to be deposited in advance by every User as security against default in payment of Operating Charges.
- vii) For the purpose of billing and collection of the above mentioned fee and charges, a fraction of a MW shall be treated as one full MW.
- viii) Further, the Operating charges shall be leviable for a minimum period of one month, a fraction of a month being rounded off to a full month.

ANNEXURE - B

గణతంత్ర సేవల నియంత్రణ కమిషన్ ఆఫ్ తెలంగాణ రాష్ట్రం (TSEERC) సమాఖ్య
D.No. 11-4-660, 5వ అంతస్తు, పెంగండే భవన్, లక్ష్మీనగర్, రెడ్ హిల్స్, హైదరాబాద్-500004.

ప్రాజెక్టులపై ఆందోళనలపై ఆఫీస్ తెలంగాణ లిమిటెడ్

బహిరంగ ప్రకటన

1. ప్రాజెక్టులపై ఆందోళనలపై ఆఫీస్ తెలంగాణ లిమిటెడ్ (TSTRANSCO) వారి 2017-18 నుండి 2018-19 కాలపు SLDC ఫైల్లోకి సేవ (SLDC) కార్యక్రమం ద్వారా రుసుము మరియు అవరోగం లాభ నిధుల కొరత తెలంగాణ ప్రజల సేవల నియంత్రణ కమిషన్ (TSEERC) నియంత్రణ కమిషన్ ద్వారా అందరికీ నోటిసు ఇవ్వబడుతుంది. మరియు ప్రాజెక్టు O.P.No. 09 తేదీ 2017 నుండి గౌరవనీయ కమిషన్ ద్వారా లాభ నిధుల కొరత తెలంగాణ ప్రజల సేవల నియంత్రణ కమిషన్ (TSEERC) నియంత్రణ కమిషన్ ద్వారా అందరికీ నోటిసు ఇవ్వబడుతుంది.

2. రుణ నియంత్రణ కమిషన్ ప్రాజెక్టు మరియు ప్రతిపాదనలు తెలంగాణ ప్రజల సేవల నియంత్రణ కమిషన్ (TSTRANSCO) ద్వారా అందరికీ నోటిసు ఇవ్వబడుతుంది. మరియు ప్రాజెక్టు O.P.No. 09 తేదీ 2017 నుండి గౌరవనీయ కమిషన్ ద్వారా లాభ నిధుల కొరత తెలంగాణ ప్రజల సేవల నియంత్రణ కమిషన్ (TSEERC) నియంత్రణ కమిషన్ ద్వారా అందరికీ నోటిసు ఇవ్వబడుతుంది.

3. ప్రాజెక్టులపై ఆందోళనలపై ఆఫీస్ తెలంగాణ లిమిటెడ్ (TSTRANSCO) వారి 2017-18 నుండి 2018-19 కాలపు SLDC ఫైల్లోకి సేవ (SLDC) కార్యక్రమం ద్వారా రుసుము మరియు అవరోగం లాభ నిధుల కొరత తెలంగాణ ప్రజల సేవల నియంత్రణ కమిషన్ (TSEERC) నియంత్రణ కమిషన్ ద్వారా అందరికీ నోటిసు ఇవ్వబడుతుంది. మరియు ప్రాజెక్టు O.P.No. 09 తేదీ 2017 నుండి గౌరవనీయ కమిషన్ ద్వారా లాభ నిధుల కొరత తెలంగాణ ప్రజల సేవల నియంత్రణ కమిషన్ (TSEERC) నియంత్రణ కమిషన్ ద్వారా అందరికీ నోటిసు ఇవ్వబడుతుంది.

అప్లికేషన్/ అప్రోవల్/ సేవల నియంత్రణ కమిషన్	అప్రోవల్/ సేవల నియంత్రణ కమిషన్	2017-18 మరియు 2018-19 కాలపు SLDC ఫైల్లోకి సేవ (SLDC) కార్యక్రమం ద్వారా రుసుము మరియు అవరోగం లాభ నిధుల కొరత తెలంగాణ ప్రజల సేవల నియంత్రణ కమిషన్ (TSTRANSCO) ద్వారా అందరికీ నోటిసు ఇవ్వబడుతుంది.	TSTRANSCO కార్యక్రమం ద్వారా అందరికీ నోటిసు ఇవ్వబడుతుంది.	అప్రోవల్/ సేవల నియంత్రణ కమిషన్ ద్వారా అందరికీ నోటిసు ఇవ్వబడుతుంది.
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4. FY 2017-18 నుండి 2018-19 కాలపు SLDC ఫైల్లోకి సేవ (SLDC) కార్యక్రమం ద్వారా రుసుము మరియు అవరోగం లాభ నిధుల కొరత తెలంగాణ ప్రజల సేవల నియంత్రణ కమిషన్ (TSEERC) నియంత్రణ కమిషన్ ద్వారా అందరికీ నోటిసు ఇవ్వబడుతుంది.

5. తెలంగాణ ప్రజల సేవల నియంత్రణ కమిషన్ తేదీ **08.06.2017** నుండి **10.30** గం. నుండి **5.00** గం. వరకు లాభ నిధుల కొరత తెలంగాణ ప్రజల సేవల నియంత్రణ కమిషన్ (TSEERC), #11-4-660, 5వ అంతస్తు, పెంగండే భవన్, లక్ష్మీనగర్, రెడ్ హిల్స్, హైదరాబాద్-4 వద్ద బహిరంగ విచారణ నిర్వహిస్తుంది.

తేదీ: 08.06.2017
 ప్రకటన : హైదరాబాద్

ప్రతిపక్షం :-

ప్రాజెక్టులపై ఆందోళనలపై ఆఫీస్ తెలంగాణ లిమిటెడ్

2017-18 నుండి 2018-19 కాలపు SLDC ఫైల్లోకి సేవ (SLDC) కార్యక్రమం ద్వారా రుసుము మరియు అవరోగం లాభ నిధుల కొరత తెలంగాణ ప్రజల సేవల నియంత్రణ కమిషన్ (TSEERC) నియంత్రణ కమిషన్ ద్వారా అందరికీ నోటిసు ఇవ్వబడుతుంది.

వివరాలు	2017-18	2018-19
మొత్తం రుసుము (రా. కోట్ల)	6.68	8.60
లాభ నిధుల కొరత (రా. కోట్ల)	34.80	38.69
మొత్తం అవరోగం (MW)	14526	16161
SLDC కార్యక్రమం (రా. MW) పాటించి	4598.65	5321.45
SLDC అవరోగం లాభ నిధుల కొరత (రా. MW) పాటించి	1996.42	1995.03

R.O.No. 08/17

LIST OF REGISTERED OBJECTORS	
SL.NO.	NAME & ADDRESS OF THE OBJECTOR
1	Sri M.Venugopala Rao, Convener, Centre for Power Studies, H.No.7-1-408 to 413, F203, Sri Sai Darsan Residency, Balkampet Road, Ameerpet, Hyderabad 500 016. PhoneNo.:(040)23737404 Mobile No.9441193749 email address:vrmmummareddi@gmail.com
List of stakeholders who attended the Public Hearing on 08.06.2017 and submitted their objections/suggestions/comments on filings of TSTRANSCO	
SL.NO.	NAME & ADDRESS OF THE OBJECTOR
1	Nil

ANNEXURE - C

LIST OF DIRECTIVES

- 1) TSTRANSCO shall file the details of completed capital works pertaining to SLDC operations along with Project Completion Certificate (PCC) and Financial Completion Certificate (FCC) as is being done for transmission projects. TSTRANSCO shall also file a monthly report with the Commission on progress in capital works pertaining to SLDC operations by 25th of every month relating to the previous month.
- 2) TSTRANSCO shall file the actual costs and revenues by 25th of every month relating to the previous month in the format prescribed for this purpose by the Commission (by erstwhile APERC). TSTRANSCO may also state its own observations on cost, revenues and capacities along with the monthly report.
- 3) **Segregation of Employees Cost**
 - a) TSTRANSCO shall apportion the cost of employees of Telecom wing to SLDC business and Transmission business in the next filing as per Grid Code. Since, in the present filing all employees cost of Telecom wing is shown in SLDC business, further the cost of expansion of Telecom shall be shown in the concerned business as per Grid Code.
 - b) In the present filing the total employee cost of power system is shown under the SLDC business. The employees of power system wing are dealing with SLDC business and Transmission business. The TSTRANSCO is directed to segregate the cost of employees between Transmission business and SLDC business.
- 4) As per clause 4.5.1 (employees cost) of Regulation No.1 of 2006 of APERC the staffing plan shall be submitted to the Commission to get approval. As per clause 4.5.2 of Regulation No.1 of 2006, for the A&G costs and R&M costs the norms have to be determined. Hence, the TSTRANSCO is directed to submit proposals for determining norms for these costs in O&M expenses well before the next filings.
- 5) The Commission is keen on proposal of optimum utilisation of SLDC business assets by engaging in other business activity and make additional financial gains leading to tariff reduction to all SLDC users and hereby directs the SLDC business to make needful study and send the proposal for Commission examination and approval in optimum utilisation of these assets and amount of financial gains accrues to the Licensee on or before 31st December 2017.

ANNEXURE - D

GENERATION CAPACITY (IN MW) FOR TWO YEARS OF 3rd CONTROL PERIOD

Generating Station/Source	Total Capacity	TSTRANSCO-(SLDC)		Approved	
		2017-18	2018-19	2017-18	2018-19
	(MW)	(MW)		(MW)	
GENCO - THERMAL					
VTPS I	383.25	206.53	206.53	206.53	206.53
VTPS II	383.25	206.53	206.53	206.53	206.53
VTPS III	383.25	206.53	206.53	206.53	206.53
VTPS IV	462.50	249.24	249.24	249.24	249.24
RTPP I	382.20	205.97	205.97	205.97	205.97
RTPP II	382.20	205.97	205.97	205.97	205.97
RTPP III	191.10	102.98	102.98	102.98	102.98
KTPS A	216.72	116.79	116.79	116.79	116.79
KTPS B	216.72	116.79	116.79	116.79	116.79
KTPS C	216.72	116.79	116.79	116.79	116.79
KTPS D	455.00	245.20	245.20	245.20	245.20
KTPS VI	462.50	249.24	249.24	249.24	249.24
RTS B	56.88	30.65	30.65	30.65	30.65
KTPP I	462.50	249.24	249.24	249.24	249.24
KTPP II	555.00	555.00	555.00	555.00	555.00
KTPSVII	760.00	-	760.00	-	760.00
BhadradiTPS	1080.00	-	990.00	-	1026.00
Total Thermal	7049.79	3063.45	4813.45	3063.45	4849.45
GENCO - HYDRO					
Manchkund PH AP share	83.16	44.81	44.81	44.81	44.81
Tungabhadra PH AP share	57.02	30.73	30.73	30.73	30.73
SSLM LCPH	891.00	891.00	891.00	891.00	891.00
NSPH	807.44	807.44	807.44	807.44	807.44
NSLCPH	59.40	59.40	59.40	59.40	59.40
Pochampad PH	26.73	26.73	26.73	26.73	26.73
Nizamsagar PH	9.90	9.90	9.90	9.90	9.90
Singur	14.85	14.85	14.85	14.85	14.85
Priyadarshini Jurala HES	231.66	231.66	231.66	231.66	231.66
Pochampad II	8.91	8.91	8.91	8.91	8.91
Lower Jurala HE	237.60	237.60	237.60	237.60	237.60
Pulichintala	118.80	118.80	118.80	118.80	118.80
Total Hydro	2546.47	2481.83	2481.83	2481.83	2481.83
Total (Thermal & Hydro)	9596.26	5545.28	7295.28	5545.28	7331.28

(Contd.....)

GENERATION CAPACITY (IN MW) FOR TWO YEARS OF 3rd CONTROL PERIOD

Generating Station/Source	Total Capacity	TSTRANSCO-(SLDC)		Approved	
		2017-18	2018-19	2017-18	2018-19
	(MW)	(MW)		(MW)	
CENTRAL GENERATING STATIONS (CGS)					
NTPC(SR) Ramagundam U1-U6	629.78	339.39	339.39	339.39	339.39
NTPC(SR) Ramagundam U7	158.58	85.46	85.46	85.46	85.46
NLC TS-II Stage-I	103.93	56.01	56.01	56.01	56.01
NLC TS-II Stage-II	183.93	99.12	99.12	99.12	99.12
NPC-MAPS	38.99	21.01	21.01	21.01	21.01
Talcher Stage 2	374.00	201.55	201.55	201.55	201.55
NTPC-Simhadri Stage I	940.00	506.57	506.57	506.57	506.57
NTPC-Simhadri Stage II	432.49	233.07	233.07	233.07	233.07
Kaiga (Nuclear) Plant I & II	121.37	65.41	65.41	65.41	65.41
Kaiga (Nuclear) Plant III & IV	128.54	69.27	69.27	69.27	69.27
Vallur Thermal Power Plant	206.87	111.48	111.48	111.48	111.48
Kalpakkam	116.16	62.60	62.60	62.60	62.60
Tuticorn	234.23	126.23	126.23	126.23	126.23
Kudgi I & II	703.12	378.91	378.91	378.91	378.91
Neyveli	104.60	56.37	56.37	56.37	56.37
Total Central Sector	4476.59	2412.43	2412.43	2412.45	2412.45
JOINT SECTOR POWER					
APGPCL-I	15.60	6.67	6.67	6.67	6.67
APGPCL-II	41.72	17.84	17.84	17.84	17.84
Total Joint Sector	57.32	24.51	24.51	24.51	24.51
INDEPENDENT POWER PROJECTS (IPPs)					
BSES	213.40	115.00	0.00	115.00	0.00
GVK Extension	213.40	115.00	115.00	115.00	115.00
Vemagiri	358.90	193.41	193.41	193.41	193.41
Gowthami	450.08	242.55	242.55	242.55	242.55
Konaseema	430.76	232.14	232.14	232.14	232.14
Total IPPs	1666.54	898.10	783.10	898.10	783.10
OTHERS POWER SOURCES					
Singareni TPP	1128.00	1128.00	1128.00	1128.00	1128.00
Chhattisgarh Power	1000.00	1000.00	1000.00	1000.00	1000.00
Thermal Power Tech I	500.00	269.45	269.45	269.45	269.45
Thermal Power Tech	570.00	570.00	570.00	570.00	570.00
Total Others	3198.00	2967.45	2967.45	2967.45	2967.45
NON-CONVENTIONAL ENERGY SOURCES (NCEs)					
Bagasse	42.00	42.00	42.00	42.00	42.00
Bio Mass	24.00	24.00	24.00	24.00	24.00
Municipal/Industrial Waste	8.00	8.00	8.00	8.00	8.00
Mini Hydel	7.00	7.00	7.00	7.00	7.00
Solar	2346.00	2346.00	2346.00	2346.00	2346.00
Wind	100.80	100.80	100.80	100.80	100.80
Total Non Conventional	2527.80	2527.80	2527.80	2527.80	2527.80
Discom Total	21522.51	14375.57	16010.57	14375.59	16046.59
Open Access		150.00	150.00	150.00	150.00
Grand Total		14525.57	16160.57	14525.59	16196.59

ANNEXURE - E

Details of Residual Capital Expenditure upto end of 2015-16 (approved)

Assets residual value & Useful life	2016-17	2017-18	2018-19	2019-20	2019-20	2020-21	2021-22
	Rs.Crs						
One year	0.0078	0.0000	0.0000				
Two years	0.0851	0.0851	0.0000				
Three years	0.0689	0.0689	0.0689				
Four years	0.1906	0.1906	0.1906	0.1906			
Five years	0.3367	0.3367	0.3367	0.3367	0.3367		
Six years	0.0896	0.0896	0.0896	0.0896	0.0896	0.0896	
Seven years	0.9071	0.9071	0.9071	0.9071	0.9071	0.9071	0.9071
Total Amount	1.68582	1.67806	1.59293	1.52403	1.33341	0.99670	0.90712

Capital cost computed on Residual Capital Expenditure upto 2015-16 (approved)

Capital cost amount Yearly Amortization	2016-17	2017-18	2018-19	2019-20	2019-20	2020-21	2021-22
	Rs.Crs						
One year	0.0013						
Two years	0.0142	0.0142					
Three years	0.0115	0.0115	0.0115				
Four years	0.0318	0.0318	0.0318	0.0318			
Five years	0.0562	0.0562	0.0562	0.0562	0.0562		
Six years	0.0150	0.0150	0.0150	0.0150	0.0150	0.0150	
Seven years	0.1515	0.1515	0.1515	0.1515	0.1515	0.1515	0.1515
Total Amount	0.28147	0.28017	0.26596	0.25446	0.22263	0.16641	0.15146

ANNEXURE - F

CAPITAL INVESTMENT PLAN FOR 3rd CONTROL PERIOD (Approved) (Rs Cr.)

Item	2016-17	2017-18	2018-19
Opening Balance (Residual Value)	1.6858	1.6781	1.5929
New Investment			
■ SCADA	9.7000	4.6825	4.6100
■ Commercial / EBC	--	1.5000	1.500
■ Telecom	6.6500	0.1855	--
■ Power Systems/Planning	--	--	1.5400
New Investment total (Rs. Crs.)	16.3500	6.3680	7.6500
Grand Total (Rs. Cr.)	18.0358	8.0461	9.2429

ANNEXURE - G

GENERATION CAPACITY COMPARATIVE STATEMENT, (MW)

Financial Year	Distribution Companies		Other Generators, Open Access		Total Capacity in the State	
	FILING	Approved	FILING	Approved	FILING	Approved
2017-18	14375.59	14375.59	150	150	14525.59	14525.59
2018-19	16010.57	16046.59	150	150	16160.57	16196.59

ANNEXURE - H

CAPITAL INVESTMENT& CAPITAL COSTS FOR EACH YEAR COMPARATIVE STATEMENT, (Rs.Cr.)

Financial Year	Proposed Annual Investments		Capital Cost* on Proposed Investments	
	FILING	Approved	FILING	Approved
End of 2015-16	8.58	1.69	1.52	0.2815
2016-17 (RE)	16.35	16.35	2.89	2.7299
2017-18	12.783	6.37	2.26	1.2146
2018-19	10.898	7.65	1.93	1.5847
Total	48.611	32.06	8.60	5.8107

ANNEXURE - I

OPERATING COST Approved Vs Filings

Summary of SLDC Operating Charges - Approved			
Particulars	Unit	FY 2017-18	FY 2018-19
Operating Charges	Rs. Crs		
1) Employee Cost	Rs. Crs	34.77	37.76
2) ADMN & Genrl Expn.	Rs. Crs	2.24	2.42
3) Repairs & Maintenance Expn.	Rs. Crs	1.45	1.56
4) Special Appropriation	Rs. Crs	-10.38	-10.38
Gross O&M Expn. (1 to 4)	Rs. Crs	28.08	31.37
<i>Less: Non-Tariff Income</i>	Rs. Crs	2.25	2.35
Net Oprg. Charges	Rs. Crs	25.83	29.02
Operating Charges (month)	Rs./Mw/Month	1481.88	1492.87
Generation Capacity	MW	14525.59	16196.59

Summary of SLDC Operating Charges - ARR filings			
Particulars	Unit	FY 2017-18	FY 2018-19
Operating Charges	Rs. Crs		
1) Employee Cost	Rs. Crs	40.75	44.25
2) ADMN & Genrl Expn.	Rs. Crs	3.16	3.43
3) Repairs & Maintenance Expn.	Rs. Crs	1.46	1.58
4) Special Appropriation	Rs. Crs	-8.57	-8.57
Gross O&M Expn. (1 to 4)	Rs. Crs	36.80	40.69
<i>Less: Non-Tariff Income</i>	Rs. Crs	2.00	2.00
Net Oprg. Charges	Rs. Crs	34.80	38.69
Operating Charges (month)	Rs./Mw/Month	1996.48	1995.08
Generation Capacity (ARR)	MW	14525.59	16160.57

ANNEXURE - J

DISCOMS ANNUAL FEE AND OPERATING CHARGES COMPARATIVE STATEMENT

Financial Year	Annual Fee (Rs/MW/Year)		Operating Charges (Rs/MW/Month)	
	FILING	Approved	FILING	Approved
2017-18	4598.78	2908.44	1996.48	1481.88
2018-19	5321.59	3578.01	1995.08	1492.87

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