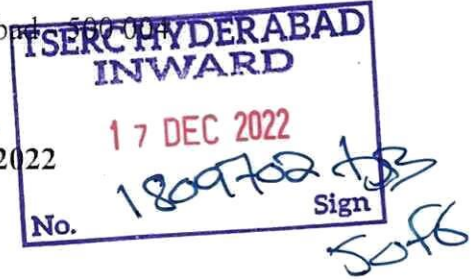


SR NO. 142 of 2022

BEFORE THE HONOURABLE TELANGANA STATE ELECTRICITY REGULATORY  
COMMISSION

Office at 5<sup>th</sup> Floor, Singareni Bhavan, Red Hills, Hyderabad - 500 004

I.A NO.                      of 2022 in O.P. No 95 of 2022



In the matter of:

Filing of the Provisional Power Purchase True-down application for Retail Supply Business for the FY 2022-23 in accordance with the “Andhra Pradesh Electricity Regulatory Commission (Terms and Conditions for determination of Tariff for Wheeling and Retail Sale of Electricity) Regulation, 4 of 2005” and its first amendment Regulation 1 of 2014 (adopted by TSERC) thereof by the Northern Power Distribution Company of Telangana Limited (‘TSNPDCL’ or ‘the Company’ or ‘the Licensee’) as the Distribution and Retail Supply Licensee

In the matter of:

NORTHERN POWER DISTRIBUTION COMPANY OF TELANGANA LIMITED

... Applicant

The Applicant respectfully submits as under: -

1. Consequent to the formation of Telangana State on 02-06-2014 as per the Andhra Pradesh Reorganisation Act, 2014, a separate Telangana Electricity Regulation Commission was constituted on 03-11-2014. TSERC vide Telangana Official Gazette has issued its first regulation, Regulation No. 1 of 2014 on 10.12.2014 (Adoption of Previously Subsisting Regulations, Decisions, Directions or Orders, Licences and Practice of Directions) wherein clause 2 states that:

*“All regulations, decisions, directions or orders, all the licences 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in electricity in the State of Telangana including the Commission and shall continue to have effect until duly altered, repealed or amended, any of Regulation by the Commission with effect from the date of notification as per Notification issued by the Government of Telangana in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.”*

2. This filing is made by the **NORTHERN POWER DISTRIBUTION COMPANY OF TELANGANA LIMITED (TSNPDCL)** under Section 62(4) of the Electricity Act 2003 for determination of the provisional Power Purchase True-down for the Retail Supply Business for the period **FY 2022-23** in accordance to the Andhra Pradesh Electricity Regulatory Commission (Terms and Conditions for determination of Tariff for Wheeling and Retail Sale of Electricity) Regulation, 2005” and its first amendment Regulation 1 of 2014 thereof as adopted by TSERC vide Regulation No. 1 of 2014.
3. Accordingly, the Licensee in this filing submits the following Proposal of provisional Power Purchase True-down for **FY 2022-23** in accordance to APERC Regulation No. 1 of 2014 as adopted by TSERC vide Regulation No. 1 of 2014: -
4. **Power Purchase True-up/down:**
  - i. As per the directions of the Hon’ble Commission, the Licensee had submitted provisional true up cost for the FY 2016-17 as a part of additional information in the filing of ARR for Retail Supply Business for FY 2017-18. Accordingly, the Hon’ble Commission had approved the final true-up for the FY 2015-16 and provisional true-up for the FY 2016-17 in Retail Supply Tariff Order for the FY 2017-18 (Ref: Page 67-68 of the Tariff Order).
  - ii. It is to further submit that the Licensee in the ARR filing for the FY 2018-19 requested the Hon’ble Commission to allow to file the provisional true-up for the FY 2017-18 & final true-up for the FY 2016-17 separately in view of high degree of uncertainty involved in estimating the trueing up for FY 2017-18 due to 24 hours supply to agricultural consumers w.e.f. 01.01.2018 as well as energization of Lift Irrigation (LI) schemes.

- iii. Further, the Licensee has submitted an application to the Commission for making amendments to the Principal Regulation No. 4 of 2005 on 16.08.2017 wherein the licensee has requested the Hon'ble Commission to amend the regulation on True-up by allowing the actual agricultural sales in arriving Power Purchase cost True-ups so as to allow the DISCOMs to pass on the excess Power purchase cost in the ARR of Retail Supply Business.
- iv. Hence, to avoid any undue burden on the consumers, the licensees requested the Commission for filing of trueing up in the ensuing year. (*Ref: Pg 44 of RST for the FY 2018-19*)
- v. Further to submit that the licensee has continued the same tariffs as applicable for FY 2018-19 in accordance to the Orders on continuation of Retail supply tariffs of FY 2018-19 for the FY 2019-20, FY 2020-21 and FY 2021-22 issued by the Hon'ble TSERC.
- vi. As the same tariffs of FY 2018-19 are continued for FY 2019-20, FY 2020-21 and FY 2021-22, the Aggregate Revenue Requirement approved for FY 2018-19 is continued to be applicable for FY 2019-20, FY 2020-21 and FY 2021-22.
- vii. Accordingly, the licensee has arrived at power purchase True-ups for FY 2019-20, FY 2020-21 and FY 2021-22 considering the approved power purchase cost for FY 2018-19.
- viii. The licensees have submitted ARR and FPT for Retail Supply Business for FY 2022-23 and the Hon'ble Commission has issued Tariff Order for the same vide Order dated 23.03.2022.
- ix. In accordance to the APERC Regulation 1 of 2014 as adopted by TSERC vide Regulation 1 of 2014 dated 10.12.2014, the Licensee herewith submits the provisional Power Purchase True-down arrived for FY 2022-23 considering the actual 24x7 Agricultural consumption.

Year	Provisional Power Purchase True-up/(down) as claimed by TSNPDCL (in Rs. Crs)
FY 2022-23 (Prov.)	(369.10)

5. **Treatment of True-up/down:**

- i. Considering that the power purchase costs and Sales are provisional in nature, the licensees request the Hon'ble Commission to approve the power purchase true up/down for FY 2022-23 without limiting the Agricultural sales to the minimum of Approved or Actual Sales
- ii. The licensee proposes true down amount of Rs. **369.10** crores in the form of additional ARR in the ensuing Tariff Order.

6. Based on the information available, the applicant has made sincere efforts to comply with the Regulation of the Hon'ble Commission and discharge its obligations to the best of its abilities. However, should any further material information become available in the near future, the applicant reserves the right to file such additional information and consequently amend/ revise the application.

7. In the aforesaid facts and circumstances, the Applicant requests that this Hon'ble Commission may be pleased to:

- a) Admit the Provisional Power Purchase True down Petition filed by the Licensee, in accordance with Sub clause 12.5 of APERC Regulation 1 of 2014 for the FY 2021-22
- b) Approve the Power Purchase True down cost as submitted in the Petition.
- c) Allow the impact of Power Purchase True down to be passed on to the consumers
- d) Grant suitable opportunity to TSNPDCL within a reasonable time frame to file additional material information that may be subsequently available;
- e) Consider and approve TSNPDCL's power purchase True-down application including all requested regulatory treatments in the filing;

- f) Pass such order as the Hon'ble Commission may deem fit and proper in the facts and circumstances of the case.

**NORTHERN POWER DISTRIBUTION COMPANY OF TELANGANA LIMITED**  
**(APPLICANT)**

Through

  
CHIEF GENERAL MANAGER  
IPC&RAC/TSNPDCL

Place: Hanumakonda  
Dated: 16-12-2022.

**BEFORE THE HONOURABLE TELANGANA STATE ELECTRICITY REGULATORY  
COMMISSION**

Office at 5<sup>th</sup> Floor, Singareni Bhavan, Red Hills, Hyderabad - 500 004

I.A NO. \_\_\_\_\_ of 2022 in O.P. No \_\_\_\_ of 2022

In the matter of:

Filing of the Provisional Power Purchase True-down application for Retail Supply Business for the FY 2022-23 in accordance with the “Andhra Pradesh Electricity Regulatory Commission (Terms and Conditions for determination of Tariff for Wheeling and Retail Sale of Electricity) Regulation, 4 of 2005” and its first amendment Regulation 1 of 2014 (adopted by TSERC) thereof by the Northern Power Distribution Company of Telangana Limited (‘TSNPDCL’ or ‘the Company’ or ‘the Licensee’) as the Distribution and Retail Supply Licensee

In the matter of:

**NORTHERN POWER DISTRIBUTION COMPANY OF TELANGANA LIMITED**

... Applicant

**AFFIDAVIT OF APPLICANT VERIFYING THE APPLICATION ACCOMPANYING  
FILING AS PER TERMS AND CONDITIONS OF TARIFF FOR WHEELING AND  
RETAIL SALE OF ELECTRICITY**

I, Sri. T. Madhusudhan, son of Sri T. Laxmipathi, aged 57 years working for gain at the Northern Power Distribution Company of Telangana Limited do solemnly affirm and say as follows:

- 1 I am the Chief General Manager/IPC&RAC of TSNPDCL, the Licensee that has Licence No. 14 of 2000, vide the Hon’ble Commission’s approval in proceedings No. APERC/Secy/Engg/No.6 dt.31.3.2000, been granted the distribution and retail supply functions that Transco was authorised to conduct or carry out under the Act and the license, with respect to the business of distribution and retail supply of electricity in the Northern

distribution zone in Telangana. On December 27, 2000, the Hon'ble Commission has awarded a Distribution and Retail Supply Licence to TSNPDCL effected from April 1, 2001.

- 2 I am competent and duly authorised by TSNPDCL to affirm, swear, execute and file this affidavit in the present proceedings.
- 3 I submit that I have read and understood the contents of the appended application of TSNPDCL. The facts stated in the application are true to the best of my knowledge, which are derived from the official records made available and certain facts stated are based on information and advice which, I believe to be true and correct.
- 4 I submit that for the reasons, and facts stated in the appended application this Applicant pray that the Hon'ble Commission may be pleased to:

- Admit the Provisional Power Purchase True Down Petition filed by the Licensee
- Approve the Provisional Power Purchase True down cost as submitted in the Petition in order to recover financial losses of the licensee.
- Allow the impact of Power Purchase True down to be passed on to the consumers
- Grant suitable opportunity to TSNPDCL within a reasonable time frame to file additional material information that may be subsequently available;
- Consider and approve TSNPDCL's power purchase True-down application including all requested regulatory treatments in the filing;
- Pass such order as the Hon'ble Commission may deem fit and proper in the facts and circumstances of the case.

  
DEPONENT  
**Chief General Manager**  
**IPC & RAC TSNPDCL,**  
**Warangal.**

**VERIFICATION:**

I, the above named Deponent solemnly affirm at Hanumakonda on this 16<sup>th</sup> Day of December 2022 that the contents of the above affidavit are true to my knowledge, no part of it is false and nothing material has been concealed there from.

  
DEPONENT  
**Chief General Manager**  
**IPC & RAC TSNPDCL,**  
**Warangal.**

Solemnly affirmed and signed before me.

  
**General Manager**  
**IPC & RAC, TSNPDCL**  
**Warangal.**



SR no. 142/2022

O.P. NO. 95/2022

FY 2022-23

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## 1 Power Purchase True-up

### 1.1 Introduction

#### *Regulatory Provisions:*

Sub clause 12.5 of APERC Regulation 1 of 2014 stipulates as follows:

#### ***"12.5 True-up for Retail Supply Business***

*a. The Distribution Licensee shall include the power purchase cost variation over the previous year Power Purchase cost in the Tariff Order as expense (in the event of incurring excess cost)/rebate (in case of cost saving) in the ARR as special item with relevant details. To arrive the power purchase cost variation, the least of the following power purchase quantity is to be considered:*

*i) Actual power purchase quantity procured by the Discoms for its consumers.*

*ii) Power purchase quantity computed based on actual sales except LT Agriculture sales. LT Agricultural sales will be limited to Tariff Order quantity. These aggregated sales will be grossed up with approved losses for the relevant year in the MYT orders.*

*b. Since the complete information of cost actually incurred relating to previous year will not be available at the time of filing of ARR for a particular tariff year, the Licensee may include provisional cost variation for the previous year in ARR filings which will be subject to final correction by the Commission as and when final accounts for that year become available.*

*c. The Licensees shall also include in the ARR the amounts to be collected on final basis being the difference between the cost incurred based on audited annual accounts report and costs provisionally approved by the Commission in the Tariff Order for the year immediately preceding the previous year."*

As per the Regulation, the Licensee is now filing the provisional Power Purchase True up for FY 2022-23.

It is to submit that the Licensees in the ARR filing for the FY 2018-19 requested the Hon'ble Commission to allow to file the provisional true-up for the FY 2017-18 & final true-up for the FY 2016-17 separately in view of high degree of uncertainty involved in estimating the trueing up for FY 2017-18 due to 24 hours supply to agricultural consumers w.e.f. 01.01.2018 as well as energization of Lift Irrigation (LI) schemes.

Further, the Licensee has submitted an application to the Commission for making amendments to the Principal Regulation No. 4 of 2005 on 16.08.2017 wherein the licensee has requested the Hon'ble Commission to amend the regulation on True-up by allowing the actual agricultural sales in arriving Power Purchase cost True-ups so as to allow the DISCOMs to pass on the excess Power purchase cost in the ARR of Retail Supply Business. The matter was still under consideration by the Hon'ble Commission at that juncture.

Hence, to avoid any undue burden on the consumers, the licensees requested the Commission for filing of trueing up in the ensuing year. (Ref: Pg 44 of RST for the FY 2018-19).

Eventually, the licensee has submitted the petition for ARR for Retail Supply Business for FY2019-20, FY2020-21 and FY2021-22 before the Hon'ble Commission dated 31.03.2021 with a request to condone the delay in filing the aforementioned petition within the stipulated timeline due to certain unavoidable situations that are beyond the control limit of the licensee viz., enforcement of Model Code of Conduct in view of elections to the Parliament, State Legislature, local bodies; non-operational of the Hon'ble commission for a certain period and further imposition of lockdown in the country in view of outbreak of pandemic COVID-19.

It is pertinent to mention that, the licensee has once again filed the petition for Amendment of Regulation No. 4 of 2005 on 30.09.2019 requesting the Hon'ble Commission proposing certain additions to the uncontrollable items in the ARR and modifications to the existing uncontrollable items viz., considering actual Agriculture Sales, actual T&D losses etc., for passing through the gains or losses of the licensees to cope up with the present day situations.

In view of the aforementioned proposals, the licensee could not file the power purchase true-ups for FY2016-17 to FY2020-21 along with the filings of ARR for Retail Supply Business of the licensee for FY2019-20 to FY2021-22 dated 31.03.2021.

Eventually, the Hon'ble Commission dismissed the petition vide order in O.P.(S.R.) No.33 of 2019 dated 02.06.2021 stating that the regulation which is termed as subordinate or delegated legislation, cannot be amended or varied by invoking power either through the adjudicatory proceedings or inherent rule making power at the instance of any of the stakeholders and further opined that the submissions of the TSDISCOMs would be treated as suggestion/input as and when the Commission initiates the process of adding to or amending or varying regulation.

The licensees have submitted ARR and FPT for Retail Supply Business for FY 2022-23 and the Hon'ble Commission has issued Tariff Order for the same vide Order dated 23.03.2022.

The Licensee hereby submits the provisional power purchase true-up for FY 2022-23 calculated considering the Actual Agriculture sales and power purchase cost incurred for H1 FY 2022-23 and estimated sales and- estimated power purchase cost for H2 FY 2022-23.

Considering that the power purchase costs and Sales are provisional in nature, the licensees requests the Hon'ble Commission to approve the same without limiting the Agricultural sales to the minimum of Approved or Actual Sales. A summary of Power Purchase True down claimed by TSNPDCL, in this Petition is provided in the table below:

<b>Year</b>	<b>Power Purchase True-down of TSNPDCL (in Rs. Crs)</b>
FY 2022-23 (Prov.)	(369.10)

The Licensees in the state of Telangana purchase power from TSGENCO generating thermal and hydro stations, Central generating stations and other sources such as, Solar and other RE sources, IPPs, viz. Singareni, Thermal Power Tech and CSPDCL, and short-term sources to meet the energy requirement of the State.

## 1.2 Provisional Power Purchase True up for the FY 2022-23 at the State level

- The licensees have considered the approved power purchase cost, SLDC and transmission cost for FY 2022-23 in the RST Order for arriving at the provisional True-up for FY2022-23.
- Further, the Licensees had started supplying 24hrs power to all agricultural consumers w.e.f. date January 1, 2018.
- The Petitioners submit that based on actuals for first half and the estimates for the second half of FY2022-23 and approved distribution losses, power purchase cost (including transmission charges) arrives at a provisional cost of Rs. 29,430 Cr for TSSPDCL and Rs 11,636 Cr. for TSNPDCL, aggregating to Rs. 41,066 Cr for the Telangana for FY 2022-23 as shown in the table below.

**PP cost Variation Analysis TSDISCOMS FY 23**

Category	Energy Dispatched		Fixed cost		Variable cost		Other Cost		Total INR Cr. Impact		
	Appr.	Act.	Appr.	Act.	Appr.	Act.	Appr.	Act.	Appr.	Act.	Diff.
Genco Thermal	26907	24664	5212	4117	7059	7152	-	-	12271	11268	-1003
Genco Hydel	3719	5443	1331	1331	0	0	-	-	1331	1331	0
CGS	20089	16856	2112	2156	5746	5862	-	-	7858	8018	160
APGPCL and IPPS Gas	0	0	0	0	0	0	-	-	0	0	0
NCE	7699	8798	0	-	4277	4362	-	-	4277	4362	85
Others	22748	15506	4414	3556	4580	4230	-	51	8994	7837	-1157
Market	2172	4481	-	0	716	2948	-	0	716	2948	2232
Interstate Sale/UI/Sale/Purchase in 33kV & below	-5060	-1674	-	-	-1619	-1141	-	-	-1619	-1141	478
D-D	-	0	-	-	-	0	-	-	-	0	0
Interest on pension bonds	-	-	1307	1307	-	-	-	-	1307	1307	0
Miscellaneous									0	105	105
<b>Total</b>	<b>78274</b>	<b>74075</b>	<b>14376</b>	<b>12467</b>	<b>20759</b>	<b>23413</b>	<b>0</b>	<b>155</b>	<b>35153</b>	<b>36035</b>	<b>901.29</b>

### 1.2.1 Reasons for deviation in Power Purchase Quantum and Cost for the State:

The actual energy dispatched by the State is 5% lower for FY 2022-23, however is 6% higher than previous year and is following a similar trend of the previous years viz., FY 2019-20, FY 2020-21 & FY 2021-22. The reduction in dispatch is due to the lower sales recorded in H1 FY 2022-23 especially in HT IV LIS category. The detailed explanation for the same is presented below:

#### i) Deviations in Energy Dispatch:

- **Hydel Power:** The State of Telangana is witnessed significantly higher rainfall levels, across the state during the H1 of FY 2022-23. As the recorded rainfall was high, a quantum amounting to 5443 MUs is expected to be generated from hydel power stations during the year.
  - The actual hydel generation, thus achieved for the FY 2022-23, is 46% higher than the energy dispatch as approved by the Hon'ble Commission, which stands at 3,719 MUs
- **Central Generating Stations (CGS):** There is slightly lower dispatch expected from NTPC stations as compared to approved dispatch. This will lead to the decrease in energy received from CGS stations by 3233 MUs (16% decrease) from the approved energy dispatch by the Hon'ble Commission.
- **State GENCO - (Thermal):**
  - There is slightly lower dispatch expected from GENCO thermal stations as compared to approved dispatch. 24664 MUs are expected to be procured from TSGENCO Thermal stations during the FY 2022-23, which is 8% lower than the approved dispatch by the Hon'ble Commission.
- **Non-Conventional Energy Sources (NCES):**
  - The Licensees are committed to procure clean and sustainable energy sources to meet the Renewable energy obligation requirement.
  - In accordance with the same, incremental energy is expected to be procured from NCE sources to meet the demand of the state. The Licensees are expected to procure an additional 1,099 MUs from the NCES sources in FY

2022-23, amounting to a total of 8,798 MUs as against 7,699 MUs approved by the Hon'ble Commission.

- **Short term power sources:**

- It is Pertinent to mention that the state of Telangana has started supplying 24 \* 7 power to agricultural sector from January 1, 2018. This has increased the power purchase requirement for the whole FY 2022-23.
- The Licensees, after exhausting all their sources, will resort to procure power from short term market for the FY 2022-23.
- The Licensees submit that the power will be procured to meet the sudden increase in power demand in the state for the FY 2022-23.
- To meet the power demand, the Licensees are expected to purchase a total of 4,481 MUs from the Short-term market for the State of Telangana for the FY 2022-23. An additional 2,309 MUs are expected to be purchased in addition to Commission's approval which stands at 2,172 MUs.
- The Licensees submit that they would be making enormous effort to procure power from long term sources.
- In this context, the Licensees humbly requests the Hon'ble Commission to allow the Short-term power purchase quantum for the FY 2022-23.

ii) **Deviations in Power Purchase Cost:** The deviations in power purchase cost is further classified into two categories (fixed cost and variable cost) and is discussed below in detail:

- **Variations in Fixed Cost (FC):** It is estimated that there would be an overall change in the fixed costs from the approved Rs. 14,376 Cr. to estimated Rs. 12,467 Cr. (13% decrease from approved value) incurred by the Licensees during the FY 2022-23.
- **Variations in Variable cost (VC):** Variable Costs is estimated to increase to the tune of Rs. 2,650 Cr, from the approved costs. The reason for such increase can be mostly attributed to the increase in per unit VC of TSGENCO & CGS Thermal

power stations, NCEs and procurement from Short term market to meet the 24 \* 7 power supply initiative to the agricultural consumers in the state. The details have been further explained below:

- For Thermal Stations (TSGENCO Thermal power stations, CGS, Singareni, Thermal Power Tech) at the time of issuance of order, the cost assumptions considered by the Hon'ble Commission were provisional, but due to increase in cost of Coal, Freight, Royalty and levy of Green CESS, the variable cost of thermal stations has increased. While TSGENCO recovers the deviation in actual variable cost on a quarterly basis from the licensees, the same is not passed on to the consumers by the DISCOMS.
- **TSGENCO Thermal Stations:** The variable costs of the TSGENCO stations are expected to increase by 11% from the approved Rs 2.62/kWh to Rs. 2.90/kWh. With the increase in power procurement from these stations, the overall Variable cost is expected to increase to an extent of Rs. 93 Cr for the FY 2022-23.
- **CGS Stations:** The Variable cost is expected to increase significantly by 22% from the approved costs by the Hon'ble Commission (from Rs. 2.86/kWh to Rs. 3.48/kWh).
- **IPP (Thermal Power Tech):** For IPP – Thermal Powertech increase in purchase cost is expected due to the increase in domestic coal prices, freight charges and forex rate variations on the imported coal component. The Variable cost is expected to increase by 19% from the approved costs by the Hon'ble Commission (from Rs. 2.30/kWh to Rs. 2.73/kWh).
- The **dispatch from NCEs**, being the must-run stations is expected at a lower per unit cost of Rs.4.96/kWh from an approved cost of Rs.5.56/kWh while the dispatch quantum is expected to exceed the approved quantum, the overall cost will also increase in for the licensees to the tune of Rs. 85 Cr.



- **Short-Term Power:** As explained in the earlier sections, the Licensees is expected to source additional power requirement for the state by procuring power from short term sources. This will increase the power purchase costs of the Licensees by Rs. 2232 Cr
- The actual quantum and revenue of sale of surplus power in FY 2022-23 was significantly lower than the approved figures leading to increase in true up cost claims.

### 1.2.2 Provisional Power Purchase True-up/ True-down for TSNPDCL for the FY 2022-23

- The Licensee TSNPDCL for H1 of the FY 2022-23 had incurred a miscellaneous cost of towards wheeling, Reactive charges and UI Deviation charges totaling to Rs. 31 Cr.
- Basis the above power purchase cost incurred at the State level for the FY 2022-23, TSNPDCL is allocated its share of the Power Purchase cost in the approved ratio of 29.45 % and further additions for any additional energy required to meet demand.
- The Provisional Power purchase true-up/true-down cost of the Licensee TSNPDCL for the FY 2022-23 is tabulated below:

PP cost variation TSNPDCL FY 23					
Category	Energy Dispatched		Total INR Cr. Impact		
	Approved	Actual	Approved	Actual	Difference
Genco Thermal	7924	7264	3614	3319	-295
Genco Hydel	1095	1603	392	392	0
CGS	5916	4964	2349	2361	13
APGPCL and IPPS Gas	0	0	0	0	0
NCE	2376	2621	1295	1270	-25
Others	7339	5885	3018	3176	158
Interstate Sale/UI/Sale/Purchase in 33kV & below	-1490	-493	-477	-336	141
D-D purchase/UI	-185	-1183	-60	-451	-391
Interest on Pension Bonds	-	-	385	385	0
Miscellaneous	-	-	-	31	31
<b>Total</b>	<b>22975</b>	<b>20662</b>	<b>10516</b>	<b>10147</b>	<b>-369.10</b>

- The details of station wise deviations of power purchase cost for the FY 2022-23 is enclosed as **Annexure-L**.

It is pertinent to mention that, the licensees had prayed before the Hon'ble Commission at various junctures to include the impact of supply of 24 hrs agricultural sales in the relevant regulations or review the approved sales viz., Review petition filed by the licensees on Tariff Order for FY17-18 and Petition filed for Amendment to Regulation 4 of 2005.

However, the same has been declined by the Hon'ble Commission stating that submissions of the TSDISCOMs would be treated as suggestion/input as and when the Commission initiates the process of adding to or amending or varying regulation.

Considering that the power purchase costs and Sales are provisional in nature, the licensees request the Hon'ble Commission to approve the power purchase true up/down without limiting the Agricultural sales to the minimum of Approved or Actual Sales.

**The below table briefs about the Power Purchase true-down for TSNPDCL:**

FY	Power Purchase True down (Rs. Crs)
2022-23 (prov.)	(369.10)

### 1.3 Amendment of Regulation 4 of 2005

The Licensee humbly submits that the present-day power sector depicts different set of conditions from the earlier days owing to the latest developments relating to the significant inclusion of clean energy sources, enlarging the energy market, supplying 24\*7 power to all the consumers etc. All these developments have a significant impact on the cost implications of the distribution licensees.

However, Regulation No. 4 of 2005 viz., Terms and Conditions for Determination of Tariff for wheeling and Retail Sale of Electricity that was notified by the Hon'ble Commission suiting the earlier situations does not adapt to the present-day scenario (like incorporating certain provisions relating to banked energy, purchase from solar roof top,

considering the actual sales, automatic fuel surcharge adjustment etc) impacting the financials of the licensees.

Further, the licensee submits that, the National Tariff Policy (NTP),2016 mentions that the solvency of distribution sector is key to the success of power sector reforms and hence mandates the Regulatory Commissions to strike the right balance between the requirements of the commercial viability of Distribution Licensees and the Consumer interest and the same is presented below:

***“8.0..... Making the **distribution segment of the industry efficient and solvent is the key to success of power sector reforms and provision of services of specified standards. Therefore, the Regulatory Commissions need to strike the right balance between the requirements of the commercial viability of distribution licensees and consumer interest.....”*****

Hence, timely revaluation of the Regulations or acts is highly essential in the interests of the stakeholders for the sustainability of the sector.

Recently, the Central Government in exercise of the powers conferred in Section 176 of the Electricity Act, notified “Electricity (Timely Recovery of Costs due to change in Law) Rules,2021” on 22.10.2021. In this connection a letter was received from the Joint Secretary to the Government of India on 09.11.2021 for taking necessary action.

The Central Government after detailed consultation with all the stakeholders made the above Rules for an automatic pass through of impact in cost due to change in law automatically by a formula. These rules shall apply to a generating company and transmission licensee to recover costs due to change in Law from the Distribution companies on monthly basis.

However, it is to submit that there is no such automatic pass-through mechanism of power purchase true-up applicable to the DISCOMs in the erstwhile APERC Regulation No. 4 of 2005 read with its 1<sup>st</sup> amendment in Regulation No.1 of 2014 as adopted by Hon’ble TSERC vide its Regulation No.1 of 2014. The implementation of the above said Rules by the Generating Company or transmission licensee on monthly basis without provision for the Distribution licensee to recover the same on monthly basis

from the consumers shall have adverse impact on the financials of the DISCOM leading to huge working capital costs and also affect the entire value chain of the power sector

Hence, in a similar way, **the licensees humbly request the Hon'ble Commission to amend the Regulation No. 4 of 2005 adapting the present-day situations and in accordance to the Central Government Rules on "Electricity (Timely Recovery of Costs due to change in Law) Rules,2021" thereby safeguarding the interests of the distribution licensees.**

## 2 Treatment of True-up

### 2.1 The Context

- Cost true ups are warranted as tariff filings and tariff orders are issued based on futuristic projections of various revenue and cost elements. The variations in projections and actuals should ideally be due to unforeseen changes such as new regulations (increase in Taxes /Coal CESS), natural disasters leading to higher capital investments / operating expenses and other force majeure conditions.
- Efforts should be made by all the stakeholders involved to reduce such true ups of costs in business-as-usual scenarios. Higher true up costs will have an adverse effect on both the performance of utility (as the gap has to be funded through short term sources) and customers (tariff increases to recover such gaps with carrying costs).
- This leads to reduced financial capacity of the utility to raise long term finances at competitive rates. Current true ups and the carrying costs have to be borne by customers for future energy procurement.

### 2.2 Power Purchase True down

- The Licensee has already elaborated the basis on which it claims the provisional Power purchase true up/down for the FY 2022-23 in the relevant sections of this Petition.
- **The below table briefs about the Power Purchase true down for TSNPDCL:**

FY	Power Purchase True down (Rs. Crs)
2022-23 (prov.)	(369.10)

### 3 Prayer

The Licensee requests the Hon'ble Regulatory Commission:

- To admit the Power Purchase True Down Petition filed by the Licensee
- To approve the Power Purchase True down cost as follows for the FY 2022-23

<b>FY</b>	<b>Power Purchase True down (Rs. Crs)</b>
<b>2022-23* (prov.)</b>	<b>(369.10)</b>

- To approve the deviation from the approved values for Power Purchase quantum and cost and to allow pass through of the same
- To allow the impact of Power Purchase True down to be passed on to the consumers.
- To pass any other order as the Hon'ble Commission may deem fit and appropriate under the circumstances of the case and in the interest of justice.
- To condone any errors/omissions and to give opportunity to rectify the same
- To permit the Licensees to make further submissions, addition and alteration to this True-down as may be necessary from time to time.
- To Amend the Regulation 4 of 2005 adapting the present-day situations and in accordance to the Central Government Rules on "Electricity (Timely Recovery of Costs due to change in Law) Rules,2021".