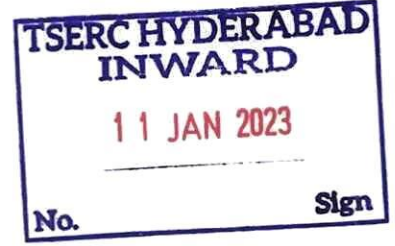




No. IEX/RA/091/22-23

9th Jan. 2023

To,
The Secretary,
Telangana State Electricity Regulatory Commission,
D.No. 11-4-660, 5th Floor,
Singareni Bhavan, Red Hills,
Hyderabad 500004.



Sub: Comments on Petition filed by the State Distribution Companies of Telangana for determination of Additional Surcharge to be levied on open access consumers for H1 of FY 2023-24

Dear Sir,

This has reference to the above cited Petitions filed by the State Distribution Companies of Telangana (TSSPDCL & TSNPDCL) and the comments invited from the stakeholders.

Our comments in this regard, on the said Petition are enclosed herewith for your kind consideration.

Yours Sincerely,

Jogendra Behera
CRO & VP (Regulatory & Market Economics)
Email: iex-ra@iexindia.com

Copy To:

1. The Chief General Manager (RAC), TSSPDCL, Corporate Office, First Floor, Mint Compound, Hyderabad 500063.
2. The Chief General Manager (IPC & RAC), TSNPDCL, H. No. 2-5-31/2, Vidyuth Bhavan, Nakkalagutta, Hanamakonda 506001.

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1. The State Distribution Companies of Telangana i.e. TSSPDCL & TSNPDCL (hereinafter referred to as 'Licensees' or 'Petitioners' or 'Discoms') have filed the present Petitions before the Hon'ble Telangana State Electricity Regulatory Commission (hereinafter referred to as 'Hon'ble Commission') for determination of Additional Surcharge ('ASC') of Rs. 9.86/ unit for H1 of FY 2023-24. The proposed ASC is too high to be reflective of the stranded obligations of the Distribution Companies and if imposed may lead to disproportionately high recoveries. IEX comments in the subject petition are as under.

2. Distribution charges to be considered in the ASC computation- Need to align with previous Additional Surcharge Order dated 27.09.2022

2.1. In the present Petitions, the Discoms have claimed the per unit Distribution Cost at Rs. 1.17/ unit. It is observed that the per unit distribution cost computed in the petitions include the cost associated with LT network also which is contrary to the Hon'ble Commission approach in the Order on Additional Surcharge dated 27.09.2022 and Regulations applicable on OA consumers.

2.2. Notably, the Hon'ble Commission in the previous order dated 27.09.2022, in line with the submissions of the stakeholders, did not consider the distribution cost of LT network while computing additional surcharge. Relevant section of the Order is iterated below:

"The Commission finds merit in the submission of the stakeholders not to consider LT distribution cost for additional surcharge calculation. Hence the Commission has worked out the distribution charges of Rs.0.18/kWh by considering distribution cost other than LT i.e., 11 KV and 33 kV as detailed below."

2.3. Further, as per regulation 8 of the Terms and Conditions of Open Access to Intra-State Transmission and Distribution Regulation 2005, the Hon'ble Commission has allowed open access to consumers with contracted capacity more than 1 MW. Consequently, it can be inferred that no consumers utilizing the facility of Open Access are connected to LT network.

2.4. In view of the above, the Hon'ble Commission is requested to consider distribution cost for HT network only while computing Additional Surcharge.

3. Details of Fixed Charges of Power Purchase

3.1. The Discoms in the present submission has considered Rs. 5589.64 Crore as the fixed charges for H1 of FY 2022-23 for computation of Additional Surcharge. Further, the Discoms have only provided the generator wise breakup of fixed charges with no clarity on consideration of any supplementary charges or late payment surcharge or discount availed by the Discom on payment to Generators.

- 3.2. The Hon'ble Commission is requested to conduct a prudence check on the fixed cost submitted by the Discoms and also direct the Discoms to submit the detailed break up of generator wise fixed cost considered for computation of Additional Surcharge.
- 4. ISTS & STU Charges should not be considered for computation of Additional Surcharge**
- 4.1. The Discoms for the computation of per unit transmission charges, considered the inter-state, intra-state transmission charges and SLDC charges. It is submitted that the Hon'ble Commission by levy of ISTS and STU charges while computing Additional Surcharge will lead to excessive recovery of revenue by the Discom and inter-alia result in overburdening of the Open Access consumers.
- 4.2. The Discoms in reply to our previous submission to the Additional Surcharge Petition for H2 of FY 2022-23 has relied on the methodology followed by the Hon'ble Commission for determination of Additional Surcharge for FY 2018-19, H2 for FY 2021-22 and H1 for FY 2022-23.
- 4.3. We submit here that the Hon'ble CERC in clause 11 (3) of the CERC (Sharing of Inter-State Transmission Charges and Losses) Regulations, 2020 clarify that any consumer availing open access to the ISTS system also pays its ISTS cost for the power procured through open access, the benefit of which accrues to the State/ Discom in reduction of their ISTS charges. Relevant clause of the Regulation is provided below:
- “11. Transmission charges for Short Term Open Access***
.....
(3) Transmission charges for Short Term Open Access paid by an embedded intra-State entity during a month shall be reimbursed in the following billing month to the State in which such entity is located.”
- 4.4. Similarly, the embedded open access consumers are also paying STU charges as part of the fixed charges and additionally STU charges on all open access transactions.
- 4.5. It is in view of the above that inclusion of ISTS & STU charges again for computation of Additional Surcharge as claimed by the Petitioner, will lead to double levy of the same charge on open access consumers. Thus, we request the Hon'ble Commission to re-consider its view on allowing inclusion of ISTS & STU charges in the ASC.

In addition to the above, the Hon'ble Commission is requested to conduct the required prudence of the fixed costs claimed for H1- FY 23-24 while finalizing the Additional Surcharge to be levied on open access consumers.