

BEFORE THE HONOURABLE TELANGANA STATE ELECTRICITY REGULATORY COMMISSION AT ITS OFFICE AT DOOR NO.11-4-660, 5TH FLOOR, SINGARENI BHAVAN, REDHILLS, HYDERABAD - 500 004.

File No:
Case No: O.P.No.76/2015

IN THE MATTER OF:

Filing of AGGREGATE REVENUE REQUIREMENT (ARR) AND FLING FOR PROPOSED TARIFF FOR THE RETAIL SUPPLY BUSINESS FOR THE F.Y.2015-16 by Southern Power Distribution Company of Telangana Limited (TSSPDCL)

Southern Power Distribution Company of Telangana Limited represented by Its Chairman and Managing Director, Having its corporate office at Door No. 6-1-50, MINT COMPOUND, HYDERABAD - 500 063.

.... Applicant

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For VASANT CHEMICALS PVT. LTD.

Date:- 07-03-2015

TSERC, HYDERABAD
INWARD
7 MAR 2015
No. 482 Signature

N.S. NAIDU
N.S. NAIDU
Sr. Gen. Manager (Admin & Corporate Compliance)
Objector

BEFORE THE HONOURABLE TELANGANA STATE ELECTRICITY REGULATORY COMMISSION AT ITS OFFICE AT DOOR NO.11-4-660, 5TH FLOOR, SINGARENI BHAVAN, REDHILLS, HYDERABAD - 500 004.

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Name & Full Address of the Objector	Brief Details of Objection/s & Suggestion/s	Objections against Tariff Proposals of TSSPDCL	Whether Copy of Objection & Proof of Delivery at Licensee's Office enclosed (Yes/No)	Whether Objector wants to be heard in person (Yes/No)
VASANT CHEMICALS PRIVATE LIMITED 1-11-251/1B, 4th Floor, Vasanth Towers, Behind Shoppers's Stop, Begumpet, Hyderabad - 500 016	Proposed increase in the Demand Charges, TOD charges and customer charges are not scientific, contrary to the public interest in the already existing adverse industrial environment, arbitrary as such, the increase will have cascading effect on the consumers.	YES	YES	YES

For VASANT CHEMICALS PVT. L

N.S. NAIDU

Sr. Gen. Manager (Admin & Corporate Compli
Objector

Date: -07-03-2015

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.... Applicant

STATEMENT OF OBJECTIONS TO THE AGGREGATE REVENUE REQUIREMENT (ARR) AND FLING FOR PROPOSED TARIFF FOR THE RETAIL SUPPLY BUSINESS FOR THE F.Y.2015-16 by Southern Power Distribution Company of Telangana Limited (TSSPDCL) VIDE O.P.NO.76 OF 2015.

It is respectfully submitted as under:

1. At the outset, we submit that the proposals submitted by the Southern Power Distribution Company of Telangana Limited (for brevity TSSPDCL/"DISCOM") for determination of AGGREGATE REVENUE REQUIREMENT (ARR) AND FLING FOR PROPOSED TARIFF FOR THE RETAIL SUPPLY BUSINESS FOR THE F.Y.2015-16 with the of Telangana State Electricity Regulator Commission (for brevity "Commission") are not strictly in accordance with the rules and regulations framed from time to time and the provisions of The Indian Electricity Act,2003 and The Electricity Rules,2005 and

Business regulations of Andhra Pradesh Electricity Regulatory Commission and against the interest of all types of Consumers particularly, the Industrial and commercial Consumers.

2. It is respectfully submitted that DISCOMs have submitted their proposals before the Learned Commission for determination of AGGREGATE REVENUE REQUIREMENT (ARR) AND FLING FOR PROPOSED TARIFF FOR THE RETAIL SUPPLY BUSINESS FOR THE F.Y.2015-16 and the same have been taken on Record by the learned Commission in O.P.No.76 of 2015. On 11-02-2015 consequent upon which, the Commission has issued Press release in news paper informing that the Public hearing will be held on 14-03-2015 and accordingly, notified 07-03-2015 as the last date for submission of objections/suggestions.
3. It is respectfully submitted that even though, at present, the power supply position in State of Telangana is satisfactory without any power cuts being imposed - the proposed increase in power tariff effective 2015-16 will definitely put additional burden on entrepreneurs.
4. It is respectfully submitted that industry generally has already become financially not viable due to increase in cost of material, men, tariffs and taxes etc., with the result, everything is coming to a stand still more or less and there are no proper cash flows in to the business. Therefore, by any unreasonable increase on the power

tariff, industry generally will suffer and the units will face closure threat. Further increase of tariff by 1/- for TOD would be unjust to the industry and quite apart, it is discriminatory. It is therefore just and necessary that the learned commission may be pleased to examine the above issue and delete the TOD charges.

5. It is respectfully submitted that as per the proposal of the TSSPDCL, the aggregate revenue requirement for F.Y.2015-16 was stated to be Rs. 18,874.82 crores. TSSPDCL proposes to introduce tariff rationalisation across all categories and increase in tariffs as mentioned below:

HT-I - Industrial

The licensee would like to propose an increase in the Demand charges by 6% and an increase in Energy charges by 5.75% on existing tariff FY2015-16 for all the sub categories in HT-I for all voltage levels (11KV, 33KV, 132KV)

Proposed Energy charge for HT-I:

- 132 kV:Rs.5.12/unit
- 33 kV: Rs.5.55/unit
- 11kV: Rs.6.00/unit
-

Time-of-Day Tariff (6PM to 10PM)

- 132 kV and above: Rs.6.25
- 33kV: Rs.6.68
- 11kV: Rs.7.13

Proposed Demand Charge: Rs.370.17/KVA/month

6. It is respectfully submitted that the DISCOM proposed to increase the tariff by 5.75% on HT industrial consumers and we are running

our unit in loss due to increase in material cost, political unrest, increase in operational costs and the above proposal will drive us to run with huge losses and close the units.

7. It is respectfully submitted that the Learned Commission may kindly note the following views and suggestions while determining the ARR Proposal and also Tariff Proposals:

A) Discom has not followed a scientific approach to determine the revenue requirement, revenue and energy deficit and the figures on the above count are imaginary and intended to suite the requirements of the DISCOM.

B) Compared to the previous years, the industrial growth rate on actual ground has come down which is as per the statistics in the public domain. In our state, the loans of the Commercial establishments/industrial units are turning NPA and this is on the constant raise. These facts have not been considered by the DISCOM for the energy deficit and power purchase.

D) The increased tariff by DISCOMS is artificial. In this connection it is essential to note that the State of Delhi has reduced the tariff by 50% to some categories of consumers and ordered audit of the DISCOMS to find out the correctness or otherwise of revenue and expenditure of the DISCOM. It is therefore necessary that the learned commission should contemplate issuing orders for audit of the DISCOMS by the C&AG as is being

done in state of DELHI and until such time, be pleased to direct that the present proposal to increase the rate to be held in abeyance.

- E) Private power producing companies are inflating the cost of coal and fuel etc., and thereby, inflating the selling price of the power under power purchase agreements. This is going unchecked and DISCOMS are buying the power from these private companies without appreciating the artificial hiking of the Purchase price by these companies.
- F) The very fact that there is no uniformity in the purchase price of power per unit from various companies reveal that the DISCOMS are not trying to scrutinize the reasonableness of the price being quoted by the power producers. It is therefore suggested to have a mechanization to ascertain that the Power producing companies do not make unreasonable gains at the cost of the energy consumers. The learned commission may also contemplate appointing scrutinizers, persons from consumer's side and independent technical consultants to audit the power producing companies to ensure that these companies do not inflate the cost and expenses and thereby make unreasonable gains.
- G) The DISCOMS have not made any exercise in ascertaining and arresting energy pilferage with the result, the cost of the

pilferage is passed on to the consumers and the DISCOMS are being let off and allowed to pass on the additional cost arising on account of their negligence on to the consumers.

- H) DISCOMS are also silent on Metering of agricultural consumers and consequential impact of the same on other consumers.
- I) The learned commission's directives contained in tariff order for the year 2013 and 14 have not been complied with substantially by the DISCOM and its replies to the compliance of the above directive are evasive in most of the cases and on this count alone, the present ARR and Tariff proposal for to2015-16 could be held in abeyance till the Directives issued by the learned commission have been substantially complied with by the DISCOM. In this regard it is suggested that the learned commission may kindly appoint a committee with the representatives of each category of Consumers apart from the other members of repute and calibre to study and give a report on the compliance of the Directives of this learned commission by the DISCOM. For instance, some directives of the learned commission stated to have been complied with by the TSSPDCL in its ARR & Tariff proposal for the FY2015-16 under FRESH DIRECTIVES at page no.88 TO 97 however have not been complied with by the Discom. It is also submitted that some of the directives issued by the Learned Commission in its order for

released for the year 2013 - 2014 and to whom the derated services were allotted. Like wise, figures for 2014 - 2015 for the first 8 months need to be stated by the Applicant-Discom.

- N) The sales reduction is shown as 12.97% in the petition but the same does not tally with the figures shown in tables and other places.
- O) The estimated gap in the prayer is 1293.56 crores for the year under review and the same does not match with the figures provided in the table in the petition. No rational was given for posing a tariff to consumers who consume less than 200 units and who consume more than 200 units.
- P) The cost of service is not reflected in the tariff proposed for both domestic and industrial tariff.
- Q) Resorting to short term purchase will burden the consumers more especially, the industrial consumers. The Discoms by this time should have a long term plan but, every year, the Discoms resort to short term plans and burden the consumers and this is highly discriminating, irresponsible and without any concern for the suffering consumers. The Learned Commission may kindly take note of this concern and give appropriate directions to the Discoms for the long term plans and purchase of power at reasonable rates.

- R) The claims of the Discoms for recovery of the principal and interest thereon of the short-term loans during 2015-16 and/or thereafter from consumers through true-up or tariff as also FSA amounts from 2009-10 to 2011-12 are not permissible in the present application by the Discoms.
- S) Though the erstwhile APERC directed the Discoms to resubmit their ARR and tariff proposals in view of bifurcation of the State with updated details, the Discoms did not do so as such, the Discoms by virtue of their default and omission should not be permitted to recover carrying cost of Rs.132 crore for the year 2014-15 from the consumers.
- T) Discoms have shown agricultural consumption exceeding the levels permitted by the Commission by 406 MU for TSNPDCL and an increase for 2014-15 to 37.28% from 32.87% in 2013-14; and by 1116.57 MU for TSSPDCL for the year 2013-14 and an increase for 2014-15 to 22.98% from 20.95% in 2013-14. Since the Government is giving subsidy including cross subsidy, the Commission should not permit true-up of expenditure for revised excess consumption for agriculture and the same should be provided as additional subsidy by the Government. Since the Government has agreed to provide substantial subsidy for 2015-16, the Discoms should explain what the above said subsidy covers and in the absence of the same, it has to be presumed

that the same covers expenditure for revised excess consumption for agriculture.

U) Other objection/suggestions will be urged at the time of hearing.

For the reasons stated above and also, further grounds and reasons as may be discovered and urged later, either on the Consumer's own effort or from the papers and information submitted by the Discoms, during the course of prosecution of the cases, we pray that the Learned Commission may consider the above objections and pass appropriate orders to reject or modify the proposals filed in O.P.No.76 of 2015 in the interest of justice.

Date: - 07-03-2015

Place:- Hyderabad

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Southern Power Distribution Company of
Telangana Limited (TSSPDCL)

Southern Power Distribution Company of Telangana
Limited represented by Its Chairman and Managing Director,
Having its corporate office at Door No. 6-1-50,
MINT COMPOUND, HYDERABAD - 500 063.

.... Applicant

I, N.S.Naidu, S/o. N.Narasimhulu Naidu, do hereby solemnly affirm and
confirm that the contents in the objections/suggestions filed by me are true
to the best of my knowledge, information and belief.

I request the Honourable Commission to provide me an opportunity to make
a presentation in person during the public hearings on ARR and PROPOSED
TARIFF FOR THE RETAIL SUPPLY BUSINESS FOR THE F.Y.2015-16.

For VASANT CHEMICALS PVT. LTD.


N.S. NAIDU

Sr. Gen. Manager (Admin & Corporate Compliance)

DEPONENT.

Place: Hyderabad
Date:- 07.03.2015.