



# The Federation of Telangana Chambers of Commerce and Industry

(Formerly known as FTAPCCI)

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*Empowering Industry, Commerce & Trade*

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FTCCI/Energy/2022-23/310

January 31, 2023

The Secretary,  
TSERC  
5th Floor, Singareni Bhavan,  
Red hills, Hyderabad.

Dear Sir,

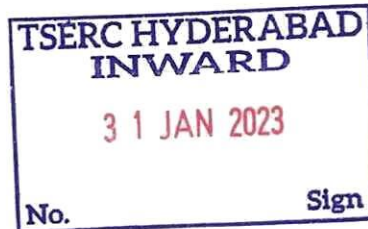
**Sub:** Comments and objections of FTCCI on the Petitions for Retail Supply business of ARR & FPT and CSS for FY 2023-24 and condonation of delay in Interlocutory Applications of Retail Supply (Power Purchase) True-up for the period from FY 2016-17 to FY 2022-23 and filed by TS DISCOMS - Reg.

Referring to the subject, and as per public notice issued on 21<sup>st</sup> December 2022, the Federation of Telangana Chambers of Commerce and Industry (FTCCI) is hereby submitting its comments and objections on the petitions filed by TS DISCOMS for Retail Supply business of ARR & FPT and CSS for FY 2023-24 and condonation of delay in Interlocutory Applications of Retail Supply (Power Purchase) True-up for the period from FY 2016-17 to FY 2022-23 for your consideration.

We request the Hon'ble Commission to give us opportunity for personal appearance at public hearing and also accept additional objections (if any) at the time of public hearing.

Thanking you,

Yours sincerely,



**The Federation of Telangana  
Chambers of Commerce and Industry  
(FTCCI)**

**Statement of Objections**

**on**

**Petitions for Determination of the Aggregate Revenue  
Requirement (ARR) for Retail Supply Business and Tariff  
for Retail Sale of Electricity for the Financial Year 2023-24**

**Filed by the**

**Southern Power Distribution Company of Telangana  
Limited (TSSPDCL)**

**&**

**Northern Power Distribution Company of Telangana  
Limited (TSNPDCL)**

**as the**

**Distribution and Retail Supply Licensee**

**January, 2023**



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## THE STATEMENT OF OBJECTIONS BY THE OBJECTOR

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### 1 STATEMENT OF OBJECTIONS

The Distribution Licensees namely Southern Power Distribution Company of Telangana Limited and Northern Power Distribution Company of Telangana Limited (hereinafter referred to as the '**Discoms**' or '**TS Discoms**' or '**Petitioners**' or '**distribution companies**' or '**Licensees**') have filed the Petitions for the determination of the Aggregate Revenue Requirement (ARR) for the Retail Supply Business for the year FY 2023-24 in accordance with the erstwhile Andhra Pradesh Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff for Wheeling and Retail Sale of Electricity) Regulation No.4 of 2005 and its First Amendment notified in 2014 namely Regulation No. 1 of 2014 (hereinafter collectively referred to as '**Tariff Regulations**').

The Statement of Objections is herein being filed on behalf of '**The Federation of Telangana Chambers of Commerce and Industry (FTCCI)**', formerly known as The Federation of Telangana and Andhra Pradesh Chambers of Commerce and Industry (FTAPCCI), (hereinafter also referred to as '**Objector**'), an Association which was started in 1917 as a Chamber of Commerce and currently having its office at the Federation House 11-6-841, Red Hills, FTAPCCI Marg, Hyderabad 500004, Telangana, India (hereinafter called the '**Objector**'). The main function of the FTCCI is to promote and protect the interests of trade, commerce and industry.

The Federation of Telangana Chambers of Commerce and Industry (Objector) strongly objects to the Filing of the ARR for the Retail Supply Business for FY 2022-2023 respectively (herein after referred to as the '**Tariff Petitions**' or '**Petitions**') and prays that the submissions and objections made herein may be accepted and approved by the Hon'ble Commission, in the interest of justice and equity.

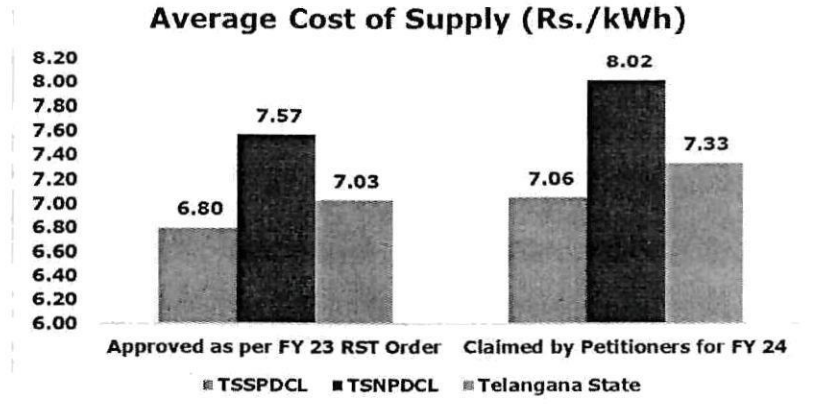
The Objector also prays that it may be permitted to make additional submissions specific to these Petitions, in the Public Hearings as per the Public Hearing schedule announced by this Hon'ble Commission.

The brief facts, propositions, analysis, grounds and point wise objections to the Petitions are narrated herein below:



## 2 AVERAGE COST OF SUPPLY (2022-23 VS 2023-24)

- i. In the instant Petitions, Licensees have projected a higher average cost of service than the approved in last Retail Supply order for the FY 2022-23. A comparison of the Average Cost of Supply (ACoS) claimed against that approved by Hon'ble Commission in the FY 2022-23 and also the provisional data for FY 2023-24 is shown below:



- ii. It is humbly pointed out from the charts that Licensees have projected an increase of around 4-6 % in the Average Cost of Supply (ACoS) for FY 2023-24 over the approved figure for FY 2022-23 respectively.



### 3 AGGREGATE REVENUE REQUIREMENT (ARR) CLAIMED BY TELANGANA DISCOMS FOR FY 2023-24

- i. The TSSPDCL and TSNPDCL has projected an Annual Revenue Requirement of Rs. 36,963.20 Crores and Rs. 17,095.16 Crores respectively for FY 2023-24. The ARR along with its treatment proposed by the TSSPDCL and TSNPDCL is provided in the table below:

#### ARR CLAIMED BY PETITIONERS FOR FY 2023-24

(All figures in Rs. Crores)

Particulars	TSSPDCL	TSNPDCL	TOTAL
Transmission Cost	2,670.27	1,126.29	3,796.56
SLDC Cost	32.81	13.69	46.50
Distribution Cost	5,168.36	4,081.42	9,249.78
PGCIL & ULDC Expenses	1,081.98	451.19	1,533.17
<b>Network and SLDC Cost (A)</b>	<b>8,953.42</b>	<b>5,672.60</b>	<b>14,626.02</b>
Power Purchase / Procurement Cost	27,654.99	11,310.21	38,965.20
Interest on Consumer Security Deposits	311.96	81.08	393.04
Supply Margin in Retail Supply Business	42.83	31.27	74.10
Other Costs if any	-	-	-
<b>Supply Cost (B)</b>	<b>28,009.78</b>	<b>11,422.56</b>	<b>39,432.34</b>
<b>Aggregate Revenue Requirement (A+B)</b>	<b>36,963.20</b>	<b>17,095.16</b>	<b>54,058.35</b>
Non-Tariff Income	28.18	33.81	61.98
<b>Net Revenue Requirement</b>	<b>36,935.02</b>	<b>17,061.35</b>	<b>53,996.37</b>
<b>Total Revenue</b>	<b>33,724.37</b>	<b>9,737.70</b>	<b>43,462.07</b>
Revenue at Existing Tariffs (without considering the Government subsidy u/s 65 of the Electricity Act, 2003)	33,521.34	9,737.70	43,259.04
Revenue from Cross Subsidy Surcharge	100.80	-	100.80
Revenue from Additional Surcharge	102.23	-	102.23
<b>Revenue Deficit(-)/Surplus(+) at Current Tariffs</b>	<b>-3,210.64</b>	<b>-7,323.65</b>	<b>-10,534.30</b>
Government Subsidy u/s 65 of the Electricity Act, 2003	-	-	-
<b>Net gap - Deficit(-)/Surplus(+)</b>	<b>-3,210.64</b>	<b>-7,323.65</b>	<b>-10,534.30</b>

- ii. The Objections in respect of the ARR projected by the Petitioners for FY 2023-24 are summarised below:





#### 4 SALES PROJECTIONS

- i. The Petitioners, in the instant petitions have escalated sales quantum for HT-IV (A) Lift Irrigation & Agriculture at 132 kV for FY 2023-24 by 108%-298% against over the estimated values of FY 2022-23:

TSSPDCL	FY 22	FY 23	FY 24
HT Category at 132 KV	Actuals	Estimates	Estimates
HT-IV A Lift Irrigation & Agriculture (MUs)	1877.73	1821.45	3786.40
Percentage Increase (%)		-3%	<b>108%</b>

TSNPDCL	FY 22	FY 23	FY 24
HT Category at 132 KV	Actuals	Estimates	Estimates
HT-IV A Lift Irrigation & Agriculture (MUs)	1792.65	932.08	3712.74
Percentage Increase (%)		-48%	<b>298%</b>

- ii. The Petitioners have submitted that the reason for such increase is as follows:

*"Lift Irrigation (LI) Schemes: The Telangana government has initiated the ambitious Kaleshwaram lift irrigation project along with the existing ones, to meet the needs of the agriculture consumers in the State. The growth trend in this category has many variations due to variations in the operation of Lift Irrigation pumps based on rainfall, water levels in reservoirs, etc. The sales in H1 of FY22-23 recorded a negative growth rate due to heavy rains in monsoon period. Further, due to heavy floods in August month the LIS pumps are not operated in H1 of FY 2022-23. Licensee has considered the expected additional loads and energy requirement for FY 2023-24 based on the information received from the I&CAD, which was further duly analyzed and moderated considering the licensee's experience of the historical consumption along with other allied factors."*

- iii. However, it is submitted that the project status of Kaleshwaram lift irrigation project is uncertain and that the high projections made by the Petitioners for Lift Irrigation category are highly optimistic. This can be inferred from several articles in LiveLaw and Hindustan Times that there is uncertainty regarding the fate of the Kaleshwaram lift irrigation project. The same have been annexed herewith as Annexure-II.



- iv. Therefore, the Objector has recomputed the power purchase requirement for FY 2023-24 by considering the actuals sales corresponding to HT IV (A) category in FY 2021-22:

<b>Power Purchase Requirement (MUs) for FY 2023-24 as per Objector</b>		
<b>Particulars</b>	<b>TSSPDCL</b>	<b>TSNPDCL</b>
<b>Total Sales, MU</b>	<b>50,444.21</b>	<b>19,345.26</b>
Sales (LT, 11kV, 33kV) (MU)	42,049.43	16,213.63
EHT Sales (MU)	8,394.78	3,131.63
<b>Total Losses, MU</b>	<b>6,593.90</b>	<b>2,752.89</b>
Distribution System Losses (MU)	4,478.42	1,927.25
Transmission System Losses (MU)	2,115.49	825.63
<b>Total Losses, (%)</b>	<b>11.56</b>	<b>12.46</b>
Transmission Losses (%)	3.71	3.74
Distribution System Losses (%)	9.63	10.62
Input to Distribution System	46,527.85	18,140.88
<b>Power Purchase Requirement (MU)</b>	<b>57,038.11</b>	<b>22,098.15</b>

## **5 POWER PURCHASE COST**

### **A. TSGENCO Thermal Power Stations:**

- i. It is submitted that the fixed cost recovery of thermal generating stations is based on the availability declared by them i.e. Plant Availability Factor (PAF).
- ii. The latest TSGENCO Tariff Order for 4<sup>th</sup> control period was issued on 22.03.2022 and the Fixed Charges for FY 2023-24 has been approved subjected to normative plant availability.
- iii. The Petitioner has claimed the complete fixed charges for TSGENCO stations as approved in TSGENCO MYT order dt. 22.03.2022 without showing any linkage with plant availability nor submitted any details about the same. Further, in this regard it is important to mention that since no true-up has been conducted for TSGENCO stations after FY 2019, hence it cannot be ascertained if the actual availability of the TSGENCO stations has been up to the normative level to enable complete fixed charge recovery as approved by the Hon'ble TSERC.
- iv. Additionally, TS Discoms has considered the capacity allocation from YTPS Unit I & II for FY 2023-24. The units YTPS I and YTPS II are expected to be commissioned on 1<sup>st</sup> Dec 2023 and 1<sup>st</sup> Feb 2024. The Hon'ble commission in its TSGENCO MYT order dt. 22.03.2022 has directed the TSGENCO to submit the proposal for determination of capital cost and Tariff for YTPS. The relevant extract and directive issued from the TSGENCO MYT order dt. 22.03.2022 are reproduced below for reference:

*5.3.36 The Commission has discussed capital cost and capitalisation schedule of BTPS in detail in the subsequent Chapter of this Order.*





However, it is to be noted that the Commission has approved the capitalisation of BTPS only from the CoD of the Station as against the submission of TSGenco. Hence, the capitalisation approved for BTPS is from FY 2020-21 against the capitalisation submitted by TSGenco for FY 2019-20. The Commission noted that TS Genco submitted the capital investment for YTPS (new station) in the Capital Investment Plan; however, TSGenco has not sought determination of capital cost & tariff for YTPS in the Petition. Therefore, the Commission has not considered the approval of capital cost for YTPS while approving the investment plan for FY 2019-20 to FY 2023-24. The Commission directs TSGenco to submit the proposal for determination of capital cost and Tariff for YTPS before its CoD as per the Regulations No.1 of 2019.

**"New Directives**

**6. Scheme-wise Details of Capital Cost for New Stations**

The Commission directs TS Genco to submit the proposal for final capital cost and revised tariff for BTPS after commissioning of the final unit. The Commission also directs TS Genco to submit the proposal for determination of capital cost and Tariff for YTPS before its CoD as per the Regulations No.1 of 2019. TS Genco shall submit the scheme-wise capitalisation for new plants, viz., KTPS-VII, BTPS and YTPS with Financial Package, Time and Cost over-run for each station along with proper quantification of the cost over-run, justification for the time over-run and Financial Package-wise undischarged liabilities as on COD of the respective plant while filing the MTR Petition."

- v. To the best of our knowledge, the MTR filing dt. 30.11.2022 made by TSGENCO and information available on TSGENCO website do not provide any details/status about the YTPS capital cost approval and Tariff determination. Even the commissioning date of the units are in Dec' 23 and Feb' 24.
- vi. In light of the above, the Objector has not considered any power procurement (MUs) from YTPS for computation of power purchase cost for FY 2023-24.
- vii. The detailed computation of Fixed cost for TSGENCO thermal station for both discoms as per Objector's Assessment is shown below:

**Disallowance Proposed in Fixed cost of TSGENCO Thermal as per Objector's Assessment**

(All Figures in Crores)

Particulars	TSSPDCL	TSNPDCL	Total
Petitioner's Claim	4,004.21	1,671.49	5,675.70
Objector Assessment	3,439.16	1,435.60	4,874.76
<b>Disallowance Proposed</b>	<b>565.05</b>	<b>235.89</b>	<b>800.94</b>



(All Figures in Crores)

Station	Plant Capacity	Net Availability	Normative Availability to be Considered as per Objector	Energy Dispatch	Fixed Cost approved in Tariff Order	Fixed Cost as per Petitioner	Fixed Cost as per Objector's Assessment
	MW	%	%	MU	INR Crore	INR Crore	INR Crore
<b>TSGENCO Thermal</b>							
KTPS D	500	73.00%	80.00%	3,197.39	381.03	381.03	347.69
KTPS Stage VI	500	74.00%	80.00%	3,250.14	517.45	517.46	478.64
RTS B	62.5	68.00%	80.00%	370.60	117.35	117.34	99.75
Kakatiya Thermal Power Plant Stage I	500	74.00%	80.00%	2,796.89	416.04	416.03	384.84
Kakatiya Thermal Power Plant Stage II	600	75.00%	80.00%	3,921.22	710.49	710.48	666.08
BTPS - unit 1	270	78.00%	80.00%	1,844.57	473.55	473.55	461.71
BTPS - unit 2	270	78.00%	80.00%	1,844.57	473.55	473.55	461.71
BTPS - unit 3	270	78.00%	80.00%	1,844.57	473.55	473.55	461.71
BTPS - unit 4	270	78.00%	80.00%	1,844.57	473.55	473.55	461.71
Yadradri - TPS - I	800	79.00%	NA	1,841.18	NA	400.80	-
Yadradri - TPS - II	800	79.00%	NA	905.50	NA	200.40	-
KTPS VII	800	81.00%	80.00%	5,659.53	1,037.97	1,037.97	1,050.94
<b>Total TSGENCO Thermal</b>	<b>5642.5</b>			<b>29,320.74</b>	<b>5,074.52</b>	<b>5,675.70</b>	<b>4,874.78</b>



## **B. Central Generating Stations:**

- i. It is pointed out that the Hon'ble Commission has not considered any capacity allocation from NTECL Vallur TPS and NLC Tamil Nadu Power Ltd. For FY 2023-24 in line with the earlier directions of the Commission in RST Orders for FY 2017-18 and FY 2018-19. The relevant extracts from the past RST orders have been reproduced below for reference:

The Hon'ble Commission in its RST Order dt. 26.08.2017 for FY 2017-18 has stated as follows:

"3.3.17 To reduce the financial burden upon them, the Licensees submitted a requisition to GoI expressing its willingness to surrender the share of Telangana State from NTECL Vallur TPS. In view of the requisition made by the Licensees, the Commission also observes that NLC Tamil Nadu Power Ltd. is also a similar project with high cost of generation. The Commission thus directs the DISCOMs to surrender the allocated share of Telangana State in NTECL Vallur TPS and NLC Tamil Nadu Power Ltd. Hence the Commission in this Order, has not considered the energy availability from these generating stations from 01.08.2017 onwards."

***(Emphasis supplied)***

The Hon'ble Commission in its RST Order dt. 27.03.2018 for FY 2018-19 has stated as follows:

"3.3.18 The Commission in its Tariff Order for FY 2017-18 dated 26.08.2017 directed the DISCOMs to surrender the allocated share of Telangana State in NTECL Vallur TPS and NLC Tamil Nadu Power Ltd. and accordingly, had not considered the energy availability from these stations from 01.08.2017. The DISCOMs submitted that in response to their request for re-allocation of the share of Telangana State in NTECL Vallur TPS, there is no confirmation from the Ministry of Power, GoI to that effect. The DISCOMs also submitted that the re-allocation of the share in NLC Tamil Nadu Power Ltd. will be taken up after the re-allocation of share in NTECL Vallur TPS. The Commission observed that the DISCOMs are procuring power from NTECL Vallur TPS and NLC Tamil Nadu Power Ltd. in FY 2017-18 and have proposed in FY 2018-19 also. In light of the directions in the Tariff Order for FY 2017-18, the Commission has not considered the share allocation to Telangana State from NTECL Vallur TPS and NLC Tamil Nadu Power Ltd. for FY 2018-19."

***(Emphasis supplied)***



- ii. The Hon'ble Commission in its RST order dt.23.03.2022 for FY 2022-23 has approved Power Purchase as follows by disallowing any Power Procurement from NTECL Vallur TPS and NLC Tamil Nadu Power Ltd.:

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

Source	Claimed				Approved			
	Quantu m	Fixed Cost	Variable Cost	Total	Quantu m	Fixed Cost	Variable Cost	Total
	MU	Rs.crore	Rs.crore	Rs.crore	MU	Rs.crore	Rs.crore	Rs.crore
<b>Thermal</b>								
NTPC Ramagundam Stage I & II	2683.01	188.60	690.63	879.22	2716.15	181.22	699.16	880.38
NTPC Ramagundam Stage III	721.42	57.15	182.20	239.35	729.22	53.89	184.17	238.06
NTPC Talcher TPS II	1638.93	117.79	284.28	402.07	1598.29	110.39	277.23	387.62
NTPC Simhadri Stage I	2251.89	478.57	707.56	1186.13	3672.35	356.75	1153.88	1510.63
NTPC Simhadri Stage II	1298.23	230.24	398.51	628.75	1765.35	245.11	541.91	787.02
NTPC Kudgi	1017.12	319.88	348.05	667.92	1751.40	294.24	599.31	893.55
NLC TPS II Stage I	395.60	27.08	104.54	131.63	385.93	28.10	101.99	130.09
NLC TPS II Stage II	710.07	50.12	187.82	237.95	692.64	52.26	183.21	235.47
NNTPP	402.72	68.24	88.03	156.28	392.73	78.22	85.84	164.06
TSTPP Unit 1	3499.63	790.92	794.42	1585.33	3412.84	711.82	774.72	1486.54
NTECL Vallur TPS	834.63	135.00	245.48	380.48	0.00	0.00	0.00	0.00
NLC Tamil Nadu Power Ltd.	1068.60	188.57	283.77	472.34	0.00	0.00	0.00	0.00
<b>Sub Total</b>	<b>16521.83</b>	<b>2662.16</b>	<b>4315.29</b>	<b>6967.45</b>	<b>17116.91</b>	<b>2112.01</b>	<b>4601.41</b>	<b>6713.42</b>
<b>Nuclear</b>								

- iii. Despite clear past directives/methodology of the Hon'ble Commission, the TS Discoms have sought to procure power from these stations. It is humbly requested that the Hon'ble Commission may penalise the Discoms for not adhering to the directives specified.
- iv. The Objector in line with the Hon'ble Commission past followed methodology/directives has not considered any capacity allocation from these two generating stations for power purchase computation. It is prayed that the Hon'ble TSERC may do the same.

**C. Interest on Pension bonds:**

- i. The Petitioners i.e. TSSPDCL & TSNPDCL have claimed an amount of Rs. 972.86 Crores and Rs. 406.11 Crores respectfully towards interest on Pension bonds for FY 2023-24.
- ii. It is a set principle that pension funds have to be maintained from the contributions of the management & employees and should be used appropriately to earn interest thereon.



- iii. It is inappropriate to load the inefficiency of erstwhile APSEB in managing funds on the end consumers in the form interest on Pension Bonds.
- iv. The Hon'ble Commission in its TSGENCO MYT Order dt. 22.03.2022 has also acknowledged the same i.e. additional burden of pension bonds should be funded by the Government of Telangana. The Hon'ble Commission Directive as per order dt. 22.03.2022 in this regard is reproduced below:  
**"New Directives**  
**10. Liabilities on pension bonds**  
**The Commission directs TS Genco to extract the request of the stakeholder that the Government of Telangana shall bear the additional burden of pension bonds and communicate to the Principal Secretary, Energy, GoTS for favourable consideration."**  
**(Emphasis supplied)**
- v. Therefore, it is prayed that the claim of the Petitioners towards Interest on Pension Bonds may be disallowed and may be borne by the Government of Telangana.

#### **D. Sale of Surplus Power:**

- i. The Objector, after assessing the actual power purchase requirement for both discoms for FY 2023-24 (same has been discussed in detail in section 4 pertaining to sales projection in this report) and despatching the power in an economical manner has worked out the actual surplus/deficit (MUs) scenario for FY 2023-24.
- ii. For computation purpose following parameters discussed above are taken in consideration: i) Zero Despatch from NTECL Vallur TPS and NLC Tamil Nadu Power Ltd; ii) Zero Capacity allocation from YTPS I & II; iii) Economical Power despatch in accordance to reduced power purchase requirement.
- iii. Taking into account the above, the Objector has computed the actual overall energy scenario for FY 2023-24:

<b>Particulars for FY 2023-24</b>	<b>TSSPDCL</b>	<b>TSNPDCL</b>
Energy Availability (MUs)	65,750.47	28,056.71
Energy Requirement (MUs)	55,100.32	21,289.25
<b>Surplus/deficit (MUs)</b>	<b>10,650.14</b>	<b>6,767.46</b>
<b>Average of MCP for FY 22 and H1 of FY 23 (Rs/kWh)</b>	<b>5.17</b>	<b>5.17</b>
<b>Revenue generated by Sale of Surplus Power (Rs. Crores)</b>	<b>5,503.19</b>	<b>3,496.91</b>



iv. The Summary of Disallowances in Power Purchase Cost as per the Objector's Assessment is summarized below:

Particulars	Power Purchase Cost as per Petitioner's Claim						TSNPDCL		
	State 2023-24 PP MU	State 2023-24 PP Cost (INR Cr.)	PP Cost (INR/kWh)	PP MU	TSSPDCL 2023-24 PP Cost (INR Cr.)	PP Cost (INR/kWh)	TSNPDCL 2023-24 PP MU	TSNPDCL 2023-24 PP Cost (INR Cr.)	PP Cost (INR/kWh)
TSGENCO Thermal	29,320.74	13,418.89	4.58	20,685.78	9,467.03	4.58	8,634.96	3,951.86	4.58
TSGENCO Hydel	5,414.41	1,317.51	2.43	3,819.87	929.50	2.43	1,594.54	388.01	2.43
CGS stations	22,809.96	10,151.81	4.45	16,013.11	7,162.11	4.47	6,796.85	2,989.71	4.40
APGPCL	-	-	-	-	-	-	-	-	-
IPPs (Thermal Power Tech)	2,650.58	2,207.19	8.33	1,869.99	1,557.17	8.33	780.60	650.02	8.33
NCES	11,959.28	5,187.70	4.34	8,006.78	3,574.00	4.46	3,952.50	1,613.70	4.08
Singareni I & II Thermal Power Tech	1,098.04	759.82	6.92	-	-	-	1,098.04	759.82	6.92
CSPGCL	2,630.44	1,820.21	6.92	2,630.44	1,820.21	6.92	-	-	-
Thermal Power Tech Unit II	2,009.88	783.85	3.90	-	-	-	2,009.88	783.85	3.90
Other Short Term Sources	4,814.85	1,877.79	3.90	4,814.85	1,877.79	3.90	-	-	-
D-D purchase/ sale	135.56	61.46	4.53	95.64	43.36	4.53	39.92	18.10	4.53
Interest on Pension Bonds	-	-	3.02	814.52	250.96	3.08	-814.52	-250.96	3.08
Total PP Cost	-	1,378.97	-	-	972.86	-	-	406.11	-
Net PP Cost	<b>82,843.75</b>	<b>38,965.20</b>	<b>4.70</b>	<b>58,750.98</b>	<b>27,654.99</b>	<b>4.71</b>	<b>24,092.77</b>	<b>11,310.21</b>	<b>4.69</b>
Sale of Surplus Power	-	-	-	-	-	-	-	-	-
Net PP Cost	<b>82,843.75</b>	<b>38,965.20</b>	<b>4.70</b>	<b>58,750.98</b>	<b>27,654.99</b>	<b>4.71</b>	<b>24,092.77</b>	<b>11,310.21</b>	<b>4.69</b>



Particulars	State 2023-24			TSSPDCL 2023-24			TSNPDCL 2023-24		
	PP MU	PP Cost (INR Cr.)	PP Cost (INR/kWh)	PP MU	PP Cost (INR Cr.)	PP Cost (INR/kWh)	PP MU	PP Cost (INR Cr.)	PP Cost (INR/kWh)
TSGENCO Thermal	26,574.06	11,829.61	4.45	18,748.00	8,345.81	4.45	7826.06	3,483.81	4.45
TSGENCO Hydel	5,414.41	1,317.51	2.43	3,819.87	929.50	2.43	1,594.54	388.01	2.43
CGS stations	19,748.98	9,134.20	4.63	14,792.83	6,288.66	4.25	4,956.15	2,845.55	5.74
APGPCL	-	-	-	-	-	-	-	-	-
IPPs (Thermal Power Tech)	2,496.65	2,207.19	8.84	1,869.99	1,557.17	8.33	626.67	650.02	10.37
NCES	11,959.28	5,187.70	4.34	8,006.78	3,574.00	4.46	3,952.50	1,613.70	4.08
Singareni I & II	1,098.04	759.82	6.92	-	-	-	1,098.04	759.82	6.92
Thermal Power Tech	2,137.86	1,663.13	7.78	2,137.86	1,663.13	7.78	-	-	#DIV/0!
CSPGCL	2,009.88	783.85	3.90	-	-	-	2,009.88	783.85	3.90
Thermal Power Tech Unit II	4,814.85	1,877.79	3.90	4,814.85	1,877.79	3.90	-	-	#DIV/0!
Other Short Term Sources	135.56	61.46	4.53	95.64	43.36	4.53	39.92	18.10	4.53
D-D purchase/ sale	-	106.13	-	814.52	350.49	4.30	-814.52	-244.36	3.00
Interest on Pension Bonds	-	-	-	-	-	-	-	-	-
<b>Total PP Cost</b>	<b>76,389.58</b>	<b>34,928.40</b>	<b>4.57</b>	<b>55,100.32</b>	<b>24,629.90</b>	<b>4.47</b>	<b>21,289.25</b>	<b>10,298.49</b>	<b>4.84</b>
Sale of Surplus Power	-17,417.60	-8,999.67	-	-10,650.14	-5,502.93	5.17	-6,767.46	-3,496.75	5.17
<b>Net PP Cost</b>	<b>58,971.98</b>		<b>4.57</b>	<b>44,450.18</b>	<b>19,126.98</b>	<b>4.30</b>	<b>14,521.79</b>	<b>6,801.75</b>	<b>4.68</b>



<i>Particulars</i>	<b>Disallowances in Power Purchase Cost claimed by the Petitioners as per Objector's Assessment (INR Crores)</b>		
	<b>State</b>	<b>TSSPDCL</b>	<b>TSNPDCL</b>
<i>TSGENCO Thermal</i>	-1,589.28	-1,121.22	-468.06
<i>TSGENCO Hydel</i>	-	-	-
<i>CGS stations</i>	-1,017.61	-873.45	-144.16
<i>APGPCL</i>	-	-	-
<i>IPPs</i>	-	-	-
<i>NCEs</i>	-	-	-
<i>Singareni I &amp; II</i>	-	-	-
<i>Thermal Power Tech</i>	-157.08	-157.08	-
<i>CSPGCL</i>	-	-	-
<i>Thermal Power Tech Unit II</i>	-	-	-
<i>Other Short Term Sources</i>	-	-	-
<i>D-D purchase/ sale</i>	106.13	99.53	6.61
<i>Interest on Pension Bonds</i>	-1,378.97	-972.86	-406.11
<b>Total PP Cost</b>	<b>-4,036.81</b>	<b>-3,025.09</b>	<b>-1,011.72</b>
<b>Sale of Surplus Power</b>	<b>-8,999.67</b>	<b>-5,502.93</b>	<b>-3,496.75</b>
<b>Net PP Cost</b>	<b>-13,036.48</b>	<b>-8,528.01</b>	<b>-4,508.47</b>

- v. Hence, it is prayed that the Hon'ble Commission may allow the Power Purchase cost of Rs. 25,928.72 Crores for FY 2023-24 as per Objector's Assessment.





## 6 NON-TARIFF INCOME

- i. TSSPDCL and TSNPDCL have claimed NTI towards Retail Supply Business to the tune of Rs. 28.18 Crores and Rs. 33.81 Crores for FY 2023-24, respectively. It is the observation of the Objector that the Discoms have understated Non-Tariff Incomes in comparison to the figures recorded in the Audited Accounts of the Discoms.
- ii. As per the latest available Audited Accounts of Q1 & Q2 for FY 2022-23 pertaining to TSSPDCL and TSNPDCL, the NTI booked for Retail Business is Rs. 70.20 Crores and Rs. 127.33 Crores respectively which are far more than the projected NTI.
- iii. Assuming the overall NTI on the basis of the latest Audited Accounts for both Discoms, the Objector has arrived at Rs. 265.29 Crores as NTI for both Discoms for FY 2023-24 for Retail Supply Business.

### Objector Assessment of Non-Tariff Income for FY 2023-24

(All Figures in Rs. Crores)

Non-Tariff Income Particulars	TSSPDCL		TSNPDCL		Total	
	Actuals H1 2022-23	Objector's Assessment 2023-24	Actuals H1 2022-23	Objector's Assessment 2023-24	Actuals H1 2022-23	Objector's Assessment 2023-24
As per accounts (A)	70.20	155.94	69.49	137.96	139.69	293.90
Projected by the Petitioner(B)	-	28.18	-	33.81	-	61.99
Balance understated by Petitioner(A-B)	-	-127.76	-	-104.15	-	-231.91

- iv. It is respectfully submitted that the Hon'ble Commission may align the Non-Tariff incomes strictly in line with the audited accounts as per Objector's Assessment and reduce it from the ARR being approved.



## 7 GOVERNMENT OF TELANGANA SUBSIDY

- i. The Average Cost of Supply (ACoS) as approved in the RST tariff order dt. 23.03.2022 for FY 2022-23 is Rs. 6.80/kWh for TSSPDCL and Rs. 7.57/kWh for TSNPDCL.
- ii. The Average Cost of Supply (ACoS) as computed by the Objector for FY 2023-24 is Rs. 5.61/kWh for TSSPDCL and Rs. 6.44/kWh for TSNPDCL.
- iii. Considering the actual sales to subsidised category of consumers and the average cost to serve, the cost of supplying power to subsidised categories for each discom is worked out. It is observed that there is an additional subsidy requirement of Rs. 6,018.47 Crores and Rs. 5,367.15 Crores for TSSPDCL and TSNPDCL respectively for FY 2023-24.
- iv. The computations for the same are provided in the tables below:

### Subsidy requirement for TSSPDCL for FY 2023-24

Consumer Categories	Energy Sales	ACoS computed by Objector*	Cost to Serve	Projected Revenue Assessment	Subsidy Requirement
	MU	Rs./kWh	Rs. Crore	Rs. Crore	Rs. Crore
	A	B	$C = A \times B / 10$	D	$E = C - D$
LT (Domestic)	10,547.46	5.61	5,912.95	5,775.11	137.84
LT Agriculture	10,590.92	5.61	5,937.32	56.69	5,880.63
<b>Total</b>	<b>21,138.39</b>		<b>11,850.27</b>	<b>5,831.80</b>	<b>6,018.47</b>

### Subsidy requirement for TSNPDCL for FY 2023-24

Consumer Categories	Energy Sales	ACoS computed by Objector*	Cost to Serve	Projected Revenue Assessment	Subsidy Requirement
	MU	Rs./kWh	Rs. Crore	Rs. Crore	Rs. Crore
	A	B	$C = A \times B / 10$	D	$E = C - D$
LT (Domestic)	4,234.41	6.44	2,724.85	1,999.52	725.34
LT Agriculture	7,290.39	6.44	4,691.39	49.57	4,641.81
<b>Total</b>	<b>11,524.79</b>		<b>7,416.24</b>	<b>2,049.09</b>	<b>5,367.15</b>

\*Note: The ACoS as computed by the Objector has been provided in the forthcoming sections.

- v. The Objector humbly submits that the Hon'ble Commission may consider the shortfall of subsidy receivable from the State of Telangana for FY 2023-24 and allow the same in the instant proceedings towards the ARR for FY 2023-24 in line with the Section 65 of the Electricity Act, 2003.



## 8 URGENT NEED FOR CROSS SUBSIDY AND TARIFF RATIONALIZATION

- i. The Objector submits that the State Government is free to provide subsidised or free power to any class of consumers. However, it should provide full and commensurate subsidy in such cases and there is no occasion to subsidise the cost of supplying free power / subsidised power by imposing the burden on the industrial consumers through cross subsidy.
- ii. The National Tariff Policy, 2016 stipulates that the cross-subsidy levels are to be kept within the permissible range of  $\pm 20\%$  of the Cost of Supply. It is submitted that the Hon'ble Appellate Tribunal for Electricity (Hon'ble APTEL or Hon'ble Tribunal) has taken cognizance of this and given the following as part of its Findings and Analysis in its Judgement dt. 18.02.2022 in Appeal No. 248 of 2018 (Annexed herewith as Annexure-I):

*"27. We are inclined to record here that State Commission has miserably failed in complying with the directions passed by this Tribunal in various Judgements but also failed to implement the provisions of the Tariff Policy, 2016 which clearly mandates that:*

*"Clause 8.3(2)*

***a) Separate consumer tariff at each voltage level has to be determined in order to fulfil the mandate of Section 61(g) of the Electricity Act 2003, which is to reflect actual cost of supply;***

*b) Separate consumer tariff at each voltage level is required in order to ascertain the actual cross subsidies in built in a consumer's tariff;*

*c) Without specifying a separate consumer tariff for consumers connected at each voltage level, a progressive reduction in actual cross subsidies is not possible as the said component is not known;*

***d) The retail/ effective tariff or average billing rate at a particular voltage level cannot exceed more than 20% of the actual cost of supply of a distribution licensee at the said voltage level.***

*...*

***29. In the light of the foregoing paragraphs, it is clear that this Tribunal has, time and again, been consistently held that the State Commissions have to necessarily determine voltage wise tariff depending upon different category of consumers, and the principle of which has also been upheld by the Hon'ble Supreme Court in Punjab State Power Corpn. Ltd. v. Punjab State Electricity Regulatory Commission, (2015) 7 SCC 387 as stated above.***

*(Emphasis supplied)*



- iii. Despite such clear mandate from the Hon'ble APTEL and the National Tariff Policy, 2016, the Objector submits that the tariff approved in the RST Order for FY 2022-23 dt. 23.03.2022 has increased the Cross-subsidy level % beyond the permissible range of  $\pm 20\%$  as per the Tariff Policy, 2016:

TSSNPDCCL Category	FY 2022-23				
	Sales submitted in Petition (MUs)	Revenue submitted in Petition (Rs. Crores)	ABR (Rs./kWh)	CoS approved in RST Order for FY23 (Annexure-9) (Rs./kWh)	ABR/CoS (%)
<b>LT Category</b>	<b>12,862.79</b>	<b>3,512.49</b>	<b>2.73</b>		<b>-</b>
Category I (A&B) - Domestic	4,006.42	1,901.08	4.75	7.76	61%
Category II (A,B,C & D) - Non-domestic/Commercial	896.35	1,022.03	11.40	7.46	153%
Category III - Industrial	238.40	224.62	9.42	7.46	126%
Category IV (A&B) - Cottage Industries & Dhobighats	8.54	4.17	4.88	9.76	50%
Category V (A&B) - Irrigation and Agriculture	7,290.39	47.11	0.06	8.34	1%
Category VI (A & B) - Local Bodies, St. Lighting & PWS	359.88	255.68	7.10	9.74	73%
Category VII (A & B) - General Purpose	55.01	48.06	8.74	9.74	90%
Category VIII -Temporary Supply	7.68	9.60	12.49	11.65	107%
Category IX Electric Vehicle Charging Stations	0.13	0.14	10.89	-	0%
<b>HT Category at 11 KV</b>	<b>2,328.96</b>	<b>1,792.31</b>	<b>7.70</b>		<b>-</b>
HT-I Industry Segregated	1,023.79	982.63	9.60	9.13	105%
HT-I (B) Ferro-Alloys	-	-	-	-	-
HT-II - Others	170.28	197.53	11.60	9.55	121%
HT-III Airports, Railways and Bustations	7.69	7.79	10.13	8.25	123%
HT-IVA Lift Irrigation & Agriculture	22.69	25.43	11.21	6.27	179%
HT - IV (B) Composite P.W.S Schemes	151.52	92.71	6.12	6.27	98%
HT-VI Townships and Residential Colonies	8.62	7.59	8.81	12.22	72%
HT -VII Temporary Supply	25.34	37.49	14.80	8.55	173%
HT- VIII RESCO (Siricilla)	919.03	441.14	4.80	6.48	74%
HT-IX Electric Vehicle Charging Stations	-	-	-	10.52	-
<b>HT Category at 33 KV</b>	<b>567.72</b>	<b>422.28</b>	<b>7.44</b>		<b>-</b>
HT-I Industry Segregated	149.71	135.02	9.02	5.96	151%
HT-I (B) Ferro-Alloys	20.87	15.47	7.41	4.72	157%
HT-II - Others	6.72	8.55	12.73	6.67	191%
HT-III Airports, Railways and Bustations	-	-	-	-	-
HT-IVA Lift Irrigation & Agriculture	14.82	19.54	13.18	5.12	257%
HT - IV (B) Composite P.W.S Schemes	342.68	209.15	6.10	5.12	119%
HT-VI Townships and Residential Colonies	26.54	23.44	8.83	5.82	152%
HT -VII Temporary Supply	6.37	11.11	17.44	7.11	245%
HT-IX Electric Vehicle Charging Stations	-	-	-	-	-
<b>HT Category at 132 KV</b>	<b>2,267.81</b>	<b>1,909.58</b>	<b>8.42</b>		<b>-</b>



TSSNPDCCL		FY 2022-23			
Category	Sales submitted in Petition (MUs)	Revenue submitted in Petition (Rs. Crores)	ABR (Rs./kWh)	CoS approved in RST Order for FY23 (Annexure-9) (Rs./kWh)	ABR/CoS (%)
HT-I Industry Segregated & HMWSSB	675.89	490.05	7.25	5.29	137%
HT-I (B) Ferro-Alloys	-	-	-	-	-
HT-II - Others	5.53	12.42	22.48	10.50	214%
HT-III Airports, Railways and Bustations	-	-	-	-	-
HT-IVA Lift Irrigation & Agriculture	932.08	967.69	10.38	6.44	161%
HT - IV (C) Composite P.W.S Schemes	26.77	16.34	6.10	6.44	95%
HT-V (A) Railway Traction	523.11	338.70	6.47	5.30	122%
HT-V (B) HMR	-	-	-	-	-
HT-VI Townships and Residential Colonies	103.31	82.92	8.03	4.85	165%
HT -VII Temporary Supply	1.12	1.46	12.96	-	0%
HT-IX Electric Vehicle Charging Stations	-	-	-	-	-
<b>Total</b>	<b>18,027.28</b>	<b>7,636.66</b>	<b>4.24</b>	<b>7.57</b>	<b>56%</b>

TSSPDCL		FY 2022-23			
Category	Sales submitted in Petition (MUs)	Revenue submitted in Petition (Rs. Crores)	ABR (Rs./kWh)	CoS approved in RST Order for FY23 (Annexure-8) (Rs./kWh)	ABR/CoS (%)
<b>LT Category</b>	<b>25,658.95</b>	<b>10,418.55</b>	<b>4.06</b>	-	-
Category I (A&B) - Domestic	9,977.86	5,468.40	5.48	6.82	80%
Category II (A,B,C & D) - Non-domestic/Commercial	3,050.42	3,477.00	11.40	6.53	175%
Category III - Industrial	933.39	857.92	9.19	6.59	139%
Category IV (A&B) - Cottage Industries & Dhobighats	9.50	4.49	4.73	6.43	74%
Category V (A&B) - Irrigation and Agriculture	11,032.21	54.98	0.05	8.38	1%
Category VI (A & B) - Local Bodies, St. Lighting & PWS	470.19	360.10	7.66	6.40	120%
Category VII (A & B) - General Purpose	89.37	76.84	8.60	7.43	116%
Category VIII -Temporary Supply	95.70	118.54	12.39	9.31	133%
Category IX Electric Vehicle Charging Stations	0.30	0.27	8.95	6.16	145%
<b>HT Category at 11 KV</b>	<b>6,570.40</b>	<b>6,643.99</b>	<b>10.11</b>	-	-
HT-I Industry Segregated	4,189.20	4,003.72	9.56	7.64	125%
HT-I (B) Ferro-Alloys	0.41	0.35	8.58	-	0%
HT-II - Others	1,868.19	2,134.95	11.43	7.36	155%
HT-III Airports, Railways and Bustations	4.66	4.83	10.38	7.19	144%
HT-IVA Lift Irrigation & Agriculture	40.28	33.61	8.34	6.38	131%
HT - IV (B) Composite P.W.S Schemes	142.17	87.08	6.12	6.38	96%
HT-VI Townships and Residential Colonies	174.38	153.60	8.81	8.13	108%



TSSPDCL	FY 2022-23				
	Category	Sales submitted in Petition (MUs)	Revenue submitted in Petition (Rs. Crores)	ABR (Rs./kWh)	CoS approved in RST Order for FY23 (Annexure-8) (Rs./kWh)
HT -VII Temporary Supply	146.10	222.66	15.24	8.55	178%
HT- VIII RESCO (Siricilla)	-	-	-	-	-
HT-IX Electric Vehicle Charging Stations	5.02	3.19	6.36	9.50	67%
<b>HT Category at 33 KV</b>	<b>7,499.69</b>	<b>6,618.43</b>	<b>8.82</b>		-
HT-I Industry Segregated	5,960.88	5,199.72	8.72	5.76	151%
HT-I (B) Ferro-Alloys	54.86	43.58	7.94	4.57	174%
HT-II - Others	1,042.40	1,038.55	9.96	5.92	168%
HT-III Airports, Railways and Bustations	-	-	-	-	-
HT-IVA Lift Irrigation & Agriculture	15.18	16.83	11.09	5.53	201%
HT - IV (B) Composite P.W.S Schemes	263.89	161.03	6.10	5.53	110%
HT-VI Townships and Residential Colonies	121.46	103.36	8.51	5.78	147%
HT -VII Temporary Supply	41.03	55.36	13.49	5.84	231%
HT-IX Electric Vehicle Charging Stations	-	-	-	-	-
<b>HT Category at 132 KV</b>	<b>7,245.29</b>	<b>5,308.14</b>	<b>7.33</b>		-
HT-I Industry Segregated & HMWSSB	4,205.45	3,086.48	7.34	5.01	146%
HT-I (B) Ferro-Alloys	229.55	183.70	8.00	4.34	184%
HT-II - Others	45.91	44.94	9.79	5.25	186%
HT-III Airports, Railways and Bustations	54.20	47.24	8.72	4.11	212%
HT-IVA Lift Irrigation & Agriculture	1,821.45	1,399.91	7.69	5.76	133%
HT - IV (C) Composite P.W.S Schemes	268.84	164.00	6.10	5.76	106%
HT-V (A) Railway Traction	527.97	317.91	6.02	5.07	119%
HT-V (B) HMR	91.93	63.96	6.96	4.73	147%
HT-VI Townships and Residential Colonies	-	-	-	-	-
HT -VII Temporary Supply	-	-	-	-	-
HT-IX Electric Vehicle Charging Stations	-	-	-	-	-
<b>Total</b>	<b>46,974.33</b>	<b>28,989.11</b>	<b>6.17</b>	<b>6.80</b>	<b>91%</b>

(The orange-highlighted cells indicate the instances where the Average Billing Rate (as submitted in the instant petitions) due to tariff approved in RST Order dt. 23.03.2022, is less than the permissible 80% of the Cost of Supply approved for that category in RST Order dt. 23.03.2022. The pink-highlighted cells indicate the instances where the Average Billing Rate (as submitted in the instant petitions) due to tariff approved in RST Order dt. 23.03.2022, is greater than the permissible 120% of the Cost of Supply approved for that category in RST Order dt. 23.03.2022.)



- iv. The Petitioner has proposed to continue with the same tariff as was approved in the RST Order dt. 23.03.2022, with minor modifications for certain categories.
- v. The Objector has already demonstrated that such tariff determined is not in accordance to the Hon'ble APTEL's Judgement dt. 18.02.2022 in Appeal No. 248 of 2018, the National Tariff Policy, 2016, and in turn, the Electricity Act, 2003.
- vi. Therefore, the Objector prays that the Hon'ble TSERC may rationalize, revise, and approve the tariff schedule such that the tariff determined for each category does not exceed more than 20% of the actual cost of supply of a distribution licensee at the said voltage level, in strict accordance to the Hon'ble APTEL's Judgement dt. 18.02.2022 in Appeal No. 248 of 2018, the National Tariff Policy, 2016, and in turn, the Electricity Act, 2003.





## 9 SUMMARY OF OBJECTOR'S ASSESSMENT OF ALLOWABLE ARR FOR FY 2023-24

- i. The ARR as per Objector's assessment vs Petitioner's submission are provided below:

### Summary of ARR for TSSPDCL for FY 2023-24

(All figures in Rs. Crores)

Particulars	Petitioner's Claim	Objector's Assessment	Disallowance
Transmission Cost	2,670.27	2,670.27	-
SLDC Cost	32.81	32.81	-
Distribution Cost	5,168.36	5,168.36	-
PGCIL & ULDC Expenses	1,081.98	1,081.98	-
<b>Network and SLDC Cost (A)</b>	<b>8,953.42</b>	<b>8,953.42</b>	-
Power Purchase / Procurement Cost	27,654.99	19,126.98	8,528.01
Interest on Consumer Security Deposits	311.96	311.96	-
Supply Margin in Retail Supply Business	42.83	42.83	-
Other Costs if any	-	-	-
<b>Supply Cost (B)</b>	<b>28,009.78</b>	<b>19,481.76</b>	<b>8,528.01</b>
<b>Aggregate Revenue Requirement (A+B)</b>	<b>36,963.20</b>	<b>28,435.18</b>	<b>8,528.01</b>
Non-Tariff Income	28.18	155.94	-127.76
<b>Net Revenue Requirement</b>	<b>36,935.02</b>	<b>28,164.27</b>	<b>8,770.74</b>
Sales (MU)	52,352.87	50,444.21	1,908.66
ACoS (Rs./kWh)	7.06	5.61	1.45
<b>Total Revenue</b>	<b>33,724.37</b>	<b>32,394.69</b>	
Revenue at Existing Tariffs (without considering the Government subsidy u/s 65 of the Electricity Act, 2003)	33,521.34	32,191.65	1,329.69
Revenue from Cross Subsidy Surcharge	100.80	100.80	-
Revenue from Additional Surcharge	102.23	102.23	-
<b>Revenue Deficit(-)/Surplus(+ ) at Current Tariffs</b>	<b>-3,210.64</b>	<b>4,115.44</b>	<b>-7,326.09</b>
Government Subsidy u/s 65 of the Electricity Act, 2003		6,018.47	-6,018.47
<b>Net gap - Deficit(-)/Surplus(+)</b>	<b>-3,210.64</b>	<b>10,133.91</b>	<b>-13,344.56</b>





## Summary of ARR for TSNPDCL for FY 2023-24

(All figures in Rs. Crores)

Particulars	Petitioner's Claim	Objector's Assessment	Disallowance
Transmission Cost	1,126.29	1,126.29	-
SLDC Cost	13.69	13.69	-
Distribution Cost	4,081.42	4,081.42	-
PGCIL & ULDC Expenses	451.19	451.19	-
<b>Network and SLDC Cost (A)</b>	<b>5,672.60</b>	<b>5,672.60</b>	-
Power Purchase / Procurement Cost	11,310.21	6,801.75	4,508.47
Interest on Consumer Security Deposits	81.08	81.08	-
Supply Margin in Retail Supply Business	31.27	31.27	-
Other Costs if any	-	-	-
<b>Supply Cost (B)</b>	<b>11,422.56</b>	<b>6,914.10</b>	<b>4,508.47</b>
<b>Aggregate Revenue Requirement (A+B)</b>	<b>17,095.16</b>	<b>12,586.69</b>	<b>4,508.47</b>
Non-Tariff Income	33.81	137.96	-104.15
<b>Net Revenue Requirement</b>	<b>17,061.35</b>	<b>12,448.74</b>	<b>4,612.61</b>
Sales (MU)	21,265.36	19,345.26	1,920.10
ACoS (Rs./kWh)	8.02	6.44	1.59
<b>Total Revenue</b>	<b>9,737.70</b>	<b>8,331.27</b>	
Revenue at Existing Tariffs (without considering the Government subsidy u/s 65 of the Electricity Act, 2003)	9,737.70	8,331.27	1,406.43
Revenue from Cross Subsidy Surcharge	-	-	-
Revenue from Additional Surcharge	-	-	-
<b>Revenue Deficit(-)/Surplus(+) at Current Tariffs</b>	<b>-7,323.65</b>	<b>-4,117.47</b>	<b>-3,206.18</b>
Government Subsidy u/s 65 of the Electricity Act, 2003	-	5,367.15	-5,367.15
<b>Net gap - Deficit(-)/Surplus(+)</b>	<b>-7,323.65</b>	<b>1,249.68</b>	<b>-8,573.33</b>



## Summary of ARR for Telangana State for FY 2023-24

(All figures in Rs. Crores)

Particulars	Petitioner's Claim	Objector's Assessment	Disallowance
Transmission Cost	3,796.56	3,796.56	-
SLDC Cost	46.50	46.50	-
Distribution Cost	9,249.78	9,249.78	-
PGCIL & ULDC Expenses	1,533.17	1,533.17	-
<b>Network and SLDC Cost (A)</b>	<b>14,626.02</b>	<b>14,626.02</b>	-
Power Purchase / Procurement Cost	38,965.20	25,928.72	13,036.48
Interest on Consumer Security Deposits	393.04	393.04	-
Supply Margin in Retail Supply Business	74.10	74.10	-
Other Costs if any	-	-	-
<b>Supply Cost (B)</b>	<b>39,432.34</b>	<b>26,395.86</b>	<b>13,036.48</b>
<b>Aggregate Revenue Requirement (A+B)</b>	<b>54,058.35</b>	<b>41,021.88</b>	<b>13,036.48</b>
Non-Tariff Income	61.99	293.90	-231.91
<b>Net Revenue Requirement</b>	<b>53,996.36</b>	<b>40,727.98</b>	<b>13,268.39</b>
Sales (MU)	73,618.23	69,789.47	-
ACoS (Rs./kWh)	7.33	5.82	1.52
<b>Total Revenue</b>	<b>43,462.07</b>	<b>40,725.95</b>	-
Revenue at Existing Tariffs (without considering the Government subsidy u/s 65 of the Electricity Act, 2003)	43,259.04	40,522.92	2,736.12
Revenue from Cross Subsidy Surcharge	100.80	100.80	-
Revenue from Additional Surcharge	102.23	102.23	-
Revenue Deficit(-)/Surplus(+) at Current Tariffs	-10,534.29	-2.03	-10,532.27
Government Subsidy u/s 65 of the Electricity Act, 2003	-	11,385.62	-11,385.62
<b>Net gap - Deficit(-)/Surplus(+)</b>	<b>-10,534.29</b>	<b>11,383.59</b>	<b>-21,917.88</b>

- ii. From the above analysis, it is observed that instead of an ARR deficit, rather, there is an ARR Surplus. On account of the same, there arises ought to be a tariff reduction.
- iii. It is prayed that the Hon'ble Commission may allow tariff reduction accordingly.



## 10 PROPOSED CROSS SUBSIDY SURCHARGE

- i. The Objector prays that the Hon'ble Commission may rationalize the tariffs for industrial consumers and consequently, the cross subsidy surcharge in adherence to the mandate of the National Tariff Policy, 2016. The relevant extract of the National Tariff Policy, 2016 is reproduced below:

*"8.3 Tariff design: Linkage of tariffs to cost of service*

...

***2. For achieving the objective that the tariff progressively reflects the cost of supply of electricity, the Appropriate Commission would notify a roadmap such that tariffs are brought within  $\pm 20\%$  of the average cost of supply. The road map would also have intermediate milestones, based on the approach of a gradual reduction in cross subsidy.***

...

*Surcharge formula:*

...

***Provided that the surcharge shall not exceed 20% of the tariff applicable to the category of the consumers seeking open access."***  
***(Emphasis supplied)***

- ii. Further, it is prayed that the Hon'ble Commission may not exceed the upper limit of allowable Cross-Subsidy Surcharge to Rs. 1.35/kWh and Rs. 1.54/kWh for TSSPDCL and TSNPDCL respectively for FY 2023-24 as computed by the Objector:

*(All figures in Rs./kWh)*

Discoms	ACoS as per Objector's Assessment	Maximum Tariff	Maximum CSS
	A	$B = 1.2 \times A$	$C = 0.2 \times B$
TSSPDCL	5.61	6.73	1.35
TSNPDCL	6.44	7.72	1.54



## 11 PARALLEL OPERATION CHARGES/GRID SUPPORT CHARGES

- i. The Petitioners in their instant Petitions have again sought the introduction of Parallel Operation Charges/Grid Support Charges (GSC). The relevant extract of the Petition is reproduced below:

*"The licensee proposes to levy Grid Support Charges for FY 2023-24 on all the generators (Captive Generating Plants, Cogeneration Plants, Third party Generation units, Merchant Power Generation units, Rooftop Power Plants etc.) who are not having PPA/having PPA for partial capacity with the licensees as follows:  
..."*

- ii. It is submitted that the Petitioners had claimed Parallel Operation Charges/Grid Support Charges (GSC) in the previous year's petitions as well. However, the Hon'ble Commission in its RST Order dt. 23.03.2022 had not allowed the same and had made the following directive:

*"Commission's view*

*6.25.5 The stakeholders have vehemently opposed the DISCOMs proposal of GSC. The stakeholders have also raised certain issues purported to be incorrectness in the rationale provided by the DISCOMs. The stakeholders have also requested the Commission to undertake third party analysis before deciding on the levy of GSC as well as the quantum of such GSC. The Commission finds merit in the stakeholders' suggestion to undertake a detailed study.*

*6.25.6 In accordance with Clause 5.1 of the Regulation No.4 of 2018, a **Grid Coordination Committee has been constituted with representation from wide spectrum of generating companies, transmission licensees, distribution licensees, electricity traders, OA consumers etc. Clause 5.2(v) of the Regulation No. 4 of 2018 specifies that "the Grid Coordination Committee shall be responsible for such matters as may be directed by the Commission from time to time". The Commission finds it appropriate to refer the matter to the Grid Coordination Committee for a detailed study on the issue of parallel operation of CPPs and consequent levy of GSC.***

*(Emphasis supplied)*

- iii. It is submitted that the Petitioners claim for Parallel Operation Charges/Grid Support Charges (GSC) in the instant petitions have not provided detailed study made by the Grid Coordination Committee. In the absence of the same, it is prayed that the Hon'ble Commission may disallow the claim of the Petitioners' towards Parallel Operation Charges/Grid Support Charges (GSC).



## 12 PRAYERS

The Objector most respectfully prays that this Hon'ble Commission may be pleased to:

- A. Consider the above Objection Statement filed by the Objector;
- B. Disallow the power purchase cost as per the Objector's Assessment and in cases where the purchase has been projected at exorbitantly high price not relatable to the incumbent market situations;
- C. Align the Non-Tariff incomes strictly in line with the Audited Accounts and reduce it from the ARR being approved;
- D. Adjust the subsidy shortfall from the Govt. of Telangana as per Objector's Assessment for FY2023-24;
- E. Adjust the subsidy required from the Govt. of Telangana based on estimated consumption levels of subsidised categories such that the cost of supplying subsidised power to select consumer categories is not borne by the other non-subsidised consumers in terms of adjustment of the revenue gap of FY 2023-24;
- F. Approve the ARR by considering the total subsidy as prayed and assessed by the Objector in the detailed Objections Statement;
- G. Rationalize the ~~Tariff~~ and Cross Subsidy to reflect a tariff reduction instead of a tariff hike as per the Cost of Supply, as proposed in the Objections Statement;
- H. Disallow the proposed revenue from proposed tariffs as claimed by the Petitioner;
- I. Allow Cross Subsidy Surcharge as per the mandates of the National Tariff Policy 2016;
- J. Disallow the claim of the Petitioners' towards Parallel Operation Charges/Grid Support Charges (GSC);
- K. Pass necessary orders as may be deemed appropriate in the facts and circumstances of the case in the interest of justice;
- L. Permit the Objector to participate and make additional submission and produce additional details and documentations during the course of the online Public Hearings in the interest of justice and equity.

Date: 31<sup>st</sup> January, 2023

Place: Hyderabad

