



ITC Limited  
PAPERBOARDS & SPECIALTY PAPERS DIVISION  
Divisional Headquarters : ITC Bhadrachalam House  
106, Sardar Patel Road,  
Secunderabad - 500 003, Telangana, India.  
Telephone : 91- 40 - 27846566 -73  
Fax : 91 - 40 27842997, Expts : 27810034  
27849509, 27896048



To,  
The Secretary,  
Telangana State Regulatory Commission,  
5<sup>th</sup> Flor, 11-4-660, Singareni Bhavan,  
Red Hills, Hyderabad – 500 004.

Date: 31/01/2023.

Lr. No. : ARR and Tariff Objection FY 2023-24/01

Dear Sir,

Subject: Objections on ARR & Tariff Proposals for FY 2023-24 filed by TSNPDCL - Reg.

We are herewith attaching the copy of the Company's objections on ARR & Tariff proposals of TSNPDCL & TSSPDCL for FY 2023-24.

Thanking You,  
For ITC Limited - Paperboards & Specialty Papers Division.

(Lakshmi Kumar V)  
Manager – Energy.

**vl kumar**

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**From:** vl kumar  
**Sent:** 31 January 2023 17:28  
**To:** secy@tserc.gov.in  
**Cc:** cgmir@tsnpdcl.in; deipc@tsnpdcl.in; derac@tsnpdcl.in  
**Subject:** FW: Objections of ARR Filed by TSNPDCL for FY 2023-24  
**Attachments:** Objections on ARR of TSNPDCL & TSSPDCL for FY 2023-24.pdf  
**Importance:** High

Dear Sir,

We have submitted our objections vide trail email on proposed ARR for FY 2023-24 by TSNPDCL & TSSPDCL. The original being sent through registered post tomorrow to both TSERC as well as TSNPDCL.

Thanks & Regards,  
ITC Limited - Paperboards & Specialty Papers Division.,  
ITC Bhadrachalam House, 106, Sardar Patel Road.  
Secunderabad-500003. Telangana.  
Ph.:+91-40-40096324, Mobile:+91-9000080461.

**From:** vl kumar  
**Sent:** 31 January 2023 17:23  
**To:** cgmir@tsnpdcl.in  
**Cc:** derac@tsnpdcl.in; deipc@tsnpdcl.in  
**Subject:** FW: Objections of ARR Filed by TSNPDCL for FY 2023-24  
**Importance:** High

*objections submitted through email  
on 31/01/2023 to TSNPDCL.*

Dear Sir,

We are herewith attaching our objections on ARR filed by TSNPDCL & TSSPDCL for the FY 2023-24.

Thanks & Regards,



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RN182000679IN IVR:8278182000679  
RL SECUNDERABAD H.O <500003>  
Counter No:1,01/02/2023,10:35  
To:THE CHIEF GEN, NORTHERN POWER  
PIN:506001, Hanankonda H.O  
From:ITC LTD,SEC  
Wt:55gms  
Amt:55.00(Cash)  
<Track on www.indiapost.gov.in>

To,  
The Chief General Manager, IPC & RAC.  
Northern Power Distribution Company of Telangana Limited,  
Corporate Office, # 2-5-3 1/2, Vidyut Bhavan,  
Nakkalagutta, Hanmakonda,  
Warangal. Telangana State. PIN : 506 001.

*objections sent through  
"Post. pay with tax due"*

Lr. No. : ARR & Tariff Objection FY 2023-24/01


Date: 31/01/2023.

Dear Sir,

Subject: Objections on ARR & Tariff Proposals for FY 2023-24 filed by TSNPDCL - Reg.

We are herewith attaching the copy of the Company's objections, which are being filed in TSERC against the ARR & Tariff proposals for FY 2023-24 filed by TSNPDCL.

Thanking You,  
For ITC Limited - Paperboards & Specialty Papers Division.

  
(Lakshmi Kumar V)  
Manager - Energy.



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**BEFORE THE TELANGANA STATE ELECTRICITY REGULATORY  
COMMISSION  
AT HYDERABAD**

**O.P. Nos 80 & 81/2022**

**In the Matter of :**

ARR and Tariff proposals for FY 2023-24 filed by TS DISCOMs .

**MEMORANDUM OF OBJECTIONS**

filed on behalf of

**ITC LTD,**  
**Paperboards and Specialty Papers Division,**  
ITC Bhadrachalam House, 106, Sardar Patel Road, Secunderabad 500003  
Contact Email: lakshmikumar.velpur@itc.in Mobile:9000080461

May it please the Hon'ble Commission :-

***Background Facts of the Objector***

1. The Objector herein is engaged in the manufacture of paper and paperboard at Sarapaka Village, Bhadrachalam District, Telangana. The Objector also has a Captive Generating Plant at Sarapaka Village.
2. The generation of electricity at the plant is by co-generation process whereby heat energy used for pulp cooking, humidification and drying is produced along with electricity.

utilised only for for start power within the CMD with TSNPDCL or for import of open access power.

**Objections to Proposal for Grid Support Charges for FY 2023-24 is submitted herewith on various grounds hereinunder which are raised without prejudice to each other:**

Based on the objections on GSC for FY 2022-23, the Hon'ble Commission has referred the matter to the Grid Coordination Committee (constituted in accordance with Clause 5.1 of the Regulation No. 4 of 2018). The relevant extracts of the Hon'ble Commission's ruling in RETAIL SUPPLY TARIFFS & CROSS SUBSIDY SURCHARGE Order FOR FY 2022-23, dated 23.03.2022 is as follows:

*"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."*

Even as per the proposed ARR for 2023-24, the Grid Coordination Committee has initiated the detailed study on the matter of parallel operation of CPPs and consequent levy of GSC. And the proposal for levy of GSC for FY 2022-23 has not attained finality as on date. The Objector submits that the levy of GSC being pending with the Grid Coordination Committee, the proposal to levy the GSC for the year 2023-24 and the basis for computation of the levy is pre-mature and liable to be rejected.




3. DISCOMs have proposed that grid support charges be levied on captive generating plants, co-generation plants, third party generation plants, merchant power generation units, rooftop power plants etc. that do not have PPA or have PPA for partial capacity with the licensees. . The proposal is unreasonable both with respect to the levy itself and also with respect to the quantum. The Objector submits that grid support charges cannot be levied in light of the revised regime under the Electricity Act, 2003

The policies of both State and Central Government and the Regulations of TSERC and CERC encourage the investments in renewable energy plants including waste heat recovery plants, the plants based on municipal solid waste and the co-generation plants by offering incentives. So, such GSC proposal will discourage the investments in this sector as well as defeat the purpose of the policies and the Regulations.

GSC should not be levied at all on rooftop solar plants to encourage the investments as per the State government policy and the Regulation of TSERC. This investment helps in self sustainability of the industry as well as reduces the dependency on the grid. Therefore, such GSC proposal will discourage the investments in rooftop solar plants and it will defeat the policies of both Central and State Government issued for such investments and the Regulations by respective ERCs specific to solar renewable energy.

4. There is nothing in the Grid Code which enables and/or authorises the levy of grid support charges.
5. The issues involved in the levy and/or quantification of grid support charges are complex and require to be heard, considered and decided in a separate proceedings. The licensees must first provide real data and facts on the incidence of grid support being actually availed by different types of industries, and they must also provide a details of how the proposed quantification of the charges is justified with reasons.



6. Other than merely reproducing the provision in the previous APERC order dated 08/02/2002 and the Supreme Court order dated 29/11/2019, there is no reasoning given in the proposal with regard to the justification for levying grid support charges and/or the quantum of such charges with due regard to the sea change subsequently with the coming into force of the Electricity Act 2003.

The Hon'ble Commission may consider the matter afresh having regard to the completely changed environment and regime after the Electricity Act 2003 has come into force.

The proposed levy is of a nature that unreasonably mulct CPPs so as to discourage them. Such purpose or effect is contrary to the legislative policy and scheme of the Act which encourages captive generating plants and frees them from all manners of regulation. The proposal to levy grid support charges on captive generating plants deserves to be rejected on this ground alone.

7. The APERC order for 2002-2003 was made before the Electricity Act 2003 came into force. After the Electricity Act came into force, consumers have the right to source energy from any generator located anywhere under open access irrespective of whether a consumer has any contracted demand with the licensee or not. Every generator supplying energy operates in parallel with the grid. When no grid support charges are, or can be, levied based on the installed generating capacity of the source, whether it be an IPP or remote CPP under open access, there is no reason for levy of such a charge generation plants. The power and energy are measured and accounted for only with respect to the 15 minute time blocks.
8. It may be that certain kinds of industries may instantaneously draw large currents intermittently (e.g. in arc / induction furnaces) or produce harmonics which may or may not be in excess of the limits specified by the GTCS and/or the Grid Code. The incidence of such large intermittent /



instantaneous loads and/or injection of harmonics in such industries may occur irrespective of their having a contracted demand with the licensee for the whole of their demand or for a part of their demand in conjunction with a CPP. These industries may have to be considered as a separate class. It is unreasonable that the incidents in such separate class taints all industries with CPPs even when no such instantaneous or intermittent loads or injection of harmonics are involved.

9. Industries may have CPPs with a capacity in excess of the captive requirement, and operation in parallel with the grid may be necessitated by the need to export their surplus power under open access or otherwise. There can be no justification for levy of grid support charges in such cases since all the applicable charges towards transmission and wheeling are already being paid for export of surplus power.

An industry with a CPP may connect to the grid for the pupose of importing additional power from another source under open access. There can be no justification for levy of grid support charges in such cases also.

An industry with a CPP may also connect to the grid to avail start-up power for which a contracted demand is arranged and paid for by the consumer. There can be no justification for any grid support charges.

10. In co-generation plants (such as in processing industries or sugar industries), power may be required from the licensees only for start up. Their captive consumption is only a part of their captive generation. The surplus power has to be exported. They do not require or avail of any grid support whatsoever after start up. Any levy of grid support charges in such cases based on the generation or installed capacity shall be unwarranted and unreasonable. Properly, such CPPs must be considered as not availing or intending to avail any grid support for their loads unless it is established as a fact in a particular case that grid support for the loads is availed.





11. If at all, it is the load (and more particularly, certain kinds of load) that may be alleged to impose instantaneous / intermittent demands on the grid. If some loads in some type of industries are considered to cause instantaneous demand on the grid, then it is only such loads that could be relevant if at all any grid support charge is to be levied.

The installed generation capacity is irrelevant and the levy on a charge on the basis of generation capacity is irrational and arbitrary. It must be noticed that the momentary loads or starting currents depend on the nature of the loads. The CPP, being the generating plant, is not the cause or source of such momentary loads or starting current, and it is wholly unreasonable to consider the generation capacity as relevant at all. The focus must therefore be on the load and not on the generating capacity.

12. Without prejudice to the above, the quantum proposed is entirely arbitrary, exorbitant and irrational. There is no justification or rationale for the quantum proposed. The licensee can be allowed a charge only if the licensee demonstrates actual costs related to such charge. There are no extra costs incurred by the licensee for the alleged or presumed effects of operation of CPPs in parallel with the grid. There has to be some cogent methodology for arriving at the quantum of the charge. It cannot be arbitrary and without any data or rational basis.

Capacity of the surplus being sold under open access cannot be subjected to any such charges.

13. In continuous process industries, CPP would runs in parallel in order to avail continuous power supply, in the event of failure of CCP generating units. In such cases, the industry must necessarily *have a contracted demand with the licensee to the extent of at least the expected recorded demand that would occur when the failure of the generating plant occurs.* It cannot be said or presumed that there is any grid support availed even when the generating



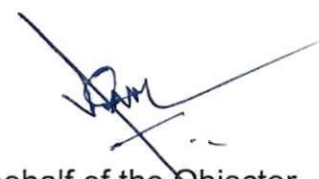
plant is operating. Therefore, it is the load and its nature that is relevant, not the generation capacity.

14. RPPO is imposed on consumption from captive generation. In order to comply with the RPPO, the industry needs to import renewable power. It is irrational to mulct such units when their connection to the grid is to avail open access for complying with a statutory obligation.
15. It is submitted that the Honble Commission may await detailed scientific study by Grid Coordination Committee to assess the issue having regard to the diverse nature of the industries with CPPs, and to determine the particular criteria by which grid support may be considered to have been availed, and to lay out a methodology by which the quantum of charge, where considered leviable, is to be determined.
16. The Objector reserves its right to make additional objections or revise or supplement the present objections.

***Participation at Public Hearing – Oral Submissions***

The Objector desires to be heard in person or through counsel at the Public Hearing. *in both the Discams.*

2023 January 30

  
On behalf of the Objector