



No. IEX/RA/042/22-23

8th Aug. 2022

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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 H2 of FY 2022-23

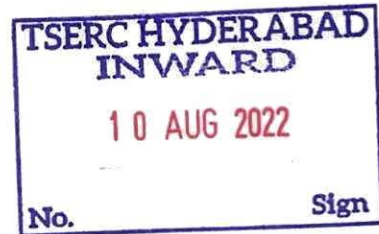
Dear Sir,

This has reference to the above cited Petitions filed by the State Distribution Company 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 (Market Economics & Regulatory)
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.

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. 6.81/ unit for H2 of FY 2022-23. 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 charge of LT system ought not to be considered

2.1. 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.

2.2. Discoms in the present petition have claimed per unit Distribution Cost at Rs. 1.05/ 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 regulations laid down by the Hon'ble Commission as OA consumers are only utilizing HT network.

2.3. The OA consumers would not have incurred the said distribution cost @Rs. 1.05/unit even if they had consumed from the Discom. Instead, they would have incurred only 30% of the total distribution cost based on the voltage wise cost approved by the Hon'ble Commission vide Order dated 29.04.2020 in terms of ARR determination for the wheeling business for 4th Control period (FY 19-20 to FY 23-24). Therefore, imposition of full distribution cost including that of LT system would not be justifiable.

3. ISTS & STU transmission Charges considered for computation of Additional Surcharge ought to include the refund (adjustment) of corresponding charges to Discom/STU

3.1. The Discoms have, for the computation of per unit transmission charges, considered the inter-state, intra-state transmission charges and SLDC charges. We submit that the same may result in overburdening of ISTS & STU charges on the consumers for the following reasons-

3.1.1. The inter-state transmission cost is on account of the transmission charges being paid by the Discom for long/medium term access to the ISTS system. Such charges to be paid by the Discom are notified by NLDC.

3.1.2. 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 in reduction of their POC charges. This reduction is due to the following clause 11 (3) of the CERC (Sharing of Inter-State Transmission Charges and Losses) Regulations, 2020-

11. Transmission charges for Short Term Open Access

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*(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.***

3.1.3. Similarly, the embedded consumers pay STU charges on all open access transactions.

3.1.4. 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 H2- FY 22-23 while finalizing the Additional Surcharge to be levied on open access consumers.