

Date: 05-09-2017

To,  
The Secretary,  
TSERC, 5th Floor, 11-4-660, Singareni Bhavan,  
Red Hills, Hyderabad - 500 004

Dear Sir,

**Sub:-** Submission of comments, objections and suggestions on the proposals of TSSPDCL (I. A. No. 22 of 2017 in O. P. No. 22 of 2016) & TSNPDCL (I. A. No. 23 of 2017 in O. P. No. 23 of 2016) In the matter of determination of additional surcharge to be levied for the FY 2017-18 in respect of the open access consumers under section 42 of the Electricity Act, 2003- Reg.

With reference to the public notice, inviting suggestions and objections on the subject proposals, we are submitting the following points for the consideration of Hon'ble Commission.

As per the section 42 (4) of Electricity Act,

*"Where the State Commission permits a consumer or class of consumers to receive supply of electricity from a person other than the distribution licensee of his area of supply, such consumer shall be liable to pay an additional surcharge on the charges of wheeling, as may be specified by the State Commission, to meet the fixed cost of such distribution licensee arising out of his obligation to supply."*

As per the National Tariff Policy 2016,

*"The additional surcharge for obligation to supply as per section 42(4) of the Act should become applicable only if it is conclusively demonstrated that the obligation of a licensee, in terms of existing power purchase commitments, has been and continues to be stranded, or there is an unavoidable obligation and incidence to bear fixed costs consequent to such a contract. The fixed costs related to network assets would be recovered through wheeling charges" (8.5.4).*

Insofar as the electricity generated from renewable sources of energy is concerned, the provisions of the act contained in the preamble, section 61(h), and 81(1)(e) requiring promotion of such sources of energy has to be given due consideration. There has to be

special consideration shown by way of exemption of Additional Surcharge in respect of such energy, instead of un due timeline extensions being granted to developers having Power Purchase Agreement (PPA) with utilities.

It should be noted that as per NTP 2016, the licensees should conclusively demonstrate the assets are stranded because of Open Access Consumption and there should be an unavoidable obligation and incidence to bear fixed costs. However, in case of solar open access, the power plants were given permission to setup fully aware about the consumers to which the power will be sold. Allowing open access for solar developers and then later on imposing additional surcharge will make the plant completely unviable.

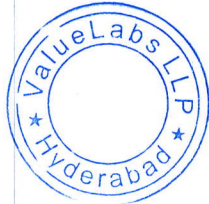
The generation assets getting stranded for the licensees is due to improper planning of the licensees or may be power purchases on power exchanges by consumers (PXIL or IEX) and not any way related to the consumers consuming power from solar developers through open access, as this consumption is well known, in advance, to the utilities as the approval for long term/short term open access was granted only by utilities, and hence utilities could have planned their power purchases accordingly.

Imposing such high additional surcharge is not only restricting the competition but also misusing their monopolistic status of utilities.

Hence, request the Hon'ble Commission to not impose additional surcharge for all for Solar open access transactions.

For ValueLabs LLP,

*M. Srinivasan*



Authorized Signatory.

**Copy to:-**

The CGM (Comml & RAC)/TSSPDCL/Hyderabad

The CGM (IPC&RAC/TSNPDCL/Warangal