



Telangana State Electricity Regulatory Commission

5th Floor, Singareni Bhavan, Red Hills, Lakdi-ka-pul, Hyderabad 500 004

Dated 20.03.2023

Present

Sri T. Sriranga Rao, Chairman
Sri M. D. Manohar Raju, Member (Technical)
Sri Bandaru Krishnaiah, Member (Finance)

O.P.No.75 of 2022

Southern Power Distribution Company of Telangana Limited (TSSPDCL)

O.P.No.76 of 2022

Northern Power Distribution Company of Telangana Limited (TSNPDCL)

... Applicants

The Southern Power Distribution Company of Telangana Limited (TSSPDCL) and the Northern Power Distribution Company of Telangana Limited (TSNPDCL) (together referred to as "Applicants or TSDISCOMs") filed petitions for determination of Additional Surcharge (AS) to be levied on Open Access (OA) consumers for H1 (1st Half period from Apr'23 to Sep'23) of FY 2023-24 as per the directions of the Commission in its Order dated 18.09.2020 in O.P.No.23 of 2020 in accordance with the provisions of the Electricity Act, 2003 and Tariff Policy, 2016.

The Commission, in exercise of its powers under the Electricity Act, 2003, and after considering TSDISCOMs submissions, suggestions and objections of the stakeholders, responses of TSDISCOMs to the same, issues raised during the Public Hearing held on 13.01.2023, written submission made by TSDISCOMs thereon, and all other relevant material, passed the following:

COMMON ORDER

Chapter-1 Introduction

1.1 BACKGROUND

1.1.1 The Commission vide its Suo Moto Order dated 18.09.2020 in O.P.No.23 of 2020 in the matter of "Mechanism for determination of stranded capacity and

framing the terms & conditions for levy of AS on open access users to meet the fixed cost of the distribution licensee arising out of its obligation of supply”, has held that -

“52. The TSDISCOMs to submit their filings for determination of AS for the 1st half of the ensuing financial year i.e., for the period from April to September of the ensuing financial year latest by 30th November of the current financial year and for the 2nd half of the ensuing financial year i.e., for the period from October to March of the ensuing financial year latest by 31st May of the ensuing financial year.

a) **Mechanism for Demonstration of Stranded Capacity**

- i. The 15-minute time-block data of available capacity and scheduled capacity of all generating stations having long term PPAs with the TSDISCOMs, and the scheduled capacity of OA consumers of six months period is to be taken.
- ii. In case of hydel generating stations, the scheduled capacity is to be treated as available capacity in that time block.
- iii. The lower of the surplus capacity (i.e., available capacity less scheduled capacity) and capacity scheduled by OA consumers is to be considered as stranded capacity for the 15-minute time block.
- iv. Accordingly, the average stranded capacity for six-month period due to open access has to be arrived.

b) **Approved Methodology for Computation of Additional Surcharge**

Table 1: Approved Methodology for Computation of Additional Surcharge

Sl. No.	Description	Unit	Value
{A}	Long term available capacity	MW	
{B}	Capacity stranded due to OA	MW	
{C}	Fixed Charges paid	Rs. in crore	
{D}={C}÷{A}	Fixed Charges per MW	Rs. in crore/MW	
{E}={D}×{B}	Fixed Charges for stranded capacity	Rs. in crore	
{F}	Transmission charges paid	Rs. in crore	
{G}	Actual Energy scheduled	MU	
{H}={F}÷{G}	Transmission charges per unit	Rs./kWh	
{I}	Distribution charges as per Tariff Order	Rs./kWh	
{J}={H}+{I}	Total transmission and distribution charges per unit	Rs./kWh	
{K}	Energy consumed by OA consumers from the TSDISCOMs	MU	
{L}={K}×{J}	Transmission and distribution charges paid by OA consumers	Rs. in crore	
{M}	Demand charges recovered by the TSDISCOMs from OA consumers	Rs. in crore	
{N}={M}-{L}	Demand charges to be adjusted	Rs. in crore	
{O}={E}-{N}	Net stranded charges recoverable	Rs. in crore	
{P}	OA sales	MU	
{Q}={O}÷{P}	Additional Surcharge	Rs./kWh	

c. **Terms & Conditions for levy of Additional Surcharge on OA Users**

- i. *The AS determined by the Commission shall be applicable to the consumers of the TSDISCOMs who avail power through OA from any source other than their respective TSDISCOMs.*
- ii. *The AS shall be levied on the quantum of electricity scheduled by such consumers.*
- iii. *The AS shall not be levied on such OA consumers for their captive consumption to the extent of OA availed for wheeling of power from their own CPPs.*
- iv. *Exemption from payment of AS for the eligible OA consumers shall be as per the Government policy in force. The TSDISCOMs may take up the issue of making good of the revenue loss due to such exemption with the State Government for proper relief.”*

1.1.2 In accordance with the above, the petition for determination of Additional Surcharge for H1 of FY 2023-24 has to be filed latest by 30.11.2022.

1.2 STATUTORY AND REGULATORY PROVISIONS

1.2.1 The following are the statutory provisions with regard to levy of Additional Surcharge on Open Access users:

- i) Section 42(4) of the Electricity Act 2003 stipulates as under -
*42(4) 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.*
- ii) Para 5.8.3 of the National Electricity Policy (NEP) dated 12.02.2005 notified under Section 3 of the Act, states as under:
*“... .. An **additional surcharge** may also be levied under sub-section (4) of Section 42 for meeting the fixed cost of the distribution licensee arising out of his obligation to supply in cases where consumers are allowed open access. The amount of surcharge and additional surcharge levied from consumers who are permitted open access should not become so onerous that it eliminates competition that is intended to be fostered in generation and supply of power directly to consumers through the provision of Open Access under Section 42(2) of the Act.”*
- iii) Clause 8.5.4 of Tariff Policy, 2016 notified by MoP on 28.01.2016 stipulates as under:
*8.5.4 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.

- iv) Clause 17.1(iv) of Regulation No.2 of 2005 stipulates as under:
*17.1(iv) The open access user shall also be liable to pay **additional surcharge** on charges of wheeling as may be specified by the Commission from time to time under section 42(4) of the Act, in case open access is sought for receiving supply from a person other than distribution licensee arising out of his obligation to supply.*

1.3 PRESENT PETITION

- 1.3.1 TSSPDCL and TSNPDCL have filed petitions on 24.11.2022 for determination of Additional Surcharge to be levied on Open Access consumers for H1 (1st Half period from Apr'23 to Sep'23) of FY 2023-24 as per the directions of the Commission in its Order dated 18.09.2020 in O.P.No.23 of 2020 and in accordance with the provisions of the Electricity Act, 2003 and Tariff Policy, 2016.

1.4 ADMISSION OF PETITION

- 1.4.1 The Petitions for determination of Additional Surcharge for H1 of FY 2023-24 were scrutinised and found to be generally in order as required under the Conduct of Business Regulations No.2 of 2015. The Commission admitted the petitions and the same were taken on record by assigning the following Original Petition (OP) numbers:
- O.P.No.75 of 2022 for TSSPDCL
 - O.P.No.76 of 2022 for TSNPDCL

1.5 REGULATORY PROCESS

- 1.5.1 TSDISCOMs, as directed by the Commission, published a Public Notice (Annexure-I) in two (2) English, two (2) Telugu and One (1) Urdu daily newspapers on 15.12.2022. The notice was to inform the general public about the TSDISCOMs filings before the Commission for determination of Additional Surcharge for H1 of FY 2023-24.
- 1.5.2 The filings along with supporting material have been made available by the TSDISCOMs to the public at large including all the stakeholders. The filings and supporting material were also hosted on the website of the TSDISCOMs as well as on the website of the Commission.
- 1.5.3 It was also notified in the public notice that, objections/suggestions, if any, on

the filings may be filed before 12.01.2023.

- 1.5.4 It was also informed in the Public Notice that the Commission intends to conduct a Public Hearing physically in Court Hall of TSERC on 28.01.2023 from 11 hours onwards.

1.6 RESPONSE TO PUBLIC NOTICE

- 1.6.1 In response to the public notice, objections/suggestions were received from three (3) stakeholders within due date (Annexure-II).
- 1.6.2 TSDISCOMs were directed to give the reply to the stakeholders in writing by sending the same to the respective stakeholder with a copy to the Commission. The replies were also posted on the website of the Commission.

1.7 POSTPONEMENT OF PUBLIC HEARING

- 1.7.1 The Public Hearing scheduled on 28.01.2023 is postponed on administrative grounds and is rescheduled on 13.03.2023. The same is also published in the daily newspapers on 27.01.2023 and 04.03.2013 (Annexure-I) and also scrolled in the official website of the Commission.

1.8 PUBLIC HEARING

- 1.8.1 The Commission has conducted the Public Hearing in the Court Hall of TSERC on 13.03.2023. The list of stakeholders who attended the Public Hearing is enclosed at Annexure-III. During the Public Hearing, the applicants made a brief presentation on its filings and then the Commission heard all the stakeholders apart from those who registered, and who are desiring to be heard in person. At the end, the Commission accepted the request of the applicant for furnishing the written submissions by 14.03.2021 on the objections/suggestions raised by the stakeholders during the public hearing. Accordingly, the applicants have made written submissions.

Chapter-2 Summary of Filings

2.1 ADDITIONAL SURCHARGE FOR H1 OF FY 2023-24

2.1.1 The Licensees submitted the Additional Surcharge proposals for H1 of FY 2023-24 by considering the actual parameters pertaining to H1 of FY 2022-23.

2.1.2 The average stranded capacity due to Open Access consumers for the six (6) month period (Apr'22 - Sep'22) considering the 15-minute block wise data works out as 78.10 MW as detailed below:

Table 2: Average Stranded Capacity due to Open Access Consumers for the period (Apr'22 - Sep'22)

Particulars (in MW)	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Average for six (6) months period*
Available Capacity	8832.59	8412.86	7799.79	7462.63	9831.17	10022.10	8651.85
Scheduled Capacity	8281.54	7473.97	7290.86	6421.27	7482.84	7610.34	7426.80
(Deficit)/ Surplus	551.05	938.89	508.93	1041.36	1898.34	2411.76	1225.05
OA Scheduled Capacity	53.68	91.94	95.17	94.38	93.56	80.14	83.14
Stranded Capacity	48.63	74.60	84.02	89.28	91.90	80.14	78.10

Stranded Capacity arrived by considering minimum of backing down i.e., deficit and Open Access scheduled capacity for each 15-minute time block.

2.1.3 The fixed charges paid to the generators for H1 of FY 2022-23 is Rs.5589.64 crore and the average long term available capacity is 8651.85 MW. Thus, the average fixed charges work out to Rs.0.65 crore/MW.

2.1.4 Accordingly, the fixed charges for stranded capacity of 78.10 MW works out as Rs.50.45 crore (i.e., 78.10 MW x Rs.0.65 crore/MW).

2.1.5 The transmission charges paid by TSDISCOMs for H1 of FY 2022-23 are Rs.2373.76 crore and scheduled energy for that period is 35288.87 MU. Thus, the actual transmission cost per unit works out to Rs.0.67/kWh.

2.1.6 The distribution wheeling charges as approved by the Commission for FY 2023-24 is Rs.1.17 per kWh.

2.1.7 Hence, the total T&D costs works out to Rs.1.84/kWh.

2.1.8 Based on the above, the demand charges that are to be adjusted/(recovered) from Open Access consumers works out to Rs.(-)159.75 crore.

2.1.9 Hence, the net stranded charges of Rs.210.20 crore are considered for calculation of Additional Surcharge.

2.1.10 The projected Open Access sales for H1 of FY 2023-24 is considered to be

same as that of Open Access sales recorded for H1 of FY 2022-23 i.e., 213.29 MU and hence the Additional Surcharge is computed to be Rs.9.86/kWh.

Table 3: Additional Surcharge Claimed for H1 of FY 2023-24

Sl. No.	Description	Unit	Value
{A}	Long term available capacity	MW	8651.85
{B}	Capacity stranded due to OA	MW	78.10
{C}	Fixed Charges paid	Rs. in crore	5589.64
{D}={C}÷{A}	Fixed Charges per MW	Rs. in crore/MW	0.65
{E}={D}×{B}	Fixed Charges for stranded capacity	Rs. in crore	50.45
{F}	Transmission charges paid	Rs. in crore	2373.76
{G}	Actual Energy scheduled	MU	35288.87
{H}={F}÷{G}	Transmission charges per unit	Rs./kWh	0.67
{I}	Distribution charges as per Tariff Order	Rs./kWh	1.17
{J}={H}+{I}	Total transmission and distribution charges per unit	Rs./kWh	1.84
{K}	Energy consumed by OA consumers from the TSDISCOMs	MU	1922.68
{L}={K}×{J}	Transmission and distribution charges payable by OA consumers	Rs. in crore	354.68
{M}	Demand charges recovered by the TSDISCOMs from OA consumers	Rs. in crore	194.93
{N}={M}-{L}	Demand charges to be adjusted	Rs. in crore	-159.75
{O}={E}-{N}	Net stranded charges recoverable	Rs. in crore	210.20
{P}	OA sales	MU	213.29
{Q}={O}÷{P}	Additional Surcharge	Rs./kWh	9.86

2.1.11 The TSDISCOMs requested the Commission to approve the Additional Surcharge of Rs.9.86/kWh for H1 of FY 2023-24.

2.1.12 The TSDISCOMs further submitted that the fixed charges paid for H1 of FY 2022-23 as claimed in the present filings are provisional in nature and are subject to variations in final audited accounts. The TSDISCOMs requested the Commission to consider any variation in fixed charges in the ensuing filings of Additional Surcharge as and when the final audited accounts are available.

Chapter-3

Issues Raised by Stakeholders, Responses of Applicants and Commission's Views

3.1 OBJECTIONS/SUGGESTIONS MADE ON FILINGS

3.1.1 In response to the Public Notice issued by TSDISCOMs a total three (3) stakeholders have filed objections/suggestions within due date and eight (8) stakeholders have filed their objections/suggestion after due date on the filings for determination of Additional Surcharge for H1 of FY 2023-24. TSDISCOMs as directed by the Commission has filed replies on the objections/suggestions received from the stakeholders. For the sake of clarity, the objections/ suggestions raised by the stakeholders and responses of the Petitioner have been consolidated and summarised issue-wise. The Commission has concluded all the objections/suggestions of the stakeholders who made in writing as well as during the Public Hearing held on 13.03.2023 and the responses to them by the Petitioner.

3.2 NOC TO OPEN ACCESS

Stakeholder's Submission

3.2.1 No objection certificate (NOC) to open access is denied by TSDISCOMs, even to new consumers.

Response of TSDISCOMs

3.2.2 NOC is issued based on technical feasibility, which TSDISCOMs evaluate prior to providing open access to consumers.

Commission's View

3.2.3 The stakeholder's submission and response of TSDISCOMs are taken note of.

3.3 SUPPORTING DOCUMENTS

Stakeholder's Submission

3.3.1 Requested to furnish actual Monthly/Half-yearly Plant Availability Factor for each of the Power Plants from which Long-Term Power Procurement is being carried out.

Response of TSDISCOMs

- 3.3.2 TSDISCOMs have already provided the actual Plant Availability Factor and complete breakup of the individual fixed cost of each generating station wise in the filings for determination of Additional Surcharge for H1 of FY 2023-24. TSDISCOMs would adhere to the instructions of the Commission for any further requirement of additional information.

Commission's View

- 3.3.3 All the supporting material as filed by the applicants were hosted on the website of the TSDISCOMs as well as on the website of the Commission.

3.4 ADDITIONAL SURCHARGE IS MORE THAN AVERAGE COST OF SUPPLY (ACoS)

Stakeholder's Submission

- 3.4.1 The TSDISCOMs have proposed an additional surcharge at a rate of Rs.9.86/unit for H1 of FY 2023-24.
- 3.4.2 The Commission in its Retail Supply Tariffs for FY 2022-23 order dated 23.03.2022 has approved voltage wise Cost of Supply. It can be clearly pointed out that the approved Cost of Supply for HT categories (33 kV and 132 kV) is far less than the proposed additional surcharge.
- 3.4.3 TSDISCOMs proposal of Additional Surcharge is very high, in fact, the proposal is more than the retail supply tariff and is against the interest of the consumers. Additional Surcharges in other States viz., Gujarat and Rajasthan are low.
- 3.4.4 Objector/stakeholder assesses the Additional Surcharge to be levied as Nil.

Response of TSDISCOMs

- 3.4.5 TSDISCOMs derived the Additional Surcharge for H1 of FY 2023-24 in consonance with the methodology approved by the Commission in its order dated 18.09.2020 in O.P.No.23 of 2020
- 3.4.6 The Commission in its Orders dated 24.12.2021 and 22.03.2022, had recognized the importance of promoting competition as enshrined in the Electricity Act, 2003 and had duly limited the final approved Additional Surcharge, in the interest of all the stakeholders.
- 3.4.7 The objector/stakeholder has not followed the methodology as approved by the Commission for computation of Additional Surcharge. TSDISCOMs deny the assessment of Nil Additional Surcharge.