



**TELANGANA STATE ELECTRICITY REGULATORY COMMISSION**  
**5<sup>th</sup> Floor, Singareni Bhavan, Red Hills, Lakdi-ka-pul, Hyderabad 500 004**

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

**Dated 27.03.2024**

**Present**

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

**O.P.No.80 of 2022**

Northern Power Distribution Company of Telangana Limited (TSNPDCL)

**O.P.No.81 of 2022**

Southern Power Distribution Company of Telangana Limited (TSSPDCL)

... Applicants

**In the matter of determination of Grid Support Charges (GSC) for FY 2023-24.**

The Southern Power Distribution Company of Telangana Limited (TSSPDCL) and the Northern Power Distribution Company of Telangana Limited (TSNPDCL) (hereinafter collectively referred to as "Applicants" or "TSDISCOMs") have filed original petitions (O.P.) on 30.11.2022 under Section 64 of the Electricity Act, 2003 and as per the provisions of "Terms and Conditions for Determination of Tariff for Wheeling and Retail Sale of Electricity" Regulation No.4 of 2005, for determination of Aggregate Revenue Requirement (ARR), Retail Supply Tariff (RST) along with Cross Subsidy Surcharge (CSS) and Grid Support Charges (GSC) for the Retail Supply Business for FY 2023-24. In this regard, the Commission has already issued a separate Order dated 24.03.2023, with the same O.P. numbers, determining ARR, FPT and CSS for FY 2023-24.

With regard to determination of Grid Support Charges, the Commission, in exercise of its powers under the Electricity Act, 2003 and after consideration of TSDISCOMs submissions, objections and suggestions of the stakeholders, the issues raised during the Public Hearing, responses to the same by the TSDISCOMs and all other relevant material available on record, hereby passes the following:

# COMMON ORDER

## CHAPTER-1

### INTRODUCTION

#### 1.1 BACKGROUND

##### Filings for FY 2022-23

- 1.1.1 TSDISCOMs in their Retail Supply Tariff (RST) Filings for FY 2022-23 have proposed to levy Grid Support Charges (GSC) on the captive consumers in their area by considering the methodology adopted in erstwhile APERC order dated 08.02.2002 and which happened to be upheld by Hon'ble Supreme Court by its Judgment dated 29.11.2019, towards the benefits being availed by CPPs during parallel operation with the distribution licensees' grid network as below:

*“Persons operating Captive Power Plants (CPPs) in parallel with T.S. Grid have to pay ‘Grid Support Charges’ for FY 2022-23 on the difference between the capacity of CPP in kVA and the contracted Maximum Demand in kVA with Licensee and all other sources of supply, at a rate equal to 50% of the prevailing demand charge for HT Consumers. In case of CPPs exporting firm power to TSTRANSCO, the capacity, which is dedicated to such export, will also be additionally subtracted from the CPP capacity.”*

- 1.1.2 The Commission in the RST Order dated 23.03.2022 for FY 2022-23 considering the suggestions of the stakeholders, finds it appropriate to refer the matter of Grid Support Charges to the Grid Coordination Committee (GCC). The relevant paras in RST Order for FY 2022-23 dated 23.03.2022 are reproduced below:

##### “Commission’s View

- 3.10.79 *The Commission while determining the ARR and retail supply tariffs for FY 2022-23 is guided by the provisions of the Act, Tariff Policy, 2016 and the Regulations of this Commission. The Commission in Chapter 6 of the Order has dealt in detail the tariff proposals of the DISCOMs.*
- 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."*

- 1.1.3 Accordingly, the Commission vide letter dated 13.04.2022 directed Grid Coordination Committee (GCC) (constituted in accordance with Clause 5.1 of Regulation No.4 of 2018) for a detailed study on the issue of Parallel Operation of Captive Power Plants (CPPs) and consequent levy of GSC and submit a detailed report on or before 30.05.2022:
- 1.1.4 Based on the request of the GCC, the due date for submission of report was extended upto 30.07.2022. Subsequently, GCC has submitted vide its letter dated 05.08.2022 a report on the issue of parallel operation of CPPs and consequent levy of GSC. As directed by the Commission vide letter dated 05.09.2022, GCC has given a power point presentation on its GSC report on 07.09.2022. The Commission has observed that the report is incomplete and directed the GCC vide letter dated 16.09.2022 to submit its final report with specific recommendation on levy of GSC duly proposing the methodology for calculation of GSC to the Commission on or before 30.09.2022. Further as per the request of GCC, the Commission vide letter dated 25.10.2022 granted further extension of time to GCC and directed to submit final report on or before 30.10.2022. Later on, GCC vide letter dated 28.12.2022, has submitted its Final Report (Appendix-A).

**Filings for FY 2023-24**

- 1.1.5 Whereas the TSDISCOMs have revised its GSC proposal in their RST filings for FY 2023-24 and proposed to levy GSC on all the generators (captive generating plants, co-generation plants, third-party generation units, merchant power generation units, roof-top power plants, etc.) who are not having PPA/ having PPA for partial capacity with TSDISCOMs as follows:

Grid Support Charges = Total Installed Capacity x Rate of GSC

Rate of GSC (Rs./kW/month):

- i) The parallel operation/grid support charges are to be applied to the total installed capacity of the generators connected to the Grid.
- ii) Conventional generators shall pay Rs.50/kW/month.
- iii) Renewable Energy plants including Waste Heat Recovery (WHR) plants, the plants based on municipal solid waste and the co-gen plants

- shall pay Rs.25/kW/month.
- iv) Rooftop solar plants under net metering/gross metering policy shall pay Rs.15/kW/month.
  - v) Co-gen sugar mills shall pay charges of Rs.25/kW/month, for a period of four (4) months or actual operation period whichever is higher.
  - vi) These charges shall not be applicable when the plants are under shutdown for any reason and when such shutdown period exceeds two (2) months.
  - vii) To the extent of PPA capacities of the generators with TSDISCOMs shall be exempted from payment of these charges.
- 1.1.6 The Commission by considering stakeholders suggestions, has decided to again refer the matter of 'Grid Support Charges/Parallel Operation Charges' to the 'Grid Coordination Committee' for undertaking detailed analysis as the licensees proposed a different methodology and applicability as that proposed earlier in RST for FY 2022-23 for which Grid Coordination Committee has already submitted its final report on 28.12.2022.

The relevant paras in Retail Supply Tariffs order for FY 2023-24 dated 24.03.2023 are reproduced below:

- 3.15.80 By considering stakeholders suggestions, the Commission has decided to again refer the matter of 'Grid Support Charges/Parallel Operation Charges' to the 'Grid Coordination Committee' for undertaking detailed analysis as the licensees proposed a different methodology and applicability as that proposed earlier in RST for FY 2022-23 for which Grid Coordination Committee has already submitted its final report.*
- 7.5.4: The Commission has referred the proposal of TSDISCOMs for levy of GSC for the FY 2022-23 to the Grid Coordination Committee for a detailed study and suitable recommendations on the parallel operation of CPPs and consequent levy of GSC. The Committee has submitted its report together with recommendations on 05.08.2022.*
- 7.5.5: Now TSDISCOMs in their RST filings have changed the methodology and applicability of GSC, since the present proposal of TSDISCOMs is different from the previous filings, it is felt desirable to refer TSDISCOMs proposal again to the Grid Coordination Committee for detailed study and recommendations.*
- 7.5.6: The Commission directs the Grid Coordination Committee to study TSDISCOMs present proposal and to submit detailed study report together with recommendations.*
- 1.1.7 The Commission vide letter dated 10.05.2023 directed Grid Coordination Committee (GCC) for a detailed analysis on the issue of Levy of GSC for FY 2023-24 and to submit a detailed report on or before 15.06.2023. Further as per the request of GCC for extension of time, The Commission vide letter dated 04.07.2023 granted extension of time to GCC and directed to submit detailed

report on or before 16.08.2023. Subsequently, GCC has submitted its final report on 07.10.2023 (Appendix-B).

## **1.2 STAKEHOLDER'S CONSULTATION PROCESS**

### Public Notice

- 1.2.1 The TSDiscoms, as directed by the Commission, published the Public Notice (Annexure-I) on 30.12.2023 in two (2) Telugu, two (2) English and One (1) Urdu daily newspapers duly indicating the gist of the filings and inviting objections/suggestions on the filings of the TSDiscoms in the matter of GSC from all the stakeholders and general public at large also informing that in this regard the Commission shall conduct Public Hearing on 08.01.2024 from 11:00 hours onwards at TSERC Court Hall, Hyderabad. The daily newspaper clippings of the Public Notice are placed at Annexure-I.
- 1.2.2 It was also notified in the Public Notice that, objections/suggestions, if any, on the filings together with supporting material may be sent to concerned TSDiscom in person or through registered post so as to reach on or before 27.12.2023 by 5 pm and a copy of the same also be filed with the Commission Secretary, TSERC.
- 1.2.3 The filings have been made available by TSDiscoms along with supporting material to the public at large including all the stakeholders. The Public Notice, filings along with GCC reports and supporting material were also hosted on the websites of the TSDiscoms as well as on the website of the Commission viz., [www.tssouthernpower.com](http://www.tssouthernpower.com); [www.tsnpdcl.in](http://www.tsnpdcl.in); and [www.tserc.gov.in](http://www.tserc.gov.in).

### Response to Public Notice

- 1.2.4 In response to the Public Notice, objections/suggestions were received from twenty-one (21) stakeholders/organisation of consumer category. The list of stakeholders who submitted written objections/suggestions is enclosed at Annexure-II.
- 1.2.5 The TSDiscoms were directed to give its response by 27.12.2023 in writing to all the stakeholders who have filed their written objections/suggestions on the petitions in writing and with a copy to the Commission.

### Public Hearing

- 1.2.6 The Commission has conducted the Public Hearing on 08.01.2024 at 11:00

hours in the Court Hall of TSERC. During the Public Hearing, TSSPDCL on behalf of TSDISCOMs made a brief presentation on the filings and then the Commission heard the stakeholders desiring to be heard. At the end, as directed by the Commission, the TSDISCOMs responded on the issues raised by the stakeholders during the Public Hearing. As directed during the public hearing TSDISCOMs have also made a written submission of the same. The list of stakeholders who attended the Public Hearing on 08.01.2024 is enclosed at Annexure-III.

