

**BEFORE THE TELANGANA STATE ELECTRICITY REGULATORY
COMMISSION**

AT ITS OFFICE AT 5th Floor, Singareni Bhavan, Red Hills, Hyderabad - 500 004

FILING NO._____/22

CASE NO._____/22

In the matter of

Petition for determination of Additional Surcharge to be levied on Open Access consumers for the second half (H2) of Financial Year 2022-23 as per the directions of Hon'ble Commission in its Order dated 18.09.2020 in OP No. 23 of 2020 in accordance with the provisions of the Electricity Act, 2003 and National Tariff Policy, 2016.

In the matter of

SOUTHERN POWER DISTRIBUTION COMPANY OF TELANGANA LIMITED

.....Applicant


This application is filed for determination of Additional Surcharge (AS) to be levied on Open Access consumers for the second half (H2) of Financial Year 2022-23 as per the directions of Hon'ble Commission in its Order dated 18.09.2020 in OP No. 23 of 2020 in accordance with the provisions of the Electricity Act, 2003 and National Tariff Policy, 2016.

The applicants respectfully submit as under:

- 1. As per section 42(4) of Electricity Act, 2003 the State Regulatory Commission may specify the additional surcharge to be levied on the open access consumers to enable the licensee to recover its fixed costs arising out of its obligation to supply.**

Sec 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".

- 2. As per Andhra Pradesh Electricity Regulation Commission Regulation No. 2 of 2005 which is applicable to Telangana state as per Regulation no. 1 of 2014 of Telangana State Regulation commission, the distribution company can file for additional surcharge as per the following clause.**



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Clause 17.1.4: "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"

3. Further, the National Tariff Policy (NTP) Notified by Ministry of Power on 28th January, 2016 has the following provision on the Additional Surcharge

Clause 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".

4. In accordance with the aforementioned statutory provisions, the Hon'ble Commission passed an Order dated 18.09.2020 in OP No. 23 of 2020 specifying the mechanism for determination of stranded capacity along with the approved methodology and terms & conditions for levy of Additional Surcharge on Open Access (OA) users in order to meet the fixed cost commitment of the distribution licensees arising out of its obligation of supply.
5. Accordingly, the licensees were directed to submit the 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.
6. The licensee hereby submits the Additional Surcharge proposals for H2 of FY2022-23 considering the actual parameters pertaining to H2 of FY2021-22 in consonance with order in OP No.23 of 2020 as follows:
 - The average stranded capacity due to OA consumers for the six months period (April 2021 to September 2021) considering 15-minute block wise data works out as 152.29 MW as presented below. The block wise information is also herewith attached in soft copy.


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Particular (in MW)	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Average*
Available capacity	9153	7763	7831	8417	9059	9080	8547
Scheduled Capacity	7858	6561	6843	7321	8332	8585	7576
(Deficit)/Surplus	1296	1202	988	1091	727	495	969
OA Scheduled Capacity	160	325	196	144	87	73	165
Stranded Capacity	147	293	185	139	76	70	152

Stranded Capacity arrived by considering minimum of backing down i.e., deficit and OA scheduled capacity for each 15-min block

**Average for the entire six-month period is done instead of intermittent averages as mentioned by the Hon'ble Commission in AS Order for H1 of FY22-23 dated:22.03.2022*

- The fixed charges paid to the generators for H2 of FY2022-23 is Rs. 6063.77 Crores and the average long term available capacity is 8546.53 MW. Thus, the average fixed charge worked out to Rs. 0.71 Crores per MW.
- Accordingly, the fixed charges for stranded capacity of 152 MW works out as Rs. 108.05 Crores (i.e. 152 MW X Rs. 0.71 Crores/MW)
- The transmission charges paid by the Licensees' for H2 FY 2021-22 are Rs.2080.86 Crores and scheduled energy for that period is 36015.42 MUs. Thus the actual transmission cost per unit works out as Rs. 0.58 per kWh.
- The distribution wheeling charges as approved by the Commission for the FY 2021-22 is Rs. 1.05 per kWh.
- Hence, the total T & D costs works out to Rs. 1.63 per kWh.
- Based on the above mentioned values, the demand charges that are to be adjusted/(recovered) from OA consumers works out to be Rs. (-144.01) Crores.
- Hence, the net stranded charges are Rs.252.06 Crores which are considered for calculation of additional surcharge.
- The projected OA sales for H2 of FY2022-23 is considered to be same as that of OA sales recorded for H2 of FY2021-22 i.e., 370.34 MU and hence the additional surcharge per unit is computed to be Rs. 6.81 per kWh.

Accordingly, the Additional Surcharge that is determined for H2 of FY 2022-23 has been tabulated below

S. No.	Particulars	Unit	Value
{A}	Long Term Available Capacity	MW	8546.53
{B}	Capacity stranded due to open access	MW	152.29
{C}	Fixed Charges paid	Rs. Crore	6063.77
{D} = {C}÷{A}	Fixed Charge per MW	Rs. Crore/ MW	0.71
{E} = {D}×{B}	Fixed Charge for Stranded Capacity	Rs. Crore	108.05
{F}	Transmission Charge Paid	Rs. Crore	2080.86

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S. No.	Particulars	Unit	Value
{G}	Actual Energy Scheduled	MU	36015.42
{H} = {F}÷{G}	Transmission Charges per unit	Rs. /kWh	0.58
{I}	Distribution Charges as per Tariff Order	Rs. /kWh	1.05
{J} = {H}+{I}	Total transmission and distribution charges per unit	Rs. /kWh	1.63
{K}	Energy consumed by OA consumers from the DISCOMs	MU	1993.20
{L} = {K}×{ J}	Transmission and Distribution charges to be paid by OA consumers	Rs. Crore	323.96
{M}	Demand Charges recovered by the DISCOMs from OA consumers	Rs. Crore	179.95
{N} = {M} – {L}	Demand Charges to be adjusted	Rs. Crore	-144.01
{O} = {E} – {N}	Net stranded charges recoverable	Rs. Crore	252.06
{P}	OA Sales	MU	370.34
{Q} = {O}÷{P}	Additional Surcharge	Rs. /kWh	6.81

7. It is pertinent to mention that, the Hon'ble Commission had limited the AS applicable for **H2 of FY21-22 to Rs.0.96/kWh (~40% of Rs.2.38/kWh)** & for **H1 of FY22-23 to Rs.1.15/kWh (~33% of Rs.3.48/kWh)** and the details of the same are herewith placed below.

SN.	Particulars	Unit	Approved for H2 of FY21-22	Approved for H1 of FY22-23
1	Long term available capacity	MW	8577.54	9227.98
2	Capacity stranded due to open access	MW	219.94	222.17
3	Net stranded charges recoverable	Rs.crore	200.68	225.02
4	Additional Surcharge (Computed)	Rs./kWh	2.38	3.48
	Additional Surcharge (allowed)	Rs./kWh	0.96	1.15

8. In this regard, it is to submit that, the Hon'ble commission itself had arrived at a stranded capacity of 219.94 MW & 222.17 MW to TS Discoms due to OA consumers as mentioned above in accordance with the methodology that is been approved by the TSERC vide order in OP No. 23 of 2020. However, limiting the AS computed to a lower value as mentioned earlier in contravention to the approved methodology undermines the recovery of the stranded charges to TS Discoms that has been clearly established by the Hon'ble Commission impacting the financials of the Discoms that is herewith placed below for perusal

SN.	Particular	H2 of FY21-22	H1 of FY22-23
1	Stranded charges recoverable as per TSERC's order (Cr.)	200.68	225.02
2	AS Computed by TSERC (Rs./kWh)	2.38	3.48
3	AS allowed (Rs./kWh)	0.96	1.15
4	OA Sales (MU)	317.09*	645.90
5	Net Stranded charges to be recovered	30.44	74.28


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SN.	Particular	H2 of FY21-22	H1 of FY22-23
	due to the limitation of AS applicable (Crs.)		
6	Net under recovery (Crs.)	45.03	150.49

**considered sales projected for Jan to Mar in view of applicability of the order w.e.f.01.01.2022.*


Net under recovery for H2 of FY21-22 is considered for three months in view of applicability of the order w.e.f.01.01.2022

9. Further, it is to mention that, the Hon'ble Commission in its **Retail Supply Tariff (RST) Order for FY2022-23 dated 23.03.2022 (clause 7.6.1-pg 178)** considered an Additional Surcharge of Rs.1.50/kWh for H2 of FY22-23 & a quantum of OA Sales to the extent of 2324.40 MU for FY22-23 and thus, approved the **revenue from Additional Surcharge of the licensees to an extent of Rs.307.71 crore for TSSPDCL & nil for TSNPDCL.**
10. In view of the above, the licensees are entitled to recover a revenue from AS not lesser than Rs.233.43 Crores for H2 of FY22-23 as depicted below:

SN.	Particular	Amount (Crs.)
1	Revenue from AS for FY22-23 as approved in RST Order for FY22-23	307.71
2	Stranded charges/revenue recoverable from OA consumers in H1 of FY22-23 as per TSERC's order	74.28
3 (=1-2)	Balance Revenue to be recovered from OA consumers in H2 of FY22-23 from AS	233.43

11. Hence, any limitation on the stranded charges recoverable by the licensees in the present petition, impacts the revenue gap of the licensees that is been approved by the Hon'ble Commission in its RST Order for FY22-23.
12. Further, the licensees humbly submits that, the National Tariff Policy (NTP),2016 mentions that the solvency of distribution sector is key to the success of power sector reforms and hence mandates the Regulatory Commissions to strike the right balance between the requirements of the commercial viability of Distribution Licensees and the Consumer interest and the same is presented below:

*"8.0..... Making the **distribution segment of the industry efficient and solvent is the key to success of power sector reforms** and provision of services of specified standards. Therefore, the **Regulatory Commissions need to strike the right balance between the requirements of the commercial viability of distribution licensees and consumer interest....."***


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13. Hence, the Hon'ble Commission is entrusted to safeguard the interests of consumers and the licensees as well making the distribution sector financially viable.
14. It is, therefore, prayed that the Hon'ble Commission may be please be accorded approval to the licensees' proposal of Additional Surcharge of **Rs.6.81/kWh in totality for H2 of FY2022-23 safeguarding the interests of the licensees** and pass such orders as the Hon'ble Commission may deem fit and proper.
15. The licensee would also like to submit that, the fixed charges paid for H2 of FY21-22 as mentioned above are provisional in nature that are subjected to variations in the final audited accounts. Hence, in view of the above, the licensee would humbly request the Hon'ble Commission to consider any variation of fixed charges paid for FY21-22 (i.e., including H1) in the ensuing filings of Additional Surcharge as and when the final audited accounts are available.

Place: Hyderabad
Dated: 28-05-2022

C. P. Aditya
Petitioner
CHIEF GENERAL MANAGER
(RAC), TSSPDCL,
Corporate Office, 6-1-50,
Mint Compound, Hyd-500 063

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In the matter of


SOUTHERN POWER DISTRIBUTION COMPANY OF TELANGANA LIMITED

.....Applicant

AFFIDAVIT OF APPLICANT VERIFYING THE ACCOMPANYING PETITION.

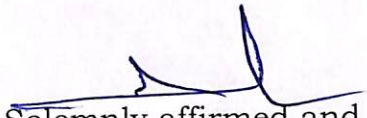
I, Chilukamari Chakrapani, S/o Narasaiah, aged 54 years, Occupation: Chief General Manager (RAC), TSSPDCL, Hyderabad, R/o Hyderabad do solemnly affirm and say as follows:

- 1) I am Chief General Manager (RAC)/TSSPDCL, I am competent and duly authorized by TSSPDCL to affirm, swear, execute and file this petition.
- 2) I am competent and duly authorized by TSSPDCL to affirm, swear, execute and file this petition.
- 3) I have read and understood the contents of the accompanying filing of petition for determination of Additional Surcharge to be levied on Open Access consumers for the second half (H2) of Financial year 2022-23 . The statements made in paragraphs of accompanying application now shown to me are true to my knowledge derived from the official records made available to me and are based on information and advice received which I believe to be true and correct.



DEPONENT
CHIEF GENERAL MANAGER
(RAC), TSSPDCL,
Corporate Office, 6-1-50,
Mint Compound, Hyd-500 063

VERIFICATION.

The above named Deponent solemnly affirm at Hyderabad on this 28th day of May, 2022 that the contents of the above Affidavit are true to my knowledge no part of it is false and nothing material has been concealed there from.


Solemnly affirmed and signed before me

Superintending Engineer (Projects)
TSSPDCL, 4th Floor, Corporate Office,
6-1-50, Mint Compound,
HYDERABAD-500 063.


DEPONENT
CHIEF GENERAL MANAGER
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