SOUTHERN POWER DISTRIBUTION COMPANY OF TELANGANA LIMITED

RESPONSES TO OBJECTIONS / SUGGESTIONS

On

ARR & Tariff Filings Proposals of Retail Supply Business for FY 2023-24

and

Power Purchase True-Ups for FY 2016-17 to FY 2022-23

Response to Objection of Sri. M. Venugopala Rao

<table>
<tr><td>1</td><td colspan="2">M. Venugopala Rao, Senior Journalist & Convener, Centre for power studies,H.No.1-100/MP/101, Monarch Prestige, Journalists colony,Serilingampally Mandal,Hyderabad-500 032,Cell No.9441193749, e-mail vrmummareddi@gmail.com</td></tr>
<tr><th>S.No.</th><th>Summary of Objections / Suggestions</th><th>Response of the Licensee</th></tr>
<tr><td>1.</td><td>WHAT DO THE TS DISCOMS PROPOSE TO BRIDGE THE PROJECTED REVENUE GAP? : The two TS DISCOMs have shown their revenue requirement, revenue at current tariffs (including non-tariff income), tariff proposals and revenue gap (in Rs.crore) for the year 2023-24, after adjusting the estimated revenue from non-tariff income, cross subsidy surcharge and grid support charges, as shown hereunder:

DISCOM | ARR | Revenue at current tariff | Revenue gap
TSSPDCL | 36963 | 33521.34 | 3211.00
TSNPDCL | 17096 | 9737.70 | 7324.00
Total | 53059 | 43259.04 | 10535.00

While the DISCOMs have not given the financial impact of tariffs proposed for LT & HT wholly religious places, green tariff, parallel operation charges/grid support charges, etc., the proposal of the DISCOMs not to hike tariffs for all other categories of consumers is welcome. At the same time, the DISCOMs have shown a revenue gap of Rs.10535 crore - Rs.3211 crore by SPDCL and Rs.7324 crore by NPDCL - without any proposals and explanation as to how do they bridge it. It is the responsibility of the DISCOMs to explain as to how they propose to bridge the projected revenue gap for the next financial year, as a part of meeting regulatory requirements. Experience confirms that the DISCOMs are submitting their ARR and tariff proposals annually, after getting nod from the GoTS. Therefore, both the GoTS and the DISCOMs must have prior understanding on how to bridge the projected revenue gap.</td><td>For the FY 2022-23, TSERC approved INR 7912.88 Crs towards Subsidy from GoTS to TS Discoms (INR 1610.89 Crs to TSSPDCl and INR 6301.99 Crs to TSNPDCL) to bridge the revenue deficit of the Discoms.
For FY 2023-24, TS Discoms have claimed a revenue gap of INR 10,535 Crs and are expecting to meet the revenue deficit through the financial support of Government of Telangana State through subsidy.</td></tr>
<tr><td>2</td><td>FACTORS THAT NEED TO BE TAKEN INTO ACCOUNT BEFORE FINALISING RSTO TO AVOID TURE-UP BURDENS LATER : Due to various factors that may come into play after Retail Supply Tariff Order</td><td>TS Discoms have already considered various factors that may come into play and based on them the projections are arrived.TS Discoms will be implementing the FCA regulations in Telangana which enables them to recover/refund the variation in power</td></tr>
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<tr><td></td><td>(RSTO) is issued or are not taken into consideration before and at the time of finalising RSTO, revenue gap of the DISCOMs in the FY 2023-24, as has been the experience over the years, may turn out to be more or less than what the Hon’ble Commission determines, depending on the nature and impact of such factors. The additional revenue gap, if any, will crop up and the DISCOMs would claim the same under true-up/true-down later. Experience is confirming that the amounts being claimed for true-up are turning out to be several times higher than the total impact of annual tariff hike, except the abnormal hike of Rs.6078.73 crore for the year 2022-23. We request the Hon’ble Commission to take into consideration the following factors also while determining revenue requirement and revenue gap of the DISCOMs and finalising RSTO:</td><td>purchase costs without much delay.</td></tr>
<tr><td>2.a</td><td>2.a.

If the subsidy the GoTS is agreeing to provide is not sufficient to bridge the determined revenue gap of the DISCOMs, after taking all relevant factors and impact of the proposed tariffs into account, we request the Hon’ble Commission not to treat the balance revenue gap as a regulatory asset. It is for the DISCOMs to propose how they would bridge that balance revenue gap. In view of their proposals, there would be no justification in requesting for and treating the balance revenue gap as a regulatory asset to be recovered from the consumers in future. Moreover, there has been no instance of treating revenue gap as a regulatory asset for any FY since the inception of TSERC.</td><td>However, TS Discoms have calculated the revenue gap using the actual data available (till H2 of FY 2022-23) and projections (H2 of FY 2022-23 and FY 2023-24) to the best of their knowledge. As mentioned above, TS Discoms are expecting the GoTS to provide subsidy to bridge the gap.
TS Discoms shall abide by the directions given by the Hon’ble Commission, and the subsidy commitments by the GoTS.</td></tr>
<tr><td></td><td>2.b.

We once again request the Hon’ble Commission to get the commitment of the GoTS on providing subsidy in a legally binding manner. Also, it should be made clear to the GoTS that, when true-up claims come up for the FY 2023-24, it should provide additional subsidy proportionately to the fully subsidised consumers, i.e., the additional cost incurred by the DISCOMs for supply of power as determined in the RSTO plus full additional cost incurred for purchasing and supplying additional power exceeding the quantum determined by the Commission in the RSTO. Also, GoTS should provide additional subsidy</td><td>The details of the subsidy approved and received by TSSPDCL is furnished hereunder:<table><tr><th>Financial Year</th><th>Subsidy approved</th><th>Subsidy recieved</th></tr><tr><td>*2021-22</td><td>1397.5</td><td>1397.5</td></tr><tr><td>2022-23(UptoDec-22)</td><td>1208.18</td><td>1059.74</td></tr></table>*Note: Tariff Subsidy approved for F.Y.2021-22 is taken as per Tariff order 2018-19. However, The Government of Telangana State is paying 100% of tariff subsidy regularly.</td></tr>
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	required for supply of power made to partly subsidised consumers also. These should be made an integral part of the commitment of GoTS for providing subsidy in a legally binding manner. The DISCOMs have not revealed whether there are any dues of subsidy from the GoTS pending. The pending dues, if any, of subsidy doubly emphasize the need for getting a legally binding commitment from the GoTS for providing subsidy. In view of the compulsion of the DISCOMs to go in for borrowing additional working capital or other loans, they may be constrained to claim interest thereon for a considerably longer period under true-up or else, they have to bear that amount thereby incurring losses or decrease in their permissible profits. If such interest burdens are allowed by the Commission under true-up, the consumers will be penalised for their no fault, but for the failure of the GoTS in honouring its commitment to provide agreed subsidy in time. Therefore, we request the Hon'ble Commission to stipulate in a legally binding manner that, if the GoTS fails to provide the committed subsidy for the FY concerned in time, it should pay interest thereon for the delayed period in tune with the interest the DISCOMs have to pay for additional borrowings arising as a result of the said failure of the GoTS. We request the Hon'ble Commission not to direct the DISCOMs to collect charges as per cost of service from the consumers concerned, if GoTS fails to provide a part of subsidy it committed to provide in a FY, as it did in the past. Such an approach of the Commission shows lack of sanctity to the commitment given by GoTS and its unenforceability.	
	2.c. **Apart from the huge revenue gap, the DISCOMs have shown availability of net surplus power to the tune of 13441 MU for the year 2023-24, after inter-DISCOM transfer of power, against the projected requirement of 83113 MU. We request the Hon'ble Commission not to determine the surplus power to be sold and the likely revenue that would accrue on account of such sale to the DISCOMs for the purpose of determining revenue requirement and revenue gap of the DISCOMs. Determining surplus power to be sold by the DISCOMs and the rate at which it is to be sold and adjusting the estimated revenue from**	Merit Order is being followed for scheduling of power on daily basis. The availability of surplus power (as shown in the ARR) is not constant. It is annual consolidated figure, considering energy from all sources. Depending on the load dynamics, there appears surplus power in certain blocks in a day. Also, there is deficit in certain other time blocks in a day. As such, TSDISCOMs are bound to purchase power from open market during power deficit time blocks to cope up with the demand and opt for sale of power during surplus times. Any surplus power available in any 15 minutes time Block will be traded in Exchange

	the proposed sale of surplus power from the total power purchase cost may lead to revenue gap, need for tariff hike or subsidy from the GoTS, or both, coming down proportionately. Needless to say, sale of surplus power by the DISCOMs depends on market trends, not on the directions of the SERCs. Surplus power, as per merit order dispatch, is always with higher variable cost. Being must-run units, purchases from hydel, NCE and RE units and thermal units with lowest variable costs as per merit order should be made and that power has to be supplied to the consumers, not sold in the market as surplus power. Selling costly surplus power at lower than the purchase price, naturally, leads to loss. For the reasons of "commercial principles," if the DISCOMs cannot sell surplus power profitably, or at least, without loss, in the FY concerned, the estimated revenue from sale of surplus power will not accrue to the DISCOMs. If the estimates of surplus power to be sold and revenue that would accrue to the DISCOMs therefrom turn out to be realistic and are materialised for the FY concerned, there would be no problem. If the same turn out to be unrealistic and are not materialised, fully or partly, for the FY concerned, it will have complications. Such unrealistic determination/estimation, in the first place, gives the false impression that need for tariff hike or subsidy from the GoTS, or both, is avoided proportionately by reducing the estimated revenue on sale of surplus power from the revenue requirement of the DISCOMs for the FY concerned, at the time of finalising and issuing the RSTO, but, in practice, it will crop up in the form of revenue gap and true-up claims for the same FY later. Such unrealistic determination/estimate, even if not intentional, leads to consequences which are in the nature of miscalculations. If non-realisation of the estimated revenue from sale of surplus power by the DISCOMs is treated as "uncontrollable" and allowed to be imposed on the consumers under true-up, there will be no accountability and responsibility on the part of those who determined sale of surplus power and those who failed to sell the same. When such determination/estimation is made and taken into account in the RSTO concerned, it should be considered as a "controllable" factor. Experience has confirmed repeatedly that determination of the quantum of surplus power to be sold and revenue that would accrue on account of the same in advance is	only after making a comparision whether the prevailing Exchange price is higher than the variable cost of Thermal plants. All efforts are being made to sell the surplus power through Exchanges in a most effective way so as to earn some revenue to TSDISCOMs resulting in reduction of some financial burden on TSDISCOMs and the consumers in turn. The average power purchase cost per unit of FY-2022-23 is inclusive of all the generators including must run plants such as Solar, Wind, Nuclear etc., whereas the power sold through Power Exchanges is mainly from Thermal Plants. Further, the power was sold in certain time blocks in a day/months through Exchanges depending on market rates at that time. Hence, both the rates cannot be compared. TSDISCOMs/TSPCC is selling the power in a most optimistic way and the average rate of power sold in Exchange for FY 2022-23 (Upto January 2023) is Rs.5.70/Kwh. TS Discoms have considered the energy availabilities for FY 2023- 24, as per the projections shared by the respective generating station and energy requirement as per the estimated sales projections, and approved loss levels. TS Discoms have shown the month-wise energy availability, month-wise sales and voltage-wise losses, as per the prescribed RSF formats. The month-wise energy deficit/ surplus can be arrived based on the abovementioned parameters. TS Discoms **have not estimated any sale of surplus power** in FY 2023-24 due to the cost competitiveness i.e., TS Discoms have considered the energy dispatch in line with the energy requirement only. For showing sale of surplus power, TS Discoms have to purchase power at a higher rate and sell such power at a cheaper rate, which is not feasible. Though, on a real time basis, if the market conditions are favorable, TS Discoms shall engage in the sale of surplus power in various time blocks, as done in the recent years. The details of quantum of surplus sale and revenue earned, from FY 2016-17 to FY 2022-23, have already been submitted to the Hon'ble Commission, as part of the Additional information requested.

	unrealistic, because ever fluctuating market conditions cannot be determined in advance and the costs of surplus power with higher variable components are relatively higher. As such, sale of surplus power is always in the realm of speculation. The Hon'ble Commission has directed the DISCOMs that, "the DISCOMs have not projected any revenue from sale of surplus power for FY 2022-23 and submitted that the cost of such additional purchases is expected to be higher than the revenue from sale of surplus energy. The DISCOMs have submitted the month wise details of quantum of energy sold along with corresponding tariffs for the period from FY 2015-16 to FY 2021-22. Based on the analysis of the same, the Commission has considered the tariff of Rs.3.20/kwh for sale of surplus energy. Accordingly, the revenue from sale of surplus energy has been adjusted from the total power purchase cost" **(page 131 of RSTO for FY 2022-23). Accordingly, for the year 2022-23, the Hon'ble Commission has considered a sale of surplus power of 5059.81 MU and accrual of revenue thereon as Rs.1691.14 crore. Against the determined average cost of power purchase per unit for 2022-23 of Rs.4.49, selling surplus power @ Rs.3.20per unit results in a loss of Rs.1.29 per unit or Rs.652.71 crore on sale of 5059.81 MU. Since surplus power is with higher variable costs, the lost on account of selling it @ Rs.3.20 per unit will be much more. For the year 2022-23, SPDCL has shown sale of surplus energy of 1181 MU at a variable cost of Rs.805 crore, while NPDCL has shown sale of surplus energy of 493 MU at a variable cost of Rs.336 crore. For the year 2023-24, the DISCOMs have not proposed any sale of surplus power; they have submitted that they have** "not considered any sale of surplus power, as the cost of such additional purchase is expected to be higher than the revenue from sale of surplus power."	
	2.d. **The estimated availability of surplus power to the tune of 13441 MU for the FY 2023-24, if materialised, would entail its backing down and paying hefty fixed charges therefor. For working out revenue requirement and revenue gap of the DISCOMs for the FY concerned, fixed costs that need to be paid for backing down thermal power, which is shown as surplus power available as per**	TS Discoms shall abide by the instructions of the Hon'ble Commission for submission of any additional information, as required.

	applicable PLF/CUF of the plants concerned under PPAs in force, should also be taken into account. Let it be worked out and shown separately for the FY 2023-24. Otherwise, such expenditure for paying fixed costs for deemed generation would be shown as additional revenue gap later and the DISCOMs would claim it under true-up to be collected from consumers.	
	The DISCOMs have to explain whether the fixed costs shown by them for the quantum of power to be generated at threshold level of PLF of the plants concerned, or for the quantum of power purchase shown in their submissions for 2023-24. While the quantum of purchase as revised for FY 2022-23 is shown as 53415 MU, fixed cost paid is shown as Rs.8895 crore by SPDCL. The same for the FY 2023-24 is shown as 59020 MU and fixed charges as Rs.12023 crore, respectively. While quantum of power purchase increased by 10.49%, the fixed cost of power purchase increased 35.17%. Similarly, NPDCL has shown quantum of power purchase for 2022-23 as 20662 MU and fixed costs as Rs.3702 crore. For 2023-24, it has projected the same as24093 MU and Rs.5019 crore, respectively. While the quantum of power purchased increased by 16.60%, the fixed cost of power purchase increased by 35.57%. Dispatch of thermal power for both the DISCOMs from TS Genco increases from 24664 MU for 2022-23 to 29321 MU for 2023-24, and fixed cost increases from Rs.1212 crore to Rs.1671 crore, i.e., increases by 18.8% and 37.87%, respectively. Similarly, despatch from CGS stations shows increase from 16856 MU to 23279 MU, and fixed charges increase from Rs.2156 crore to Rs.3986 crore, i.e., increases of 38% and 84.88%, respectively, for the same periods. The DISCOMs have simply stated that they have taken "the projections as provided by the respective stations" for fixed costs. Compared to increase in quantum of power, what are the reasons for such abnormal increases in fixed costs? Moreover, backing down of thermal power stations should not exceed the number of backing down orders and generation capacity as incorporated in the PPAs of the plants concerned for technical reasons or Grid code. Accordingly, after limits of backing down thermal power stations are exhausted, if surplus power is still available, the turn of NCE/RE units would come for backing down, of course, without paying fixed charges therefor as per the terms and	The comparison of percentage change in fixed costs with the percentage change in power quantum is not correct. If the comparison is done for a single generating station, then the proportion can be justified whereas the objector has been comparing the total quantum which will have all the generating stations (including the ones with higher fixed costs), hence the direct comparison of percentage changes is not the right way of analysis in this situation. However, there has been increase in fixed costs due to addition of new generating stations. The availability of surplus power (as shown in the ARR) is not constant. It is annual consolidated figure, considering energy from all sources. Depending on the load dynamics, there appears surplus power in certain blocks in a day time. Also, there is deficit in certain other time blocks in a day. As such, TSDISCOMs are bound to purchase power from open market during power deficit time blocks to cope up with the demand and opt for sale of power during surplus times. It may be noted that all the RE projects with which DISCOMs have signed Power Purchase Agreements, are must run stations as per the direction of MoP, GoI

	conditions in their PPAs. If such a situation arises, we request the Hon'ble Commission to direct the DISCOMs to back down NCE/RE units starting with units having highest tariff in the descending order.	
	2.e. **The Hon'ble Commission has approved energy availability of 82492.57 MU, requirement of 78274.05 MU and energy surplus of 4218.15 MU for the FY 2022-23. However, the DISCOMs have shown revised estimates of availability of 79222 MU, requirement of 74076 MU and surplus of 5146 MU for the FY 2022-23. What would be the availability of surplus power by the end of the current financial year is yet to be seen.**	During the H1 of FY 2022-23, the state has witnessed good rainfall which eventually reduced the demand from Agriculture and LIS categories. The month-wise actual sales for each category have already been provided by the discoms and from these figures it is evident that there has been reduction in demand in first half of FY 2022-23. Since the demand is reduced, the surplus quantum has increased.
	2.f. **The DISCOMs have been purchasing power through power exchanges and open market as and when they consider it necessary to meet demand. Sometimes, it is taking place by backing down thermal power in order to purchase must-run renewable energy under PPAs in force, imposing dual burdens on the consumers in the form of paying higher tariffs for renewable/non-conventional energy and in order to purchase the must-run power, backing down thermal power and paying fixed charges therefor, i.e., for power which is neither generated, nor purchased, nor supplied, nor consumed. Such anarchic situation is arising as a result of hasty and imprudent policies and directions being imposed on the States and SERCs by the GoI, decisions taken, approved and implemented for purchasing unwarranted renewable energy which cannot meet peak demand, daily or seasonal. There are several absurdities that are taking place under the reform process being thrust in the power sector by the GoI, RPPO and must-run status to NCE/RE units being part of such absurdities. Treating variations in power purchase costs that take place as a result of entering into PPAs indiscriminately and consents given to the same, without carefully considering fluctuating demand curve and need to maintain harmonious power mix to suit the same to the extent practicable, as "uncontrollable" means taking imprudent decisions, entering into questionable**	It is to note that no backing of thermal power capacity has taken place to compensate for purchase of RE. The State DISCOMs are entrusted with the dual responsibility of not only to adhere to the various regulations/orders issued by TSERC/ CERC/MNRE/MoP but also the major mandate enlisted in the Electricity Act 2003, is to maintain reliable power supply with least cost principle. As such, to meet the growing demand of the state of Telangana and to ensure 24 Hrs uninterrupted power supply to all categories of consumers including agricultural services as per the directions of Govt of Telangana State, TSDISCOMs have been planning for procurement of power. DISCOMs have been entering into Long-term, Medium-term and Short-term power purchase agreements based on the growing demands of the State and to meet the additional demand of the Lift Irrigation Projects taken up by the State Govt. It may be noted that all the RE projects with which DISCOMs have signed Power Purchase Agreements, are must run stations as per the direction of MoP, GoI. The present procurement of Solar power through Central Agencies like SECI/NTPC/

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<td>PPAs and giving consents to the same as unquestionable, without any responsibility and accountability on the part of the authorities concerned at the central and state level for their questionable actions and inactions. It is nothing but treating controllable factors as "uncontrollable," leading to imposition of unjust and avoidable burdens on the consumers of power under true-up claims, thereby penalising them for their no fault. Regulating power purchases in a prudent manner is within the purview of the Hon'ble Commission as a part of its regulatory process by giving or rejecting consents to power purchase agreements by taking a holistic view of demand, availability of power under PPAs in force at threshold levels of PLF/CUF, power to be available from power plants of TS GENCO under execution, RPPO, scope for availability of power from other sources at relatively lower tariffs, need for determining minimum percentage of renewable power to be purchased by the DISCOMs under RPPO prudently, if the system of RPPO is not dispensed with, need for addition of generation capacity periodically in tune with fluctuating and growing demand for power, ideal power mix to the extent practicable to be in tune with demand curve, periodical review and appropriate modification required of load forecast and procurement plans, prudent practices to be adopted by the DISCOMs to purchase power through real competitive biddings, leaving no scope for manipulations in terms and conditions of bids, dispensing with the system of determining generic tariffs for non-conventional and renewable energy, availability of some surplus and need for purchasing power from exchanges and market at the same time for a very limited time due to inherent limitations in generation capacities and meeting peak demand with those generation capacities, etc. There are several other issues that need to be rationalised and modified to ensure reasonable avoidance of additional burdens on the consumers which fall within the policy approaches of the central and state governments and regulations and practice of the regulatory commissions.</td>
<td>NHPC at competitive tariffs will not only help DISCOMs to meet the power requirements of the State but also enable to bring down the average power purchase cost, while complying with the Renewable Power Purchase Obligation targets fixed by the Hon’ble Commission.
Though at present, it is not mandatory for the State DISCOMs to comply with the MoP notified RPPO trajectory, it is likely that the State RPPOs may be directed to align with the MoP RPPO, in terms of National Tariff Policy. And particularly in view of the proposed amendment to the section 142 of the Electricity Act 2003, which proposes for imposing penalties (ranging from Rs. 0.25/kWh to Rs. 2.00/kWh) for non-compliance of RPPO targets, it is required that the TS Discoms shall be prepared to meet the larger RPPO targets in phased manner, that may be imposed in future by MOP, GoI on all the states, including the state of Telangana.
<table>
<tr><th>MNRE RPPO Targets</th><th>2022-23</th><th>2023-24</th><th>2024-25</th><th>2025-26</th><th>2026-27</th><th>2027-28</th><th>2028-29</th><th>2029-30</th></tr>
<tr><td>Wind</td><td>0.81</td><td>1.60</td><td>2.46</td><td>3.36</td><td>4.29</td><td>5.23</td><td>6.16</td><td>6.94</td></tr>
<tr><td>Hydro including PSP</td><td>0.35</td><td>0.66</td><td>1.08</td><td>1.48</td><td>1.80</td><td>2.15</td><td>2.51</td><td>2.82</td></tr>
<tr><td>Others</td><td>23.44</td><td>24.81</td><td>26.37</td><td>28.17</td><td>29.86</td><td>31.43</td><td>32.69</td><td>33.57</td></tr>
<tr><td>Total RPPO target</td><td>24.60</td><td>27.07</td><td>29.91</td><td>33.01</td><td>35.95</td><td>38.81</td><td>41.36</td><td>43.33</td></tr>
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(source: https://powermin.gov.in/sites/default/files/webform/notices/Renewable_Purchase_Obligation_and_Energy_Storage_Obligation_Trajectory_till_2029_30.pdf)</td>
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<td>2.g.

The Hon’ble Commission has been issuing annual retail supply tariff orders wherein availability and requirement of power for different categories of</td>
<td>The availability of surplus power (as shown in the ARR) is not constant. It is annual consolidated figure, considering energy from all sources. Depending on the load</td>
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	consumers during the financial year concerned are being estimated after considering the projections made by the DISCOMS in their applications and submissions of the objectors. In practice, availability and the quantum of sale of power determined accordingly may turn out to be more or less depending on fluctuating generation and requirement of power by consumers at large. When demand exceeds availability of power determined by the Commission, the DISCOMs resort to purchase of additional power from the exchanges and market to the extent required. For making such additional purchases of power, the Hon'ble Commission has been determining an upper limit of cost per kwh in its annual retail supply tariff order. It is because, in the name of ensuring uninterrupted supply of power, the DISCOMs are not allowed to purchase power at any cost and any time and impose unjust and unwarranted burdens on the consumers by paying exorbitant costs for purchasing additional power. For the FY 2022-23, the DISCOMs have shown short-term market purchases of 5159 MU and payment of variable costs of Rs.2989 crore. For the year 2022-23, the Hon'ble Commission has not shown any requirement of purchase of power on short-term basis in the market. On the other hand, the Hon'ble Commission has taken into account sale of surplus power to the tune of 5059.81 MU and accrual of variable costs revenue therefrom of Rs.1619.14 crore. But, both the DISCOMs have shown sale of surplus power for 2022-23 as 2410 MU and accrual of variable costs revenue therefrom of Rs.1395 crore. On the one hand, the DISCOMs have shown revised estimate of availability of surplus to the tune of 5146 MU and short-term purchases of 5159 MU for 2022-23, on the other hand. Is the revised estimate of surplus power inclusive of power sold outside? Why this dichotomy and imbalance? Since the Hon'ble Commission has not approved any short-term purchases for the year 2022-23 and fixed upper limit of price for such purchases, have the DISCOMs taken prior permission of the Commission for short-term purchases and the upper limit of price at which such purchases are to be made? They have shown the average variable cost per unit of Rs.7.07 for short-term purchases during 2022-23. What is the quantum of thermal power backed down during 2022-23 and the fixed costs paid therefor? What are the tariffs at which the DISCOMs have purchased power	dynamics, there appears surplus power in certain blocks in a day time. Also, there is deficit in certain other time blocks in a day. As such, TSDISCOMs are bound to purchase power from open market during power deficit time blocks to cope up with the demand and opt for sale of power during surplus times. The reasons for revised estimate of availability of surplus for FY 2022-23 has already been submitted in above sections (section 2.e). Discoms have procured only 3616 MU through short term purchases during FY 2022-23, the objector's claim of 5159 MU is not correct. The surplus power estimated for FY 2022-23 is 5146 MU which is including the energy sold by TS Discoms during H1 of FY 2022-23. There are no purchases from short-term bilaterals (like PTC, etc.) during FY 2022-23 and FY 2023-24. Discoms purchased from exchange market only during the time-blocks when there is deficit in power requirement. Since the whole process of purchasing power from exchange is transparent, the Discoms need not seek prior approval from Hon'ble Commission. Due to shortage of coal during the H1 of FY 2022-23, the market rates were higher. Discoms have already provided the actual monthwise short-term power purchased and the actual sale of power during H1 of FY 2022-23 through exchanges in the prescribed RSF formats.

	under short-term arrangement, month-wise and source-wise per unit? What is the revenue accrued, including fixed charges, on sale of surplus power by the DISCOMs per unit?	
	2.h. **If it is to ensure due compliance with the power for all 24x7 policy of the Ministry of Power, GoI, in which state governments, including GoTS, continue to participate, in all fairness, the additional expenditure incurred by the DISCOMs to purchase power in the market for the said purpose should be provided by the MoP, GoI, and GoTS to the DISCOMs. Elementary common sense, in the light of the pro-corporate and anti-people policies of the Modi government and as a result the innumerable burdens being imposed on the people at large, severely affecting their purchasing power and living standards, tells us that the policy of power for all continuously, though apparently projected to meet demand of the consumers, is really intended to serve interests of generators and traders of power who sell their power in the market.** **The GoI is simply not bothered about capacity of consumers to pay for such high-cost power, how should the DISCOMs ensure implementation of the said policy of power for all continuously, who should bear the additional heavy burdens of cost of such power purchases, whether such purchases should be made at any cost and any time for the said purpose, to what extent its failures of commission and omission like failure to ensure supply of fuels like coal and natural gas allocated by it to the power plants concerned and regulation of their prices, imposition of obligations on the DISCOMs under the outdated RPPO, etc. Because of the failure of the GoI in ensuring supply of coal as per allocations made by it to thermal power plants in the country, there has been artificial scarcity for coal and underutilisation of generation capacities of thermal power plants, leading to scarcity for power. The GoI compelled Coal India Limited to import coal to supply it to the thermal power plants and forced the States to take the same. As a result, cost of power in the market escalated to as a high as Rs.20 or even more for kwh, and generation of thermal power using high-cost imported coal, fully or partly, led to increase in the cost of such**	The objections/ suggestions in section 2.h are directed towards Government of India and CIL. TS Discoms cannot comment on the intentions/ ideologies of GOI and CIL. The cap-rate for procurement of short term power through Power Excahnges was reduced by CERC from Rs. 20/kWh to Rs. 12/kWh to control the prices duringshortage of coal (CERC - Directions by the Commission to the Power Exchanges registered under the Power Market Regulations, 2021 – dated 22.12.2022)

	thermal power. This is despite CIL and other coal companies having surplus funds, technology and manpower and copious deposits of coal to produce required coal, on the one hand, and auctioning coal for a premium, on the other. Creating artificial scarcity for indigenous coal, leading to scarcity for power in the country, and in the name of overcoming such a problem created by itself, the Modi government forced import of coal, thereby serving the interests of sellers of power in the market, on the one hand, and of coal companies owned by Indian corporate houses like Adani group abroad, and imposed avoidable hefty burdens on the consumers of power in the country. Having imported coal, which is not its business, CIL has been saddled with the same unable to shift it from ports, unable to find takers for it, it is widely reported. Later, the GoI withdrew its order in the month of August, 2022, for import of coal, after serving the interests of Indian corporate houses by giving them orders through the CIL for importing coal from their coal mines abroad. It is also widely reported that, even while forcing the state governments to use imported coal for generation of power in their thermal plants, the Modi government did not direct private corporate houses like Adani and Tata to use imported coal in their thermal power plants at Mundhra in Gujarat. A lot has been discussed and reported widely in the media on these issues. It is these deliberate failures of commission and omission of the Modi government that have led to abnormal hike in prices of power in the market and of thermal power generated using imported coal, imposing hefty burdens on consumers of power. With its incorrigible anti-people and pro-corporate policy approaches and practice, the Modi government is adamently refusing to take responsibility for the same and compensate the states to avoid the additional burdens being imposed on the consumers of power as a result of its failures of commission and omission. GoTS should demand the GoI to reimburse the additional burdens imposed on the state as a result of the failure of the latter in ensuring supply of fuels as allocated by it to power plants from which TS DISCOMs have been getting power under PPAs in force and purchase power generated with a mix of imported coal and short-term purchases in the market at higher prices. The Ministry of Power, GoI, is reported to have issued a notification dated 9.1.2023,	

	directing the GENCOs to import coal for blending up to 6% of their requirement till September, 2023 to cover any shortages in the local supply of the fuel. With the Modi government re-enacting the drama of scarcity of coal in the country and forcing the states and CGSs to import coal for generation of power, additional burdens under variable costs would be imposed on consumers for the FY 2023-24 also. The projections of costs of power purchase made by TS DISCOMs for the year 2023-24 in the subject petitions are lilely to change.	
3.	**WHAT IS THE NEED FOR PURCHASING SHORT-TERM POWER? : Despite projecting availability of power to the tune of 96554 MU, with a surplus of 13441 MU, the DISCOMs have proposed to purchase 136 MU with a total variable cost of Rs.61 crore under short-term for the year 2023-24. The average variable cost per unit of short-term purchases is shown as Rs.4.53. What is the need for purchasing this additional power on short-term basis? The DISCOMs have not shown month-wise surplus/deficit for the year 2023-24.**	The station-wise availability for each month received from respective stations and the Commissioning dates of new stations are considered to derive the availability of power quantum in each month and based on the sales projections, the demands for each month are derived. The difference between the requirement and availability will be considered as surplus or deficit. Eventhough the lincesees are in surplus for FY 2023-24, in the month the April, the requirement is exceeding the availability by 136 MUs which is considered to be met with short term purchase.
4.	**BURDENS ON ACCOUNT OF PURCHASING UNWARRANTED RENEWABLE ENERGY : The DISCOMs have projected availability of non-conventional energy/renewable energy to the tune of 11,960 MU for the FY 2023-24 which works out to 18.99% of the projected sales of power of 62970.74 MU. If projected availability of hydel power of 5415 MU also is taken into account, the total NCE/RE works out to 17375 MU which is 27.59% of the projected sales. As per RRPO regulation No.7 of 2022, the DISCOMs are mandated to purchase a minimum of solar and non-solar RE/NCE of 9.25% for 2023-24, 10.50 % for 2024-25, 11.75% for 2025-26 and 13% for 2026-27. What will the DISCOMs do with the unwarranted must-run RE, which cannot meet peak demand, far exceeding the minimum targets under RPPO? Fixing targets of minimum percentage of RE to be purchased by the DISCOMs year-wise, irrespective of its requirement, and meeting the targets is one thing, and far exceeding the targets is quite another, leading to availability of more surplus power and need for backing down thermal power and paying fixed charges**	DISCOMs have been entering into Long-term, Medium-term and Short-term power purchase agreements based on the growing demands of the State and to meet the additional demand of the Lift Irrigation Projects taken up by the State Govt. Further, DISCOMs have to ensure 24Hr uninterrupted power supply to all the categories of the consumers in the state, including the Agricultural consumers, for which DISCOMs plan the power purchases. The loads have become more dynamic in nature due to 24 Hour power supply to Agricultural consumers and Lift Irrigation Projects loads. In respect of the power purchases, whether it is through agreements or through markets, DISCOMs are ensuring a balance to the extent possible, for ensuring the grid stability and other required technical parameters. Further, while entering the PPAs for purchase of RE power, DISCOMs are also bound to examine the RPPO targets in vogue both at State level & National level. It may be noted that Govt of India has set out a huge RE target of 500 GW by the year 2030 and the States need to plan for RE capacity addition accordingly. The RPPO percentage arrived are based on the projections of demand as well as RE power availability and the definite percentages can be concluded based on the actual only in future. In this connection, the RPPO achieved by TSDISCOMs for the past

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<td>therefor in order to purchase must-run and unwarranted RE. To be in consonance with the fluctuating demand curve, adding required RE to supplement base-load thermal power is the ideal option. The DISCOMs have argued that,“with the growing demands of the State (estimated at 8-9% growth rate), TSDISCOMs would not be able to meet the RPPO targets fixed by State ERC, if additional RE power is not added” (page 13 of the Commission’s order dated 26.10.2022 issued in O.P.No.69 of 2022). Are the DISCOMs purchasing RE just to meet the RPPO targets fixed by the Commission or to meet demand for power ensuring an ideal power mix to be in consonance with fluctuating demand curve to the extent practicable? The so-called "renewable power purchase obligation" has no legal basis as of now. The Ministry of power, GoI, has issued a direction, but the direction itself is not covered by any Section of the Electricity Act, 2003 Act. Why should DISCOMs feel compelled to absorb unwarranted power from renewables, if alternative options are available? What is the quantum of thermal power that is being backed down in order to purchase must-run RE? How much is the amount which is being paid towards fixed charges for backing down thermal power year-wise, for the last, current and next financial years? It may be noted that the DISCOMs, in the past, vehemently argued before the Commission during public hearings on RPPO proposals not to enhance the minimum targets of such purchases from the then prevailing 5%.</td>
<td>years is as follows:
<table>
<tr><th rowspan="2">Financial Year</th><th colspan="2">Solar RPPO %</th><th colspan="2">Non-Solar RPPO %</th><th colspan="2">Total RPPO %</th></tr>
<tr><th>As mandated by TSERC</th><th>Achieved by DISCOMs</th><th>As mandated by TSERC</th><th>Achieved by DISCOMs</th><th>As mandated by TSERC</th><th>Achieved by DISCOMs</th></tr>
<tr><td>2018-19</td><td>5.33</td><td>9.57</td><td>0.67</td><td>0.83</td><td>6</td><td>10.4</td></tr>
<tr><td>2019-20</td><td>5.77</td><td>9.86</td><td>0.73</td><td>0.67</td><td>6.5</td><td>10.53</td></tr>
<tr><td>2020-21</td><td>6.21</td><td>9.2</td><td>0.79</td><td>0.79</td><td>7</td><td>9.99</td></tr>
<tr><td>2021-22</td><td>7.1</td><td>8.8</td><td>0.9</td><td>0.96</td><td>8</td><td>9.76</td></tr>
</table>
As could be seen the TSDISCOMs could achieve Solar RPPO obligation but barely reach the Non-Solar RPPO targets in the past years. If proper RE power purchases planning is not done in time, this would further become difficult both due to increasing RPPO targets and also increasing power demand.
In view of the limited Non-solar potential in the state of Telangana, the excess Solar RPPO % can be utilized to meet the Non-Solar RPPO % in terms of RPO Regulation No. 7 of 2022.
Though at present, it is not mandatory for the State DISCOMs to comply with the MoP notified RPPO trajectory, it is likely that the State RPPOs may be directed to align with the MoP RPPO, in terms of National Tariff Policy. And particularly in view of the proposed amendment to the section 142 of the Electricity Act 2003, which proposes for imposing penalties (ranging from Rs. 0.25/kWh to Rs. 2.00/kWh) for non-compliance of RPPO targets, it is required that the TS Discoms shall be prepared to meet the larger RPPO targets in phased manner, that may be imposed in future by MOP, GoI on all the states, including the state of Telangana</td>
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<td>5.</td>
<td>SOUNDING DEATH-KNELL OF TS GENCO? : The DISCOMs have relied on the revised scheme for flexibility in generation and scheduling of thermal/hydro power stations through replacement of thermal/hydro power with renewable</td>
<td>The reasons for procuring higher RE are mentioned in the above comment.</td>
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	energy and storage power as per the notification dated 12.4.2022 issued by the Ministry of Power, GoI. The DISCOMs, referring to the targets set in the said notification, have concluded that "thus, the thermal plants would be restricted to operate until technical minimum and the rest of power shall be replaced with equivalent RE power". **They have also maintained that** "while issuing the station-wise targets for substituting the thermal power with RE power, it was directed that all CPSUs, State and private generation utilities to take appropriate action to meet the year-wise trajectory i.e., 20% in 2023-24, 35% in 2024-25 and 45% in 2025-26 of the total target" (**ibid pp 14-15).**	
	Can or will the generating capacities of thermal stations of TS GENCO be kept idle as per the targets fixed by the MoP, GoI? There are binding obligations under terms and conditions in the PPAs in force and the DISCOMs will have to pay fixed charges for backing down generating capacities of thermal stations of TS GENCO. Will the MoP, GoI, reimburse the fixed charges to the DISCOMs? Will the DISCOMs demand the MoP, GoI, accordingly? If TS GENCO is forced not to declare availability of generating capacity as per the whimsical targets of the MoP, GoI, it will be forced to plung into a crisis. The DISCOMs have also maintained that "all the old Thermal Power Plants may be closed after their respective PPA periods and in future Battery Energy Storage System may cater to the Peak Demand needs. Telangana State has no future plans for expansion of Thermal Power Generation Plants to cater to the needs of the Long-Term Power Demands. Instead, going with Solar Power Capacity addition" **(pp 29-30 of the Commission's order dated 22.6.2022).**	It is to note that no backing of thermal power capacity has taken place to compensate for purchase of RE. TS Discoms cannot comment on the future commitments of TS Genco.
	Such a move will sound the death-knell of TS GENCO, with the trend of purchasing solar power from plants of private corporate entities, instead of getting solar power plants set up by GENCO near the load centres. Experience is confirming that, backing down thermal stations in order to purchase unwarranted RE is leading to need for purchasing power in the market, thereby affecting the interests of TS GENCO and consumers of power. The said	TS Genco has also proposed to enter into solar PPA with TSNPDCL and set up solar power plant of 4.6 MW capacity at MHS Peddapally.

	notification of the MoP, GoI, cannot protect the interests of GENCO and consumers of power; it cannot prevent under-utilisation of generating capacities of thermal and hydel power projects in such a scenario, thereby wasting thousands of crores of Rupees of public money invested for setting up thermal and hydel power stations. The proposal to replace hydel power projects with RE units is the height of perversity. Above all, the MoP, GoI, does not take any responsibility for the adverse consequences that would arise as a result of implementing its whimsical notification issued in the interest of private corporate entities which set up solar power plants and other RE units. It does not provide any financial assistance to mitigate the loss being caused to TS GENCO and burdens being imposed on consumers of power. It is nothing but exercising authority arbitrarily, irrationally, crudely and imprudently, without any responsibility and accountability on the part of the Modi government for the disastrous consequences that would arise as a result of implementing the same, as if the Modi government were wisdom personified for dictating to the states on what should be done, thereby usurping the powers and discretion of the state governments to take decisions in the interest of the states. The approach to comply with such questionable moves of the Modi government reflects lack of concern for interests of the state and consumers, on the one hand, and negates the posture of the GoTS against anti-state, anti-consumer and anti-public sector moves of the GoI serving the interests of private corporate entities and promoting and pampering crony capitalism, on the other.	
6.	**UNWARRANTED PURCHASES OF POWER: In its order dated 22.6.2022 issued in O.P.No.46 of 2022, according consent to the TS DISCOMs to enter into "power usage agreements" for purchasing 1692 MW of solar power of private projects to be set up in Rajasthan, Gujarat and Tamil Nadu through the NTPC Limited under Central Public Sector Undertaking (CPSU) Scheme Phase II, the Hon'ble Commission, as well as the DISCOMs, have put forth several arguments in support of the same. So is the case with order dated 26.10.2022 issued by the Commission in O.P.No.69 of 2022, according in-**	The reasons for procurement of RE has already been given in above sections.

	principle approval for procurement of a total of 2545 MW of solar power by TS DISCOMs through NTPC, NHPC and SECI. In the order dated 22.6.2022 cited above, the Hon'ble Commission has contended, inter alia, that "the latest market conditions enable TSDISCOMs to sell surplus RE power to the other needy purchasers in real time market through Green Term-Ahead Market (GTAM). TSDISCOMs by means of economic models to explore for storage of excess solar power, if any, by means of pumped hydro power storage facilities available at Nagarjunasagar and Srisailam hydel projects, in managing its peak demand occurring during night-time when the solar power is not available" **(page 31). In its order dated 26.10.2022, the Hon'ble Commission has maintained, inter alia, that** "for efficient utilization of the procurement of Solar power and to optimize the power purchase cost, TSDISCOMs need to explore the other options such as effective operation of the pumped storage stations and banking mechanism with the other State DISCOMs so as to bank the surplus power and utilise the same in times of deficiency" **(Page 17). We request the Hon'ble Commission to consider the following points, among others:** **A. The observations of the Hon'ble Commission imply that there will be excess solar power which the DISCOMs will be forced to purchase. In other words, proposing and giving consent to procuring the said solar power are unwarranted to the extent the permitted quantum is excess.** **B. Normally, by virtue of intermittence of RE, especially of solar power, it should supplement base-load thermal power, not vice versa. But the approach of the DISCOMs, as is the stand of the Modi government, seems to be topsy-turvy.** **C. Scope for sale of solar power and other RE outside the state, even if it is excess, is very remote, as already explained above. Since entire RE/NCE, being must-run, is being considered under power purchase to be supplied to the consumers in the RSTO and availability of surplus power**	A & B. The reasons for purchase of excess RE is detailed in section 2.f C. Telangana Discoms have a dedicated wing (Telangana State Power Coordination Committee) to focus on all the power purchase related matters of the Discoms. Underthe purview of TSPCC, TS Discoms have been utilizing the GDAM and GTAM

	from thermal stations concerned also is being shown under merit order, treating must-run RE as surplus power does not arise. Only surplus power shown under merit order can be sold in the market outside the state, if possible.	products of IEX, for sale or purchase of green power.
	D. Purchase of power is fundamentally to meet demand in the state, not to sell outside in the speculative market.	D. The main purpose of TS Discoms regarding purchase of power is to supply quality and reliable power to all the consumers and to ensure the policy of 24 x 7 supply to all categories of consumers. However, on a real time basis, if the market conditions are favorable, TS Discoms shall engage in the sale of surplus power in various time blocks, as done in the recent years. This would enhance the financial performance of TS Discoms and would ultimately be beneficial to the end consumers.
	E. For storage of excess RE, including solar power, no viable and economical battery storage system is developed and put to use so far. Based on such a possibility in future, entering into PPAs for procurement of unwarranted solar power and other RE a few years in advance is detrimental to the interests of the DISCOMs and their consumers of power.	E. The reasons for procuring solar power are already mentioned in above sections. TS Discoms are not purchasing Solar power just based on the possibility of storage systems development in future.
	F. Pumped hydro power storage facilities available in the state are with a meagre generating capacity. As a standard practice, they are already being run to meet peak demand for power, even when base-load thermal capacity available cannot meet peak demand fully, i.e., to supplement thermal power.	F. pumped hydro power storage facilities available at Nagarjunasagar and Srisailam hydel projects, in managing its peak demand occurring during night-time when the solar power is not available.
	G. Banking solar power with DISCOMs of other states is not a one-way affair. If DISCOMs of other states and private generators want to bank their surplus solar power and other RE with TS DISCOMs, it would neutralise the balance, at the least, or overburden the TSDISCOMs, at the worst. Moreover, banking of power has its costs.	G. Based on the availability/requirement of power, TSDISCOMs are entering Banking Agreements with other states who have different power requirement patterns. Banking of power is always beneficial to TSDISCOMs as Power will be received during Peak season where market rates will be higher and returned during non-peak season. Banking of power is only energy to energy transaction.
	H. For procuring RE, the DISCOMs should adopt a cautious, gradual and holistic approach, not to be forced indiscriminately or permitted to rush	

	hastily, taking into consideration the need for ensuring a balance between ideal power mix and fluctuating demand curve to the extent practicable, thereby leaving scope for availability of surplus power to the minimum extent possible technically. **I. Instead of promoting centralised solar plants owned by corporate entities, which operate at about 20% capacity utilisation factor and which involve transmission losses of 15% or so from outside the state, the GoTS could have opted in favour of distributed solar power generation near load centres in the state through real competitive bidding and solar irrigation pump sets and rooftops, which not only avoid transmission losses, but also with reverse metering, enable the consumers to generate surplus energy for the grid at a lower cost, especially taking advantage of the central subsidy under the KUSUM scheme. The Hon'ble Commission has already given its consent for implementing the KUSUM scheme. The DISCOMs have highlighted the virtues of distributed solar generation earlier during public hearings of the Commission. In O.P.No.1 of 2023 (of TS GENCO), NPDCL has shown a saving of Re.0.76 per unit due to installation of solar power plant near load centres. Calculations by experts show that replacing agricultural pump sets with solar power pump sets would ensure recovery of the costs to be incurred for the same within a few years by reducing and avoiding need for subsidy from the government for supply of power to agriculture on a long-term basis. However, purchasing solar power from plants of private corporate entities, that, too, set up in other states, seems to be irresistibly attractive to the powers-that-be, going by the present trend. Here, the approaches and interests of the central and state authorities are coalescing.**	H. The State DISCOMs are entrusted with the dual responsibility of not only to adhere to the various regulations/orders issued by TSERC/CERC/MNRE/MoP but also the major mandate enlisted in the Electricity Act 2003, to maintain reliable power supply with least cost principle. As such to meet the growing demand of the state of Telangana and to ensure 24 Hrs uninterrupted power supply to all categories of consumers including agricultural services as per the directions of Govt of Telangana State, TSDISCOMs are planning for procurement of power. I. Discoms have been planning to procure power through both ways i.e., through distributed mode (as mentioned in response to objection 5 above) and also through centralized mode for the reasons of cost-effectiveness. TS Discoms have also been encouraging the consumers for installation of RoofTop Solar in their premises (as on 30.09.22 the installed RoofTop Solar in Telangana state is 268 MW) .

7.	**NEED FOR REVIEWING LOAD FORECAST AND PROCUREMENT PLANS PERIODICALLY : The DISCOMs have shown energy availability, requirement and surplus for the current and next financial years as given below:** **Particulars — 2022-23 estimates — MU — 2023-24 projections** **Energy availability — 79222 — 96554** **Energy requirement — 74076 — 83113** **Surplus — 5146 — 13441** **In one year, availability of power is going to increase by 17332 MU from 79222 MU in 2022-23 to 96554 MU in 2023-24. It works out to an increase of 21.88%. Requirement is increasing by 9036 MU from 74076 MU in 2022-23 to 83113 MU in 2023-24. It works out to an increase of 12.20%. This disparity between requirement and availability of energy confirms that 'load generation balance' worked out by the DISCOMs and considered by the Hon'ble Commission has gone haywire, resulting in huge imbalance. For the year 2022-23, against the projected surplus of 3066 MU, the revised surplus increased to 5146. The Hon'ble Commission was aware of availability of substantial surplus power for 2022-23, when it determined sale of surplus of 5059.81 MU for that year. The DISCOMs have considered additional availabilities during 2023-24 as given below:** **YTPS (2x800 MW) – CODs of 1st unit on 1.12.2023 and of 2nd unit on 1.2.2024 are expected.** **Telangana STPP (2x680 MW) – CODs of 1st unit on 1.1.2023 and second unit on 1.7.2023 are expected.**	TS Discoms have considered the month-wise energy availabilities for FY 2023-24, as per the projections shared by the respective generating station and energy requirement as per the estimated sales projections, and loss levels. TS Discoms would state that because of the month-wise variations in the energy availability, there will be cases of surplus in few months and shortfall in few, which is an unavoidable case. The energy shortfall in certain months of the year, is expected to be procured from the short-term market. TS Discoms would like to clarify that eventhough there was surplus in FY 2022-23 as per the Tariff Order for FY 2022-23, the surplus is on annual basis. TS Discoms have submitted a detailed analysis to Hon'ble TSERC which indicated that even when there is surplus in annual basis, in certain months (peak months) the availability is lower than the power demand in the state leading to power deficit. TS Discoms cannot fully depend on short-term market to fill the deficit gap as the market rates are unpredictable. Hence, TS Discoms have entered into PPAs with these power plants. The detailed reasons for procuring excess RE has been detailed in the response to section 2.f (intital objections).

	Balance capacity of 396 MW in NTPC CPSU scheme Phase II Tranche 1&2 against capacity of 1692 MW is considered from October, 2022. **NTPC CPSU phase II tranche II – 735 MW – COD is expected on 1.4.2023 SECI 1000 MW COD is expected on 1.4.2023** **When the Hon'ble Commission has accorded consent to the DISCOMs for procurement of 1692 MW of solar power through NTPC from eight stations, whose revised SCODs are from 27.4.2022 to 25.10.2022, in its order dated 22.6.2022, and for procurement of 2545 MW of solar power through NTPC, NHPC and SECI from eight stations, whose SCODs are from 11.10.2023 to 3.4.2024, in its order dated 26.10.2022, it must have considered the outcome of substantial increase in availability of surplus power as it would be emerging during 2023-24 and thereafter, notwithstanding the arguments put forth by the DISCOMs and the Hon'ble Commission for justifying the proposed procurement of 4237 MW of solar power. The projected deficit of 404 MU for 2023-24 in 'load generation balance' submitted by the DISCOMs has turned out to be absolutely unrealistic, with the projected availability of surplus 13441 MU for the same FY. The above-mentioned additional availabilities and additional availability of 4237 MW of solar would be added, if the scheduled CODs are declared, during 2024-25 also to some extent. As such, in addition to the projected availability of energy for the next financial year, there will be further addition during 2024-25 also. As such, the deficits of 2183 MU for 2024-25, 1571 MU for 2025-26 and 1219 MU for 2026-27 projected in the 'load generation balance' would turn out to be unrealistic and contrary to availability of surplus power, with projected addition of the new capacities and projected trends of growth in purchase and sale of power. While considering need for additional power and entering into PPAs and giving consents to the same, mechanical reliance on the load forecast and procurement plan considered or approved leads to unwarranted consequences with resultant problems, both technical and financial. Experience underlines need for periodical review and**	

	appropriate modification of load forecasts and procurement plans based on experience and the existing ground reality, before considering and approving additional power procurement through long-term PPAs. The above-mentioned latest orders issued by the Commission, permitting the DISCOMs to procure 4237 MW of solar power, indicate that no review of the approved load forecast and the ground reality of availability of generation capacity under PPAs in force and likely addition from plants to be considered, leave aside ensuring ideal power mix to be in tune with fluctuating demand curve to the extent practicable, seems to have been made.	
8.	**HIGHER FIXED AND VARIABLE COSTS FOR CENTRAL GENERATING STATIONS AND TS GENCO THERMAL STATIONS: Availability of power from central generating stations and fixed and variable costs increase as projected and given below:** **Availability MU / Fixed costs / Variable costs (Rs.crore)** **2022-23 — 18481 — 2156 — 4136** **2023-24 — 27011 — 3985 — 7162** **Hike% — 46.15 — 84.83 — 73.16%** **The DISOMs have taken these estimates as projected by the CGSs. Compared to the percentage of increase in availability of power from CGSs, the growth rates in fixed and variable costs to be paid for the available power are very high. Since the percentages of PLF for most of the CGSs show increase from 2022-23 to 2023-24, fixed costs per unit should come down. Have the DISCOMs included fixed costs to be paid to the CGSs for backing down their capacities as per merit order, in view of projected availability of abnormal quantum of surplus power for 2023-24? In view ofprojected availability of abnormal quantum of surplus power, what is the justification in considering availability from some stations, exceeding the threshold level of PLF? What is the basis for**	**<u>TS GENCO Stations:</u>** TSDISCOMS projected the Fixed Charges of TSGENCO Thermal Stations as per Hon,ble TSERC MYT Order for 4th Control period and Variable charges by considering the base ECR computed by the Hon'ble Commission in 4th Control Period. **<u>CGS:</u>** The contention of the objector that the fixed cost charges would come down when the plant availabilities of CGS thermal plants are more. However, the statement tocertain extent is legitimate in the context of low fixed cost charges, when the CGS Power Plants declares their plant availabilities beyond NAPAF and generate the power more than the threshold PLF and the overhaul fixed cost reduces. However, in the case of ARR Projections for FY 2023-24, NTPC projected the plant availabilities considering addition of new 1600 MW (2x800) at Ramagundam (STPP) in the year 2023 as per APR Act 2014. As a consequence, the fixed cost charges of CGS NTPC thermal plants were increased in ARR Projections for FY 2023-24, vis-à-vis, FY 2022-23. With regards to the comments on higher variable cost charges for the year FY 2022-23, vis-à-vis FY 2023-24, it is to state that most of the CGS generators actual Plant availability was lower than their respective NAPAFs of 80%-85%. Where as in FY.2023-24 the most of the Central Generating Stations have projected their Plant availabilities at higher than the threshold PLFs.The CGS power plants which projected

	projecting abnormal hike in variable costs? **Similar is the case with thermal power stations of TS GENCO, with a difference in degree, as given below:** **Availability MU Fixed costs Variable costs (Rs.crore)** **2022-23 24819 4117 1671** **2023-24 29774 5676 2280** **Hike% 19.96% 37.88% 36.56%** **The above questions, as in the case of CGSs, apply in the case of thermal stations of TS GENCO also. What are reasons for increase in variable costs for Singareni TPP per unit from Rs.2.73 in 2021-22, to Rs.3.26 in 2022-23 and to the projected Rs.3.19 in 2023-24? We request the Hon'ble Commission to examine the issues and determine availability, fixed and variable costs of the CGSs and thermal stations of TS GENCO in a prudent way and in accordance with applicable terms and conditions in their respective PPAs.**	higher PLFs in FY 2023-24 are RSTPS I&II, Simhadri-II, NTECL Vallur and NTPL. In the year 2022, monsoon season of July 2022 turned out to be the wettest month and recorded excess rain fall and witnessed 144.2 MM as against average rain fall of 38.1 MM in the State. This monsoon and heavy rainfall continued until 1st week of December 2022 according to data from the Telangana State Development Planning Society (TSDPS). Thus CGS coal and Lignite based thermal power plants have generated lesser energy. **<u>Singareni Power Plant:</u>** In respect of increase/variation in Variable cost for Singareni Thermal Power Plant (STPP), it is to submit that, Coal is supplied to STPP under Bridge linkage MOU entered between STPP and SCCL. The coal pricing under Bridge linkage MOU depends on the Market Prices. Further, TSDISCOMs requested M/s. STPP to pursue wih ministry of Coal, GoI on swapping of Naini Coal block with SCCL mines, as per TSERC direction.
9.	**HIKE IN VARIABLE COST OF SEMBCORP : Wide fluctuations in variable costs of Sembcorp Energy India Ltd. (formerly Thermal Power Tech) are projected as received from its two units. While variable cost per unit of SEIL-I has come down from Rs.5.13 in 2021-22 to Rs.2.32 in 2022-23 and to Rs.2.31 in 2023-24, the same for SEIL-II has shown higher increase from Rs.2.59 to Rs.3.06 to Rs.3.86 for the same years, respectively. Why is the hike of 49.03% from 2021-22 to 2023-24 in variable cost for SEIL II considered?**	The variable cost of 269.45 MW PPA for the FY 2021-22 is Rs.5.13/Kwh which includes the Supplementary bills of Change in Law as per the CERC order Dt.21.08.2020 in petition 217/MP/2016 for the FY 2015-16 to FY 2020-21 and Late Payment Surcharge. The actual variable cost of 269.45MW PPA for FY 2021-22 is Rs. 2.23/Kwh. CERC in its order dated 21.08.2020 allowed following components as a change in law: - Increase in royalty on coal and additional levies (DMF & NMET levy) - Increase in rate of Clean Energy Cess including GST Compensation Cess - Imposition of Excise Duty on Coal. - Increase in Service Tax and GST on Railway Freight, Domestic Coal Ocean Transport, Port Vessel Charges, Port Cargo Charges, Port Handling Charges, Terminal Charges, Unload Port Cargo Charges and Imported Coal Ocean

		Transport Freight. - Decrease in Customs Duty on Imported Coal - Imposition of Countervailing Duty on Imported Coal. - Increase in Busy Season Surcharge on Railway freight. - Increase in Development Surcharge on Railway freight. - Imposition of coal Terminal Surcharge on railway freight. - Increase in Central Sales Tax. - Carrying Cost. The variable cost of 269.45 MW PPA are being made based on the PPA Tariff schedule and CERC Escalation rates. The reason for increase in assumed variable charges for 570MW PSA FY 2023-24 is mainly due to increased Coal prices in the international market. The assumed variable charges is based on available forward prices of Imported Coal and USD to INR exchange rates. (Actual may vary depending on prevailing coal prices and forex rates)
10.	**GETTING SHARE OF TS DISCOMS FROM MACHKUND AND TUNGABHADRA HYDEL POWER STATIONS: In response to the direction of the Hon'ble Commission to the DISCOMs to actively pursue the matter with APGENCO/APTRANSCO for availing the share of power of Telangana in the MACHKUND and TUNGABHADRA inter-state hydel power projects, DISCOMs have submitted that the issue is continuously pursued with APGENCO for extension of PPA and scheduling of power from the two hydel projects in Karnataka and that the report is submitted to the Hon'ble Commission. What is the latest position?**	All out efforts are being made by TSDISCOMs/TSPCC for scheduling of power from the two Inter-state Hydel Plants Machkund and TB Dam. TSDISCOMs/TSPCC requested MD, APGENCO to take necessary steps for further extension of PPA and also assured payments for scheduling of power from these Inter-State projects without linking with any other issues. In reply MD, APGENCO has informed that scheduling of power and extension of PPA will be examined only after clearance of existing arrears. TSPCC/TSDISCOMs approached SRPC to kindly initiate the steps for scheduling of rightful share of power to Telangana from Inter-state Hydro Projects. The matter was deliberated in the 53rd meeting of Commercial Sub-Committee held on 19.10.22 and further in the 44th Meeting of SRPC held on 5th November 2022. In the meeting it was decided that the pending payments between Telangana and AP is sub-judice in the Hon'ble high court of Telangana. It is prudent to await the Court decision
11.	**AGREEMENTS WITH I&CAD FOR SUPPLY OF POWER TO LIFT IRRIGTION SCHEMS : The DISCOMs have shown requirement of power for lift irrigation and agriculture in HT as given below:**	For sales projectionsofHT LIS, taking past sales as a reference could cause under projection of LIS sales. Hence, TS Discoms view that taking current LIS loads and additional LIS load at relevant load factors, could be a better approach for predicting HT LIS sales. TS Discoms have considered the HT LIS sales as per the inputs

	DISCOM 2022-23 2023-24 MU **TS SPDCL 1821.45 3786.40** **TS NPDCL 1490.56 4297.86** **TOTAL 3312.01 8084.26** **It works out to an increase of 144%. After taking this highest growth rate, among growth rates of other categories, into account, abnormal availability of surplus energy is shown. Details of long-term load forecast, procurement plan, etc., are not being made public by the DISCOMs. No public hearings are held on the same, despite repeated requests. Whatever data given in some of the orders of the Hon'ble Commission is very brief. How many lift irrigation schemes are coming up and when, their requirement for power from which dates, to meet the same additional generation capacity contracted by the DISCOMs, addition of capacities of transmission and distribution networks, etc., are not being made public. If the saidlift irrigation schemes are not completed as per schedule, the addition of generation capacities, capacities of transmission and distribution networks intended for supplying power to those schemes remain idle during the period of delay in executing the said lift irrigation schemes. In such a situation, on whom the burdens of surplus power and idle transmission and distribution network capacities created for those schemes are being, or will be, imposed? Have the DISCOMs entered into agreements with the department of irrigation and command area development, imposing the condition that it should bear the applicable charges during the period when the said lift irrigation schemes cannot consume power as per contracted demand and use transmission and distribution networks due to delay in execution of those schemes? If so, what are the details thereof? The DISCOMs have explained that** "licensee has considered the expected additional loads and energy requirement for FY 2023-24 based on the information received from the I&CAD, which was further duly analyzed and moderated considering the	providedby the LIS ICAD department. Projecting LIS sales consist of high amount of unpredictability, availability of water is an important factor. However, LIS sales are projected by considering the current pumping stations loads on Krishna &Godavari rivers and upcoming additional loads. These loads are further considered to be operating only at a 60% load factor by I&CAD department. However, TS Discoms, based on their analysis and historical experience have only considered half (50%) of the projections given by I&CAD department for HT 132 KV LIS category.

	licensee's experience of the historical consumption along with other allied factors." **If the lift irrigation schemes shown in the submissions of the DISCOMs come into operation as "moderated" by them, the problems of surplus power, transmission and distribution capacities remaining idle proportionately on account of that may not arise. After 2023-24, demand for power from lift irrigation schemes may not show increase at abnormal level like 144% shown for the next financial year. As the DISCOMs have pointed out, due to uncontrollable factors like rainfall, water levels in reservoirs, floods, etc., variations in operation of LI pumps may take place, leading to considerable reduction in need for consumption of power like the negative growth rate recorded in the first half of 2022-23.**	
	RETHINKING ON 24 HRS POWER SUPPLY TO AGRICULTURE : It is submitted that sale of power to LT agriculture has shown a drop of 6.13% forNPDCL and of 0.17% for SPDCL in the FY 2021-22. While NPDCL has expressed the view that "the agricultural consumption would not further increase and remain at the level of estimated sales for FY 2022-23," **SPDCL has expressed the view that** "the agricultural consumption would come down from the level of sales recorded in FY 2021-22. Keeping in view the additional loads to be added through Lift Irrigation schemes in FY 2022-23 and FY 2023-24, it is expected that the agricultural consumption would not further increase given the fall in use of borewells and arise in canal-based cultivation." **Both the DISCOMs have submitted that**, "in case the actual sales, despite the LI Scheme operations, emerge to be higher than anticipated, the same may be considered by the Hon'ble Commission in the true-up exercise." **While NPDCL has projected sales to agricultural would remain 7290.39 MU for 2023-24 as in 2022-23, SPDCL has projected a reduced growth rate of 4% for 2023-24 compared to the sales in 2022-23. The need for supply of power to agriculture throughout the day and throughout the year has been rightly questioned on various grounds when the scheme was announced by GoTS. Directive No.24 issued by the Hon'ble Commission that** "the DISCOMs to explore the possibility of arriving at a	As per the policy of Government of Telangana, TS Discoms are directed to supply 24 hours of free eletricity to all their Agriculture category consumers. In this regard, TS Discoms shall abide by the directions of Hon'ble Commission and GoTS.

	consensus among its agricultural consumers regarding the hours of supply for its peak load management" **indicates rethinking on continuing the scheme as announced. So also, the reply of SPDCL that, while it is meeting agricultural demand during morning peak hours**, "a consensus is arrived with agriculture consumers and awareness is already created among them to avoid using 3-Ph supply during the evening peak hours and the agriculture consumers are now habituated to use 1Ph supply during the evening peak hours and TSSPDCL is successfully meeting the evening peak hours demand" **confirms need for prudent change. That the DISCOM has further instructed SEs/Operation** "to take the consensus of the agriculture consumers once again regarding the actual hours of supply required to them" **confirms rethinking on the scheme and validates by implication some of the objections raised on the scheme. On similar lines, NPDCL has replied that it is conducting awareness programmes with agriculture consumers regarding utilization of supply to agriculture in day time, instead of peak load hours and that they were motivated to remove the automatic starters to use the supply whenever required and to avoid the peak demand on the system. The rethinking on the scheme shows need for prudent practices in supplying power to agriculture.**	
12.	**REQUIREMENT OF SUBSIDY FOR FREE SUPPLYOF POWER TO AGRICULTURE: NPDCL has shown LT agriculture requirement of power for 2023-24 as 7290 MU and cost of service for unit as Rs.9.93. For free supply of this power, subsidy requirement works out to Rs.7238.97 crore. Similarly, for free supply of 10,591 MU to LT agriculture with a cost of service of Rs.8.47 projected by SPDCL, subsidy requirement works out to Rs.8970.57 crore. Since subsidy being provided by the GoTS for free supply of power to agriculture is far less than requirement, we request the Hon'ble Commission to show in the retail supply tariff order how much subsidy is being provided by the GoTS and how much cross subsidy is being factored category/slab wise and also direct the DISCOMs to show the same in the power bills being issued to the**	In arriving at the subsidy requirement for LT Agriculture category, the objector haven't considered the positive crosssubsidy element that may be generated by the consumer categories with ABR more than the ACoS. Such cross-subsidy shall reduce the subsidy requirement to a certain extent. As per the existing practice, the Hon'ble Commission computes the ACoS-ABR level for each consumer category, and after adjusting the positive and negative cross-subsidy throughout, arrives at the revenue gap and tries to balance the same with the GoTS subsidy commitment. TS Discoms shall abide by the directions given by the Hon'ble Commission, and the subsidy commitments by the Govt. of Telangana, in this regard.

	consumers.	
13.	**ABNORMAL HIKE IN TRANSMISSION CHARGES VIS A VIS CONTRACTED CAPACITY : The DISCOMs have shown contracted capacity and transmission charges for three years as given hereunder:** **FY Contracted capacity (MW) Transmission charges (Rs.crore)** **TSSPDCL** **2021-22 14989.8 2008.87** **2022-23 15344.68 2383.64** **2023-24 15331.58 2670.27** **TSNPDCL** **2021-22 6324.33 847.56** **2022-23 6472.46 1005.43** **2023-24 6466.71 1126.29** **The contracted capacity of both the DISCOMs increased from 21315.13 MW in 2021-22 to 21798.29 MW in 2023-24, i.e., by just 2.27%. But, transmission charges during the same period increased from Rs.2856.43 crore to Rs.3796.56 crore, i.e., by 32.91%. Moreover, though the contracted capacity decreased slightly from 2022-23 to 2023-24, transmission charges increased substantially. How has the contracted capacity come down from the current financial year to 2023-24, when higher demand for power and addition of generation capacities under PPAs are taking place? What are the reasons, as well as justification, for abnormal increase in transmission charges vis a vis contracted capacity during the three FYs? We request the Hon'ble Commission to review the same thoroughly, since the DISCOMs have submitted that they have adopted the transmission charges and transmission capacity approved in the 4th MYT tariff order for the projected transmission charges for the FY 2023-24. The**	For FY 2021-22, the licensees have considered the transmission costs actually paid to TS Transco for that year. For FY 2022-23 and FY 2023-24, the transmission costs are derived by multiplying the transmission tariff (INR/kW/month) with contracted capacity (MW) of TS Transco determined by Hon'ble TSERC in the Transmission MYT Order for 4th Control period issued on 20.03.2020. The Transmission tariffs determined in the Transmission MYT Order for 4th Control period are Rs. 129.45 /kW/Month for FY 2022-23 and Rs.145.14 /kW/Month for FY 2023-24 which is same for both the Discoms. The contracted capacities with the TS Transco determined in the Transmission MYT Order for 4th Control period are: For TSSPDCL: 15344.68 MW for FY 2022-23 and 15331.58 MW for FY 2023-24 For TSNPDCL: 6472.46 MW for FY 2022-23 and 6466.71 MW for FY 2023-24 The licensees have considered the above numbers taken from the TS Transco MYT Order for 4th control period to derive the Transmission costs As per the Transmission Tariff for 4th control period (FY 2019-20 to FY 2023-24) the contracted capacity of both the DISCOMs for FY 2022-23 and FY 2023-24 are 21817.140 MW and 21798.290 MW respectively. At the time of the transmission tariff order was issued by Hon'ble TSERC the PPAs of Bagase plants such as M/s Ganapathi Sugar Industries Ltd. and M/s. Kakatiya Cement Sugar & Industries Ltd. are there with a validy up to FY 2022-23. The decrease in contracted capacity of 18.85 MW in FY 2023-24 is due to the non consideration of the Bagase plant for FY 2023-24 due to expiry of concerned PPA's TSDISCOMs has projected the Transmission Charges for FY 2023-24 as approved by Hon'ble TSERC in the 4th Control period.

<table>
<tr><td></td><td>DISCOMs have not made it clear whether requirement of contracted capacity is in tune with transmission capacity approved in the 4th MYT tariff order.</td><td></td></tr>
<tr><td>14.</td><td>IRRATIONAL REGULATIONS OF CERC AND HIGHER BURDENS OF PGCIL CHARGES : The DISCOMs have shown Power Grid Corporation of India Ltd. (PGCIL) charges as given below:

2021-22 2022-23 2023-24

1558 1601 1532 (In Rs.crore)

They have not given the total contracted capacity considered for working out PGCIL charges. The DISCOMs have explained that as per regulations and fixed charges determined by CERC for a period of 5 years, PGCIL has been recovering the full fixed charges through point of connection (POC) rates, subject to reconciling the entire amount on a pro-rata basis of payments in every quarter and if recovery of fixed charges are made lesser or higher side by PGCIL in every month. Apart from the CGSs, CSPDCL and Sembcorp capacities which they get, and power being procured from IEX have been considered for working out PGCIL charges, the DISCOMs have explained. I request the Hon'ble Commission to consider the following points, among others:

A. As per the Connectivity and General Network Access to the inter-state Transmission System Regulations, 2022, notified by the CERC, with effect from 15.10.2022, the criteria of levy of ISTS charges is shifted from long-term access (LTA) to General Network Access (GNA). The GNA quantum is determined based on actual ISTS drawls in the past three years which include short-term purchases in the market by DISCOMs. As a result, the deemed GNA quantum for Andhra Pradesh is notified as 4516 MW, with a meagre addition of capacity of 6.4 MW for 2023-24, while the present level of LTA is 1750 MW. This shows the irrationality and arbitrariness of the latest ISTS regulations issued by</td><td>The details of the contracted capacity and PGCIL charges and the methodology for calculation are elaborated by TS Discoms in their ARR & FPT petitions and the additional information submission to Hon'ble Commission.

The CERC while notifying the draft GNA Regulations 2022, declared, inter-alia, the deemed GNA quantity Telangana State as 6140 MW and has sought the objections, views, suggestions etc., from the stake holders/States/LTTCs in the country. However, The Telangana State total contracted capacity for the Inter State Transmission capacity with PGCIL/CTUIL is 4119.574 MW.

The CERC in the draft GNA Regulations 2022 calculated all the States GNA Quantum, inter-alia, for Telangana as 6140 MW with a methodology adopted with considering peak and average peak demand of a year for past three years. Most of the states, including Telangana objected that the methodology adopted for arriving at the deemed GNA quantity for the states was irrational, unscientific, illogical and injustice to the DICs/States.

The CERC notified the GNA regulations 2022 and made it operation w.e.f. 15.10.2022 onwards, without the T-GNA (temporary GNA) provisions. The CERC did not consider the objections, views, comments, suggestions etc of the States. The CERC GNA Regulations 2022 stipulated that calculation of GNA capacity for payment of ISTS Transmission Charges (POC) is based on methodology specified in the CERC Sharing Regulations 2020, until notification of new methodology.

Now, a new +800kV Raigarh-Pugular-Trissur HVDC bi-polar lines link was commissioned on 06.09.2020 and the CERC has issued tariff order on the above said line on 22.09.2022 and kept the asset of the above said line under Regional Component without considering the requests of all the Southern States to consider the said line under National Component. Aggrieved with the impugned order, the TANGEDCO being the LTTC, has filed an appeal before APTEL, New Delhi vide Appeal No.433 of 2022 to consider the said HVDC line as National Component. If the said line asset is under National Component, Telangana would be benefitted by Rs.6-7</td></tr>
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	the CERC. What was the LTA contracted capacity of TS DISCOMs under ISTS regulations before they have come into force from 15.10.2022 and the monthly charges paid by them. What is their LTA contracted capacity now, with additions of capacities made after 15.10.2022 and whether the deemed GNA quantum is taken into consideration. **B. With the said change, the PGCIL charges to be paid by AP DISCOMs increased by 49.42%. Since the TS DISCOMs have stated that the estimated PGCIL charges are subject to revision later, it implies that additional amounts may be imposed on them by PGCIL which, in turn, would lead to their claiming the same under true-up from the consumers.** **C. Short-term market purchases, by their very nature, are temporary. To transmit power under short-term purchases from one state to another, PGCIL uses existing transmission capacity only; it cannot add additional capacity for that purpose. If spare transmission capacity is not available, it cannot transmit power from one state to another state under short-term purchases. Therefore, treating short-term purchases for the last three years as the basis for determining the so-called deemed GNA quantum is an absurdity.** **D. The new 800 KV HVDC line commissioned between Raigarh in WR-Pugulur in Southern Region is placed in the regional component of ISTS. The commercial operation of the line was declared in September, 2022, and the monthly additional commitment on account of this line is being imposed on the DISCOMs of southern states as per the tariff determined recently by the CERC. Adding a new 800 KV line in the regional component of ISTS charges, irrespective of contracting a part of that**	Crs/Month, since the tariff of the line will be shared among all the states/DICs in the Country. The case is pending before APTEL, New Delhi as of now.

	capacity by a state under the GNA regulations, is equally irrational. When a state or states in a particular region do not require additional transmission capacity on a long-term basis, addition of unwarranted transmission capacity by PGCIL as it decides and adding the burden of charges for the same on a state, which does not require that capacity, is questionable, in principle. What is the impact of such an irrational arrangement on the TS DISCOMs? **E. In the name of adding and maintaining spare transmission capacity to facilitate transmission of power under inter-state short-term purchases and imposing ISTS charges annually based thereon, irrespective of the quantum of power under such short-term purchases or no short-term purchases, is inequitable. Deemed GNA quantum is nothing but introduction of a variant of payment of fixed charges for deemed generation of power in the inter-state transmission system, thereby imposing unjust burdens on consumers of power.** **F. If less than contracted capacity of PGCIL is utilised by the DISCOMs for any reason, that unutilised capacity can be, or is being, utilised for transmission of power under inter-state transmission of short-term power. As such, to the extent such unutilised capacity is utilised for transmission of short-term power by the DISCOMs which contracted the capacity on long-term basis, no ISTS charges should be collected for that capacity. Otherwise, it would be tantamount to charging ISTS charges twice for the same capacity.** **G. Addition of transmission capacity by PGCIL should be done in a planned manner to meet requirements of the states and such capacities should be apportioned to the DISCOMs based on their long-term contract of the required capacity. It is arbitrary to impose ISTS charges on the capacities which DISCOMs have not contracted for and are not**	

	using. **H. Basically, the failures of the GoI in ensuring supply of fuels like coal and natural gas allocated by it to the power plants concerned are leading to scarcity for power to the DISCOMs and their dependence on short-term market purchases, including from the exchanges. So also, the obligations being forced on the DISCOMs by the GoI under RPPO, leading to purchase of high-cost, must-run and unwarranted renewable energy, which cannot meet peak requirements, are also forcing the DISCOMs to back down thermal power and pay fixed charges therefor and also go in for market purchases on short-term basis. For its failures of commission and omission, the GoI is penalising the consumers of the DISCOMs by imposing ISTS charges under the deemed GNA quantum arbitrarily and irrationally. The GoI should reimburse the avoidable additional expenditure being incurred by the DISCOMs for purchasing high-cost RE, for paying fixed charges for backing down thermal power and for purchasing thermal power at higher costs in view of the generation plants being forced by the GoI to use costly imported coal. The GoTSshould demand the GoI accordingly.** **I. For the year 2023-24, the projected availability of total surplus power is 13441MU. Experience over the years confirms that, even when huge surplus power was available, the DISCOMs could not sell it, except a meagre quantum. For the year 2023-24, the DISCOMs have not proposed to sell surplus power outside the state. In other words, for the FY 2023-24, the DISCOMs do not require any additional transmission capacity from the CTU to transmit their surplus power, though the ISTS charges for any supply of surplus power outside the state will have to be borne by the purchaser. The DISCOMs have proposed purchases of 136 MU from the market on short-term basis for the next financial year.**	

	Even then, the DISCOMs will be saddled with the burden of ISTS charges based on the deemed GNA quantum determined by PGCIL as per the latest regulations of CERC. In other words, even when the DISCOMs do not sell their power outside the state and do not purchase or purchase a meagre quantum of power in the market from outside the state, CERC's regulations impose avoidable burdens of ISTS charges under the deemed GNA quantum for which the transmission capacity of the CTU is not utilised by the DISCOMs, but deemed to have been utilised based on their short-term market purchase in the last three years. **J. The GNA regulation issued by the CERC confirms the hypocrisy being exhibited in the so-called reforms under the Modi dispensation. It confirms that the exemption of inter-state transmission charges to solar power plants set up during the specified period is a pro-corporate and anti-consumer jugglery of the Modi government to hoodwink the people that it is giving such a benefit in the interest of the consumers of power, while, in reality, it is intended to show that the price of solar power from the plants of corporate houses like the Adani group is relatively lower, but, in practice, it is recovering the costs of such make-believe exemption from the consumers of power in the form of higher ISTS charges for the GNA deemed quantum. The period for such exemption is being extended by the GoI keeping in view non-completion of the solar power units by the corporate companies of its choice. If the Modi government has even a wee bit of sincerity, it should reimburse the full ISTS charges to PGCIL which the GoI has exempted for transmission of solar power from the plants set up during the period specified by it till completion of the period of such exemption granted by it and dispense with the arrangement of imposing unjustified burden on consumers in the form of the ISTS charges for the deemed GNA quantum. GoTS should**	

	demand the Modi government accordingly. We request the Hon'ble Commission to give an appropriate piece of advice in this regard. **K. It is not known whether the TS DISCOMs raised any objections before CERC during the course of regulatory process of the latter for issuing the GNA regulations. At least now, they should seek a review of the irrational and imbalanced regulations, instead of coolly seeking the permission and approval of the Hon'ble Commission to allow them to impose all these questionable burdens on, and collect the additional charges from, their consumers by including the same in the retail supply tariffs or claiming under true-up later.**	
15.	**DISTRIBUTION COSTS AND DISTRIBUTION LOSSES: The DISCOMs have shown increases in distribution costs as approved in the MYT for the 4th control period as given below:** **DISCOM — Distribution costs for 2022-23 — 2023-24 Rs. crore** **TSSPDCL — 4670.72 — 5168.36** **TSNPDCL — 3601.25 — 4081. 42** **There is slight decrease in contracted capacities (SLDC) from the current financial year to the next financial year. NPDCL has shown revised estimation of distribution losses, including EHT sales, of 9.50% against 8.6% approved for the year 2022-23, while SPDCL has shown the estimate for the same year as 8.44%. Despite various steps the DISCOMs have explained as being taken for strengthening distribution system, especially in the light of claimed reduction in consumption of power for LT agriculture, we request the Hon'ble Commission to review the situation and take appropriate decisions on the percentage of reduction in distribution losses tobe achieved by the DISCOMs.**	TS Discoms would like to clarify that the Distribution losses for FY 2022- 23& FY 2023-24, have been computed based on the voltage-wise distribution loss targets prescribed by the Hon'ble Commission in its Wheeling Tariff Order for the 4th Control Period.

16.	**WHY PREPAID METERS? : The Hon'ble Commission has directed the DISCOMs to take steps for installation of prepaid smart meters with latest technology for "all interested consumers." At the same time, the Commission also directed the DISCOMs to submit "a time bound action plan for replacement of existing meters with prepaid smart meters with two way communication in the interest of reveuerealisation of the DISCOMs." If prepaid meters are to be installed for "all interested consumers," it is left to the discretion of the consumers. Then, where is the need for a time-bound action plan for replacement of existing meters with prepaid smart meters? SPDCL has replied that compliance report has been submitted to the Hon'ble Commission vide letter dated 9.6.2022. What are the details of the compliance report? NPDCL has explained that** "As per the Gazette notification by the Central Electricity Authority (CEA), Ministry of Power Dt:17.08.2021 it is mandatory that all the existing meters (other than Agriculture Consumers) are to be replaced with Prepaid Smart Meters with the following timelines. All electrical Divisions having more than 50% consumers in Urban areas with AT&C losses more than 15% in FY 2019-20, other electrical Divisions with AT&C losses more than 25% in FY 2019-20, all Govt. offices at Block level and above and all Industrial and Commercial consumers shall be metered with Smart meters working in pre-payment mode by December 2023. All other areas shall be metered with Smart meters working in pre-payment mode by March 2025. Accordingly, a draft DPR for Smart Prepaid Metering for all existing consumers (excluding Agriculture Consumers) and System Metering under RDSS has been prepared for an amount of Rs.3183.98 Cr. which is to be approved by Distribution Reforms Committee (DRC) and also by the Telangana State Cabinet in order to obtain final approval by MOP, Gol. b) The Govt. of India launched the Revamped Distribution Sector Scheme (RDSS) on Dt.29.07.2021, with an objective to reduce the AT&C losses to 12-15% (PAN India) and ACS-ARR gap to Zero. The scheme consists of two components — Metering and Distribution Infrastructure Works. As per RDSS guidelines the Gol grant for metering is Rs.900/- per meter. If Prepaid Smart Metering is taken up under RDS	**AT & C losses of TSSPDCL :** 9.14 % **Cost of prepaid meters required by TSSPDCL and their annual maintenance cost once installed:** As per the DPR submitted under RDSS, Smart Prepaid Metering for all existing consumers (excluding Agriculture Consumers) for an amount of Rs.8591.76 Cr. (including the maintenance of the smart meters for a period of eight years) which is to be approved by Distribution Reforms Committee (DRC) and also by the Telangana State Cabinet in order to obtain final approval by MoP, GoI. **The details of the compliance report submitted to Hon'ble TSERC** vide **letter dated 09.06.2022** is as follows: a) As Per the Gazette Notification by the Central Electricity Authority (CEA), Ministry of Power Dt.17.08.2021 it is mandatory that all the existing meters (other than Agricultural consumers) are to be replaced with prepared Smart Meters with the following timelines. ➢ All electrical divisions having more than 50% consumers in urban areas with AT & C losses more than 15% in FY 2019-20, other electrical divisions with AT & C losses more than 25% in FY 2019-20, all Govt. Offices at Block level and above, and all industrial and commercial consumers shall be metered with Smart meters working in pre payment mode by December 2023. ➢ All other areas shall be metered with Smart meters working in Pre-payment mode by March'2025. b) The Govt. of India launched the Revamped Distribution Sector Scheme (RDSS) on Dt.29.07.2021, with an objective to reduce the AT&C losses to 12-15% (PAN India) and ACS-ARR gap to zero. The Scheme consists of two components – Metering and Distribution Infrastructure Works.

	Scheme, the approximate cost of Rs.457.60 Cr., for the existing 50,84,524 consumers (other than AGL Consumers) in TSNPDCL as proposed in the DPR will be disbursed as GoI grant to the Discom by MoP. If TSNPDCL does not participate in RDS Scheme, the above amount i.e., Rs.900/per meter is to be borne by the Discom funds and the approximate financial commitment is Rs.457.60 cr." **What are the percentages of AT&C losses of TS DISCOMs? What would be the cost for prepaid meters required by TSSPDCL and their annual maintenance cost, once installed?**	c) Accordingly, a draft DPR for Smart Prepaid Metering for all existing consumers (excluding Agriculture Consumers) and system Metering under RDSS has been prepared for an amount of Rs.9308.37Cr. which is to be approved by Distribution Reforms Committee (DRC) and also by the Telangana State Cabinet in order to obtain final approval by MoP, GoI. As per RDSS guidelines the GoI grant for metering is Rs.900/- per meter. If Prepaid Smart Metering is taken up under RDS Scheme, the approximate cost of Rs.729 Cr. For the existing 81,00,000 consumers (other than agl. consumers) in TSSPDCL as proposed in the DPR will be disbursed as GoI grant to the Discom by MoP. If TSSPDCL does not participate in RDS Scheme, the above amount i.e., Rs.900/- per meter is to be borne by the Discom funds and the approximate financial commitment is Rs.729 Cr.
	We request the Hon'ble Commission to consider the following points, among others: **A. This move is to be seen in the background of the so-called reforms being imposed on the states by the Modi government for privatising power sector, and in conjunction especially with privatisation of power distribution and implementation of the direct benefit transfer (DBT) scheme. Implementation of RDSS, including installation of pre-paid meters, is to benefit the private operators, who will be permitted to take up power distribution in areas of their choice, as proposed by the GoI.** **B. It is obvious that, the purpose of installing pre-paid meters is to force the consumers of power to pay in advance for power to be consumed by them, contrary to the standard practice over the decades of paying power bills monthly/bi-monthly for the power consumed by them. What is wrong with the present post-paid arrangement and what is the benefit and to whom with pre-paid arrangement under the proposed smart meters is left unexplained by its sponsors.**	The comments are against the policies of GoI. TS Discoms shall abide by the directions given by the Hon'ble TSERC.

C. As proposed by the GoI, private operators will be permitted to use the existing transmission and distribution networks of the DISCOMs of the government, paying some nominal rentals for carrying on their distribution business. In other words, they need not invest the amounts required for establishing their own distribution network, make arrangements for its maintenance, etc.

D. Allowing private operators to use distribution network of the DISCOMs or rather, forcing the DISCOMs to allow private operators to use their network on lease, with DISCOMs themselves maintaining the network, is nothing but forcing the latter to lose a considerable part of their business, especially cross-subsidising component, to private operators, who get the opportunity to cherry-picking. Will the GoI apply this Tuglaquian approach to allow utilisation of such networks of private companies in this manner, for example, utilising the network of private telecom companies by others?

E. The protagonists of pre-paid meters are arguing that pre-paid arrangement is there for cell phones. Then, why not similar arrangement for power consumption also, they ask. First, there is post-paid arrangement for cell phones and landlines. Second, under pre-paid arrangement for a specific period, there is no limit on number of calls that can be made. In the case of power consumption, consumers have to pay for the entire power they consume in a month; they are not allowed to consume any number of units of power during a specified period, pre-paying a specified amount.

F. The DISCOMs have a grace period of one month to pay bills to generators/suppliers of power for the power supplied by them and even rebate if they pay before the grace period. Under the existing

	arrangement, consumers are being given a period of 14 days from the date of issuing the bill for paying their bills for power consumed by them in a month. If payment of monthly bill is delayed, exceeding the due date, penalty is being collected by the DISCOMs, besides disconnecting the service. Moreover, all the permissible expenditure and return on equity for supplying power to consumers from the point of generation to end point is being passed through in the form of tariffs to be paid by the consumers. When such is the case, why should the consumers be forced to pay in advance for power to be consumed by them under the arrangement of pre-paid meters? G. As per applicable Regulation, "security deposit amount shall be two months charges in case of monthly billing and 3 months charges for bi-monthly billing." In addition to collecting such a security deposit from the consumers, the DISCOMs also are collecting additional security deposit whenever the consumers exceed their contracted load. Then why should the consumers be forced to pay in advance for power to be consumed by them under the arrangement of pre-paid meters? H. Payment in advance for power to be consumed by the consumers is nothing but providing investment for private distribution company to purchase of power. Private distribution companies need not take loans for their working capital and they can retain the amount paid in advance by the consumers and use as they like till they have to pay for power purchased by them from generators/suppliers. In other words, private operators of distribution need not invest any amounts for developing and maintaining distribution network and for purchasing power. Arrangement of pre-paid meters is intended for bestowing this undue benefit to private operators.	

	I. The works proposed to be taken up under RDSS need to be, and are being, taken up by the DISCOMs as a part and parcel of expanding, strengthening and maintaining their distribution network. For that no conditionalities, as imposed under RDSS, are required. The grant component under RDSS is a ruse to impose conditionalities like installation of pre-paid meters to ensure undue benefits to private operators of distribution of power. **J. Whatever money the DISCOMs spend for purchasing and installing pre-paid meters is nothing but squandering public money, whether it is collected from the consumers concerned or spent from the grant under RDSS. The consumers have already spent their money for their existing meters. Forcing them to pay for pre-paid meters is nothing but imposing additional burden on them without any benefit to them.** **K. The scheme of pre-paid meters benefits their manufacturers. Experience in power sector, as elsewhere in other sectors, shows that terms and conditions of bidding can be manipulated to select bidders of their choice by the powers-that-be. Bidding procedures and terms and conditions issued by the GoI have been found to be wanting in ensuring transparency and fair play, going by the way crony capitalism is being promoted and pampered. It is reported that crony capitalists, who have been promoted and pampered by the GoI, have already entered into manufacturing of pre-paid meters.** **L. There will be practical problems to consumers for paying in advance for power to be consumed by them under the system of pre-paid meters. How much amount and how many times they have to pay in a month, keeping track of their consumption recorded in the pre-paid meter to avoid disconnection and mode of such payment will be problematic to**	

	the consumers. **M. Under smart pre-paid meter, if a consumer does not pay after the existing balance exhausts, his service connection will be disconnected automatically. If a consumer does not pay power bill before due date under the existing post-paid arrangement, his service will be disconnected. The DISCOMs are unable to disconnect service connections of offices of the government and its instrumentalities and local bodies, whatever be the reasons. Even under pre-paid meter system, there is no guarantee that the DISCOMs would not come under pressure not to disconnect services of offices of the government, its instrumentalities and local bodies for their default in paying power bills. It is ironical that, when the GoTS is failing in getting power bills paid by its offices, its instrumentalities and local bodies in time and itself failing in paying the committed subsidy to the DISCOMs in time, it is decided to install pre-paid meters to service connections of power consumers.** **N. When the GoTS is vehemently and rightly opposing the direction of the GoI for installing meters to all agricultural service connections, why are the DISCOMs moving in the direction of installing pre-paid smart meters to non-agricultural service connections?** **We request the Hon'ble Commission to examine the above-mentioned submissions, among others, and responses of the DISCOMs thereto and direct them not to proceed with implementation of installation of pre-paid meters to service connections of consumers of power in the state.**	
17.	**We request the Hon'ble Commission to permit us to make further submissions, including on true-up claims of the DISCOMs before the due date and during public hearings on the subject issues, after receiving and studying responses of the DISCOMS.**	No Comment

Part-2

S.No	Summary of Objections / Suggestions	Response of the Licensee
1.	**Both the TS DISCOMs have made claims for true up of Rs.12753.56 crores - SPDCL for Rs.9060.80 crore and NPDCL for Rs.3692.76 crores - for seven years 2016-17, 2017-18, 2018-19, 2019-20, 2020-21, 2021-22 and provisional true up for 2022-23 for their retail supply business, after adjusting the amounts shown under true-down. This net true up is after GoTS providing Rs.15,976.80 crore for both the DISCOMs – Rs.7960.89 crore towards additional support and Rs.8015.91 crore towards loss funding. The DISCOMs have not explained what these "additional support" and "loss funding" are. For the years 2021-22 and 2022-23, GoTS has not provided any additional support and loss funding.** **In their ARR and tariff proposals for the year 2022-23, the DISCOMs have shown an accumulated revenue deficit of Rs.36847.63 crore. It can be presumed that this accumulated revenue deficit is after adjusting additional support and loss funding claimed to have been provided by the GoTS. Even after adjusting the true-up claims of the DISCOMs for a hefty sum of Rs.12753.56 crore, the net revenue deficit would be Rs.24,094.07 crore.** **What are the components of this accumulated revenue gap? Are they dues to be collected from different categories of consumers, subsidy to be provided by GoTS, loans taken for non-capital expenditure, including for paying monthly salaries, or under any other heads? What is the accumulated revenue gap of both the DISCOMs as of now and under what heads? What do the DISCOMs propose to bridge the accumulated revenue gap?**	TS Discoms have made true up claimsfor their Retail Supply Businessafter adjusting the amounts received from GoTS and the year wise details of such amounts are already provided in the filings.As per the UDAY Agreement, the total outstanding debt as on 30.09.2015 has to be taken over by the GoTS and GoTS has taken over the same in the form of equity infusion i.e., additional support. Further, as per UDAY MoU, States have to takeoverthe future losses in a progressive manner and accordingly GoTS has taken over the losses for the period from FY 2016-17 to FY 2020-21. The accumulated revenue deficit of Rs. 36847.63 Crore as referred by the Objector is actually Rs. 36841.63 Crore and wassum of yearly revenue deficits from FY 2018-19 to FY 2021-22 as submitted by the TS Discoms in the Retail Supply ARR filings for FY 2022-23 in Form 9 of RSF formats (namely 'Revenue Deficit/Surplus and Proposed Adjustments'). The yearly revenue deficits were including estimated figures for FY 2021-22 and does not include the additional support and loss fundingprovided by the GoTS. The year wise revenue defict is the difference of ARR and Revenue from various sources. TS Discoms have already filed Petitions forDistribution True upsand the proceedings are undergoing along with the instant ARR and Retail Supply True up filings.
2	**The substantial growth in generation capacity added, transmission and distribution network expanded and strengthened and increasing per capita consumption of power, after formation of the state of Telangana notwithstanding, this precarious financial situation shows the kind of crisis into which TS DISCOMs have been plunged. Since the DISCOMs have not proposed any tariff hike for the year 2023-24, obviously, at the behest of the GoTS, keeping in view pre-election period, the projected revenue gap of**	Govt. of Telangana has been adopting the following steps to improve Discom financial position, in addition to the subsidy disbursements for LT Agriculture and LT Domestic consumers -

	Rs.10535.00 crore for the year 2023-24, is supposed to be bridged, by implication, with subsidy to be provided by the GoTS. In the background of this abnormal accumulated revenue gap, imposition of an abnormal additional burden of Rs.6078.73 crore under tariff hikes for the year 2022-23, projected revenue gap of Rs.10535 crore for 2023-24, true-up claims for retail supply business for a period of seven years of Rs. 12753.56 crores, and true-up claims of the DISCOMs for their distribution business of Rs.4092.23 crores already pending before the Hon'ble Commission for its consideration with public hearing on the same concluded, one has to understand the seemingly irretrievable financial chaos into which the power sector in the state has been plunged. Ever-increasing burdens on consumers of power in terms of tariff hikes, true-up claims and other items like collection of additional developmental charges, substantial subsidy, additional support and loss funding being provided by the GoTS, and abnormal revenue gaps getting accumulated reflect utter mismanagement of the power sector in the state, notwithstanding a chief minister, who assumes airs of omniscience, and financial wizards and technical and engineering experts heading the power utilities of the GoTS steering it. The anarchy of keeping TSERC defunct for a period of nearly one year, by keeping the posts of Chairman and Members vacant, non-submission of ARR and tariff proposals for a period of three consecutive years ending 2021-22, deficiencies and inefficiencies in the functioning of the power utilities of the government, including non-collection of dues of power bills of the consumers, both governmental and non-governmental, and the kind of regulatory exercises being undertaken by the Commission, to some extent, have added to the crisis. Above all, it is the pro-corporate and anti-people policies and reforms being imposed by the Modi government on the states, without itself taking any responsibility and accountability for the disastrous consequences that have been arising as a result of implementing its diktats, that have been responsible for the irretrievable crisis the power sector finds itself in, as already explained in our earlier submissions on the subject issues and submissions made on ARR and tariff proposals of the TS DISCOMs for the year 2022-23 and during various public hearings being conducted by the Hon'ble TSERC. All the claims of the	• GoTS has started releasing LIS CC charges by providing budgetary support from 2021. This will improve collection efficiency and eventually reduce AT&C losses • GoTS has instructed Panchayat Raj and Municipal administration to pay CC charges as per vide Lr. No. 768, dt. 14.08.2020. • From FY 2020-21 onwards, TS Discoms are receiving regular monthly advance payments of subsidy. • Further benefits to SC & ST consumers for domestic use, Haircutting salons, Dobhighats, Laundry shops, powerlooms, poultry farms and spinning mills

	Bharat Rashtra Samithi government on strengthening and expanding generation, transmission and distribution networks in the state, ensuring continuous supply of power to consumers, free supply of power to agriculture throughout the year, limited free supply of power to some of the categories of consumers and subsidised supply to some of the other consumers cannot hide, much less justify, the kind of disastrous situation the power sector in the state finds itself in.	
3	**For the year 2022-23, the TS DISCOMs have shown that energy dispatched would be 74075 MU against 78274 MU approved by the Commission. Though the energy dispatch is estimated to come down by 4199 MU or 5.36%, the cost of power purchase is estimated to increase from Rs.35153 crore approved by the Commission to Rs.36035 crore. It works out to an increase by Rs.882 crore or 2.51%. With decrease in dispatch of energy, the overall cost of power purchase should have come down. Though fixed cost for purchasing the power is projected to come down from Rs.14376 crore approved by the Commission to Rs.12467 crore, due to reduction in quantum of power purchased, variable cost is estimated to increase from Rs.20759 crore approved by the Commission to Rs.23413 crore. The following points, among others, need to be examined:**	The main purpose of TS Discoms regarding purchase of power is to supply quality and reliable power to all the consumers and to ensure the policy of 24 x 7 supply to all categories of consumers. Based on the demand and availability in particular 15-minute time block, the Discoms have to procure power from markets if the availability in that particular time block doesn't meet the requirement. During H1 of FY 2022-23, the market rates were higher due to shortage of coal and due to importing of coal as per MoP guidelines. In addition to the above, there was also change in variable cost of Sembcorp due to "Change in Law" (as mentioned in section 9 of the intital responses).
3.a	**The DISCOMs have explained that variable cost is increasing due to increase in cost of coal, freight charges, royalty and levy of green cess, without giving details of when such increases have taken place and the extent of their impact on variable costs**	
3.b	**For the fixed cost of Rs.1331 crore, the DISCOMs could get 5443 MU instead of 3719 MU from the hydel projects of APGENCO**	TS Discoms have estimated the availability from Hydel projects as 5443 MU in FY 2022-23 for the fixed cost of Rs. 1331 crore. TS Discoms cannot comment on the availability projections of AP Genco Hydel.
3.c	**Though the DISCOMs have projected market purchases to increase from 2172 MU approved by the Commission to 4481 MU, with an estimated increase in variable cost from Rs.716 crore to Rs.2948 crore, they have not given details such purchases source-wise and price-wise. Price of market purchases is estimated to increase from Rs.3.29 per unit estimated by the Commission to Rs.6.58 per unit. It is not made clear whether the DISCOMs have obtained**	There are no purchases from short-term bilaterals (like PTC, etc.) during FY 2022-23 and FY 2023-24. Discoms purchased from exchange market only during the time-blocks when there is deficit in power requirement. Since the whole process of purchasing power from exchange is a collective transaction the source wise is not available. The month-wise short-term purchases from market (quantum and amount) by TS

	prior consent of the Hon'ble Commission to purchase additional power from the market at higher prices.	Discoms were already submitted in their petitions in the prescribed RSF formats.
3.d	**The DISCOMs have shown miscellaneous cost of Rs.105 crore, without giving details thereof**	TS Discoms have already provided the details of the expensesagainst which the same have been claimed under "Other Costs" section in power purchase in their respective petitions (Section 4.1.13 in TSSPDCL petition and section 5.1.13 in TSNPDCL petition)
3.e	**The DISCOMs have shown that the cost of power purchase would increase to Rs.41,066 crore, including distribution losses approved and transmission charges. They have not given details of the transmission charges and inter-state transmission charges to be paid to PGCIL source-wise. They have also not given details of amounts reimbursed or to be reimbursed by TS TRANSCO and PGCIL for the increase in market purchases made by the DISCOMs.**	TS Discoms have claimed the TS Transco charges for FY 2022-23 as per the TS Transco MYT Order for 4thControl Period. As regards to inter-state charges, TS Discoms have considered the actual PGCIL charges paid for H1 FY 2022-23 and the average of PGCIL rates for the months of January 2022 to October 2022 as available in the SRPC website were considered for H2 FY 2022-23. This rate along with the projected capacities for CGS stations, Sembcorp Energy (Units I, II) and CSPDCL has formed the basis for calculating PGCIL (POC) charges for H2 FY 2022-23. Other PGCIL charges (STOA charges) paid as a result of procuring power from IEX, has also been considered based on the actuals of H1 FY 2022-23. ForH1 FY 2022-23, the actual PGCIL (Non-POC) charges and SRLDC charges & fees, have been considered and the projections for H2 FY 2022- 23 have been done in line with the FY 2021-22 and H1 FY 2022- 23 actuals. As regards to amounts reimbursed or to be reimbursed by TS TRANSCO and PGCIL, TS Discoms submit that the details regarding the same shall be submitted in the APR filings for FY 2022-23.
3.f	**Though the DISCOMs have maintained that the actual energy dispatched for 2022-23 would be 6% higher than previous year and is following a similar trend of the previous years, viz., 2019-20, 2020-21 and 2021-22, it is obvious that growth rate in demand for power for 2022-23 is overestimated. Though the DISCOMs have maintained that the reduction in dispatch is due to the lower sales recorded in H1 of FY 2022-23, especially in HT IV lift irrigation schemes category, the details of the same are not given.**	The month-wise actual sales for H1 of FY 2022-23 and the projected sales for H2 of FY 2022-23 for all the categories (including HT IV LIS) have already been submitted by TS Discoms in the prescribed RSF formats.
4	**The DISCOMs have submitted that inter-state sale of surplus power is estimated to be 1674 MU against 5060 MU approved by the Commission and the total variable cost would be Rs.1141 crore against Rs.1619 crore estimated by the Commission. While inter-state sale of surplus power is estimated to be**	The quantum of power sold by TS Discoms i.e., 1674 MU is for the first half of FY 2022-23 (Apr'22 to Sept'22).TS Discoms have not projected sale of power for H2 of FY 2022-23 (reasons for which are already highlighted in above responses). TS Discoms shall engage in the sale of surplus power in various time blocks based on

	lesser by 66.91%, the estimated revenue from variable cost is estimated to be lesser by 29.52%. Even in a situation of scarcity for power and prices of power in the market and through power exchanges tending to be very high due to artificial scarcity for domestic coal created and import and utilisation of costly imported coal forced on thermal power plants by the Modi government, that the inter-state sale of surplus power by TS DISCOMs is estimated to be lesser by 66.91% shows that most of the surplus power available has been during off-peak hours and cannot be sold in the market	the real time market scenario i.e., only if the market conditions are favourable to TS Discoms.
5	**The DISCOMs have not given revised estimation of availability of surplus power and fixed charges to be paid for backing down the same during 2022-23. Moreover, this situation underlines imbalance between power mix and fluctuating demand curve, even after making a provision for availability of surplus power due to technical constraints in the present power system. The DISCOMs have not given details of thermal power being backed down in order to purchase must-run RE and NCE and the fixed charges being paid for such a backing down**	TS Discoms submitted the information as per the prescribed filing formats by TSERC and writeups. TS Discoms shall abide by the instructions of the Hon'bleCommission for submission of any additional information, asrequired.
6	**The benefits of lesser purchase of power and higher availability of hydel power, have been eroded substantially due to higher purchases in the market at higher prices and paying transmission charges to TS TRANSCO and PGCIL for the contracted capacities remaining under-utilised. While TSNPDCL has sought a true-down of Rs.369.10 crore, TSSPDCL has sought a true-up of Rs.1270.39 crore provisionally for the year 2022-23. This proposed burden on the consumers has to be seen in the background of the burden of Rs.6078.73 crore imposed on the consumers under tariff hikes for the year 2022-23. In the absence of required details, it is not possible to ascertain veracity and permissibility or otherwise of the claims of the TS DISCOMs, especially of SPDCL for its claims for provisional true-up for 2022-23.**	Everyday 15 minutes Time-Block Scheduling of power from all the available sources is being done based on merit order and any shortage of power due to sudden outages of plants, increase in Demand etc. is being purchased through Power exchanges considering the requirement in each 15 minutes Time-Block. Procurement of power under Short-term (Power Exchanges) considering power shortages in certain Time-Blocks is inevitable to bridge the Day to Day Demand-Supply gap. During the H1 of FY 2022-23, the market prices wer high due to the coal shortages in the country.
7	**In their ARR submissions for 2023-24, the DISCOMs have not explained as to why net availability from Chattisgarh Power Distribution Company Limited (CSPDCL) has been so low at a PLF of 19% for 2021-22, 31% PLF for 2022-23 and how is it projected to be 78% PLF for 2023-24. In response to the queries of**	At present, Captive Coal Mine (located at Chhattisgarh) has been allotted to Marwa plant, Chhattisgarh. Thereby the tariff of plant has been reduced further and TSDISCOMs persuing with CSPDCL to resolve the disputes in order to schedule power from Marwa plant.

	the Hon'ble Commission, TSSPDCL has submitted that the actual power purchased by TSDISCOMs from CSPDCL for FY 2021-22 is 1631 MU(availability of 19%) and for H1 2022-23 zero. However, for H2 of FY 2022-23, the estimated power purchase is shown as 2713 MU (31%), under the assumption that the disputes will be resolved by then. A quantum of`6825 MU (78%) is projected for 2023-24. The Hon'ble Commission has directed that - "Reasons for lesser energy availability from CSPDCL, details of fixed charges claimed, payment made by Discoms and action initiated against CSPDCL as per the provisions of PPA, if any, regarding lower availabilities may be submitted." The TSSPDCL has explained that, against the lesser availability of power declared by CSPDCL to TSDISCOMs for 2020-21 (39.67%) and for 2021-22 (19.71%), with claims of fixed charges of Rs.828.31 crore and Rs.394.98 crore, respectively, letter are being addressed to CSPDCL every month regarding uneven and irregular scheduling of power along with discrepancies noticed in the invoices, i.e., requesting not to claim trading margin as mutually agreed between the parties during the meeting held on 14.2.2017 and not claim other incidental charges till the finalization of the appeal No. 391/2018 filed by TSDISCOMs at APTEL against CSERC order on determination of capital cost of Marwa TPP and final consent to PPA and tariff by TSERC. The DISICOM has further informed that, TSDISCOMs informed CSPDCL, at a high level meeting held on 4th and 5th October, 2021, that necessary measures are being taken up to clear the undisputed dues (i.e, scheduled energy at provisional tariff of Rs.3.90/Kwh as per TSERC interim order dated 31.3.2017) "in a phased manner." While TS DISCOMs maintained that the difference in the outstanding amount as per their claims and those of CSPDCL needs to be clarified and reconciled subject to outcome of the appeal pending before APTEL/TSERC. In its invoice dated 23.9.2022, CSPDCL has claimed Rs.3576.89 crore pending upto 3.6.2022 under LPS Rules-2022, and TSDISCOMs in their letter dated 11.10.2022 have informed CSPDCL that Rs.2100 crore of dues have been considered by them under LPS rules-2022. TSSPDCL have explained that, "as the entire undisputed outstanding amount along with surcharge has been covered by TSDISCOMs under the LPS-Rules	With regard to the POC charges, it is to inform that the transmission capacity booked for Chhattisgarh is being utilized/adjusted to procure power through exchange and banking facilities. Further, TSDISCOMs filed petition against PGCIL on levy of relinquishment charges for the additional 1000 MW transmission capacity and the same is pending.

	2022, CSPDCL was requested to resume scheduling of 1000 MW contracted capacity to TSDISCOMs immediately, as curtailing the contracted capacity is causing uncertainty in Telangana State Grid operation apart from rendering huge financial loss by way of additional market purchases and by way of payment of POC charges to CTU for the full contracted capacity. But, CSPDCL still Scheduling Zero energy to TSDISCOMs." In other words, till the issues pending before APTEL/TSERC are resolved, in favour of, or against, TS DISCOMS (with scope for further appeals), even if CSPDCL does not supply power contracted, TSDISCOMs do not seem to be capable of doing anything, except "facing huge financial loss by way of additional market purchase and by way of payment of POC charges to CTU for the full contracted capacity." When this issue came for public hearing, GoTS, the DISCOMs and the then TSERC did not pay heed to the objections raised and suggestions made by objectors, including this objector, cautioning about the serious risks involved on a long-term basis in entering into an agreement with CSPDCL in the manner proposed and submitted to TSERC. Unable to wriggle out of their predicament, the DISCOMs have been forced to resort to legal recourse against the adverse consequences that have been arising as a result of the imprudent manner in which the entire transaction took place, because of, or despite, the direct involvement of the Hon'ble Chief Minister in the issue. How much was the penalty paid by the DISCOMs to the CTU for cancelling the additional 1000 MW transmission capacity contracted by them and under what head the DISCOMs have shown the penalty amount?	
8	**The annexures claimed to have been submitted by TSSPDCL along with its additional information to the Hon'ble Commission are not available in the web site of the latter. Nor are they available on the web site of TSSPDCL**	The annexures referred by the Objector are now available in the website of TSSPDCL.
9	**The Hon'ble Commission has issued Regulation No.1 of 2023 - Third Amendment to (Terms and Conditions for Determination of Tariff for Wheeling and Retail Sale of Electricity) Regulation No.4 of 2005. Though it is a matter relating to tariffs to be paid by the consumers, the Hon'ble Commission has simply invited suggestions and objections from interested public to the draft**	The comment/ suggestion is under the purview of Hon'ble Commission as it is directed towards them.

	uploaded in its website, has not held any public hearing, despite requests made by objectors, and has issued the amended regulation, without making objections/suggestions of the objectors and the responses of the Commission to the same public, as if the regulatory process pertaining to the issue were a mere formality, without ensuring transparency, accountability and public participation. Generally, regulations and amendments thereto are being issued by the ERCs after holding public hearings.	
10	**The mechanical approach with which the DISCOMs are permitted to levy a maximum amount of FCA charges of Rs.0.30 per unit (in kWh) on the consumers as per Regulation No.1 of 2023 under FSA-FCA, without the prior approval of the Commission, and treating cost of power purchase as "uncontrollable" is too sweeping. With this amendment, monthly additional burdens are going to be imposed on the consumers, with scope for true-down being a very rare**	TS Discoms submit that the FCA mechanism aims to recover/refund the variation in the actual fuel costs from the approved fuel costs and the parameters used in FCA formulae are defined to avoid pass through of any higher costs. Further, the FCA claims are subject to quarterly check and annual true up of TS Discoms.