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SOUTHERN POWER DISTRIBUTION COMPANY OF TELANGANA LIMITED

(Distribution and Retail Supply of Electricity Licensee)



Summary of Filing of ARR & Proposed Tariffs For Retail Supply Business including Cross Subsidy Surcharge & Additional Surcharge for Open Access Consumers FY 2018-19



SUMMARY OF ARR & FPT FOR RETAIL SUPPLY BUSINESS FOR FY 2018-19

This filing is made by the Southern Power Distribution Company Of Telangana Limited (TSSPDCL) under Section 64 of the Electricity Act 2003 for determination of the ARR and Tariff for Retail Supply Business for the year 2018-19. The licensee has filed the ARR for FY2018-19 on 15.12.2017 and subsequently has made Filings for Proposed Tariffs along with Cross Subsidy Surcharge and Additional Surcharge Proposals on 21.12.2017.

Key Projections for Ensuing Year 2018-19

i) Sales Forecast:

The Licensee submits the following forecast of energy sales (in million units) as part of the current application to the Hon'ble Commission:

Category/Sales Forecast (MU)	2016-17 (Actual)	2017-18 (H1-Actuals, H2- Projections)	2018-19 (Projections)
LT-I: Domestic	7084.04	7716.86	8322.51
LT-II: Non-Domestic/Commercial	2208.81	2409.56	2572.94
LT-III- Industry	812.65	844.80	879.59
LT-IV: Cottage Industries	9.34	9.16	9.35
LT-V: Agricultural	8767.64	9496.62	9765.40
LT-VI: Street Lighting & PWS Schemes	684.76	683.69	706.34
LT-VII: General Purpose	65.01	70.28	75.04
LT-VIII: Temporary Supply	2.11	2.73	3.01
Total LT	19634.36	21233.70	22334.17
HT Category at 11 kV	4490.53	4945.28	5356.68
HT-I(A): Industry (General)	2971.10	3287.17	3532.34
HT-I(B): Ferro Alloy Units	0.10	0.17	0.17
HT-II: Others	1346.51	1449.38	1549.56
HT-III: Airports, Bus Stations and Railway Stations	5.14	4.93	5.03
HT-IV(A): Lift Irrigation & Agriculture	26.12	36.37	40.55
HT-IV(B): CPWS	28.18	38.02	91.47
HT-VI: Townships & Residential Colonies	81.58	92.73	100.30
HT-VII Temporary Supply	31.80	36.52	37.26
HT Category at 33 kV	3726.57	3864.38	4215.42
HT-I(A): Industry (General)	3059.99	3133.97	3219.27
HT-I(B): Ferro Alloy Units	-	-	-
HT-II: Others	598.96	639.22	672.20
HT-III: Airports, Bus Stations and Railway Stations	-	-	-

HT-IV(A): Lift Irrigation & Agriculture	24.64	37.84	45.04
HT-IV(B): CPWS	0.39	1.22	220.71
HT-VI: Townships & Residential Colonies	42.59	52.12	58.20
HT-VII Temporary Supply	-	-	-
HT Category at 132 kV	2992.72	2982.48	4527.98
HT-I(A): Industry (General)	1770.02	1749.98	2151.38
HT-I(B): Ferro Alloy Units	159.87	137.60	141.75
HT-II: Others	63.68	85.13	163.11
HT-III: Airports, Bus Stations and Railway Stations	55.37	61.75	63.30
HT-IV(A): Lift Irrigation & Agriculture	802.27	760.32	1717.45
HT-IV(B): CPWS	-	-	-
HT-V(A): Railway Traction	141.52	158.70	171.00
HT-V(B): HMR Traction	-	29.00	120.00
HT-VI: Townships & Residential Colonies	-	-	-
HT-VII Temporary Supply	-	-	-
Total HT	11209.83	11792.13	14100.09
Total LT + HT	30844.18	33025.84	36434.26

ii) Losses

- a) **Discom's Losses:** The table below provides the Discom's distribution losses including and excluding EHT sales for years 2016-17, 2017-18 and 2018-19.

Particulars	2016-17	2017-18		2018-19
	Actual	E.R.C	Proj.	Proj.
Discom Losses (incl EHT) (%)	11.38%	9.70%	10.28%	9.64%
Discom Losses (Excl EHT) (%)	12.45%	10.78%	11.19%	10.85%

For the FY 2017-18 & 2018-19 the licensee has arrived the Distribution losses by assuming the voltage wise loss levels, at the same level as approved by the Hon'ble TSERC in its Distribution tariff Order dated 27th March, 2015.

- b) **Transco & PGCIL Losses:** The Hon'ble Commission had approved a loss trajectory for the licensee as per the Transmission tariff order for the period FY2014-15 to FY2018-19. The same has been considered for projection of energy input for 2017-18 and 2018-19. The external losses (PGCIL) are estimated to be 2.47%. The external loss for procurement of power from CSPGCL is considered as per the approved loss trajectory by the respective commission viz. CSERC i.e., 3.22%.

Losses	2017-18	2018-19
Transco Loss (%)	3.10%	3.09%

PGCIL losses	2.47%	2.47%
External losses (CSPGCL)	3.22%	3.22%

iii) Power Purchase requirement and Expenditure Projections

- a) **Power Purchase requirement and Cost:** As per the sales forecast and projected losses, TSSPDCL would require to purchase a quantum of energy of 38664MU for 2017-18 and 42193MU for 2018-19 for sale of power to various categories aggregated by energy losses and the cost of this energy would be Rs.18,307 Cr. and Rs.18,433 Cr. respectively after considering net of Pool transactions.

Details	2017-18	2018-19
Power Purchase (MU)	38,664	42,193
Power Purchase / Procurement Cost (Rs. Cr.)	18,307	18,433

The summary of revised power purchase cost for TSSPDCL for FY2017-18 is shown below:

Generating Station	Power Purchase (MU)	Power Purchase Cost (Rs.Crs)	Average power purchase cost (Rs./kWh)
Genco Thermal	11654.27	5313.14	4.56
Genco Hydel	994.47	926.58	9.32
Central Generating Stations	7416.01	3009.07	4.06
APGPCL	70.26	22.03	3.13
IPPs	0	0	0
NCEs	2759.09	1646.27	5.97
Others (Singareni, Thermal Power Tech & CSPGCL)	14036.16	5978.70	4.26
Market	2112.74	1563.07	7.40
D-D Purchases/(Sales)	(379.22)	(151.69)	4.00
Total	38663.77	18307.16	4.73

The summary of projected power purchase cost for TSSPDCL for FY2018-19 is shown below:

Generating Station	Power Purchase (MU)	Power Purchase Cost (Rs.Crs)	Average power purchase cost (Rs./kWh)
Genco Thermal	13042.39	5853.74	4.49
Genco Hydel	2214.96	978.95	4.42
Central Generating Stations	10460.60	4071.95	3.89
APGPCL	41.04	12.27	2.99
IPPs	0	0	0
NCEs	4223.47	2478.27	5.87
Others (Singareni, Thermal Power Tech & CSPGCL)	15181.90	6201.94	4.09
Market	286.79	138.75	4.84
D-D Purchases/(Sales)	(3257.93)	(1303.17)	4.00
Total	42193.22	18432.71	4.37

- b) **Transmission Charges:** The licensee has adopted the Transmission capacity contracted and rate of Transmission charges for FY2017-18 as per the approved figures in the MYT Transmission Tariff Order 2014-15 to 2018-19 dt.09.05.2014 and new MYT Transmission Tariff order for the balance 2 years of the 3rd control period dt. 01.05.2017. As the MYT Transmission Order dt. 09.05.2014 considered transmission capacity contracted with erstwhile APCPDCL (including Anantapur & Kurnool), the licensee has deducted the Anantapur & Kurnool share of the transmission capacity according to G.O.Ms.No.20, dated 08.05.2014. The revised capacities of TSSPDCL have been considered for April month transmission charges in FY 2017-18 and the remaining 11 months charges are arrived based on the new MYT Transmission Tariff order dt. 01.05.2017. The charges for FY 2018-19 are calculated as per the new MYT Transmission tariff Order. Accordingly, the Transmission charges expected for 2017-18 and 2018-19 are Rs.698.61 Cr. and Rs.959.57 Cr. respectively.

Particulars	2017-18	2018-19
Transmission contracted capacity (MW)	9,756	9,886
Approved Transmission rate (Rs. KW/month) (as per MYT Order dated 09.05.2014)	95.37 *	--
Approved Transmission rate (Rs. KW/month) (as per MYT Order dated 01.05.2017)	56.31	73.12
Transmission Charges (Rs. Crores)	698.61	959.57

* applied for 1 month in FY2017-18

- c) **PGCIL & ULDC Charges:** PGCIL & ULDC charges projection for H2 2017-18 and 2018-19 has been done based on the CERC determined charges for stations connected to PGCIL as shown below:

Details (in Crs.)	2017-18	2018-19
PGCIL Expenses	611.98	796.91
ULDC Charges	3.92	2.10
Total	615.90	799.00

- d) **SLDC Charges:** SLDC charges up to 20.06.2017 were calculated based on the MYT Order for FY2014-15 to FY2018-19 dt. 09.05.2014 and from 20.06.2017, it has been calculated based on the new MYT Order dt. 20.06.2017. For FY2018-19, the SLDC charges are calculated based on the new MYT SLDC order. The contracted capacities considered for Transmission cost has been considered for the SLDC charges calculations. The charges are expected to be Rs. 22.61 Cr for 2017-18 and Rs.23.50 Cr for 2018-19.

Particulars	2017-18	2018-19
Contracted Capacity (MW)	9,756	9,886
As per MYT Order dated 09.05.2014		
Approved Annual SLDC fees (Rs. MW/Year)	3995.39*	---
Approved Operating charges (Rs. MW/Month)	2300.31*	---
As per MYT Order dated 20.06.2017		
Approved Annual SLDC fees (Rs. MW/Year)	2908.44	3578.01
Approved Operating charges (Rs. MW/Month)	1481.88	1492.87
Total SLDC charges (Rs. Crs)	22.61	23.50

* applied for 80 days in FY 2017-18 (up to 20.06.2017)

- e) **Distribution Cost:** The Licensee has considered the Distribution costs for 2017-18 and 2018-19 as approved in the Distribution business Tariff order for 3rd MYT control period 2014-15 to 2018-19 by TSERC. The distribution costs for 2017-18 and 2018-19 are Rs. 2662.91 Cr and Rs. 3098.72 Cr respectively.

Particulars (in Crs.)	2017-18	2018-19
Operation & Maintenance Charges	1746.05	2014.41
Return on capital employed	610.10	729.99
Depreciation	704.56	774.49
Taxes on income & Special Appropriations & Other Expenditure	77.16	88.40
Less: IDC/Expenses capitalized	112.25	113.10
Distribution Cost	3025.62	3494.18
Less: Wheeling Revenue	0.00	0.00
Less: NTI	362.72	395.46
Net Distribution Cost	2662.91	3098.72

- f) **Interest on Consumer Security Deposits:** The licensee has adopted 6.25% p.a. as interest rate which is prevailing bank rate of RBI on security deposit for FY2017-18 and FY2018-19 in these filings. The interest on consumer security deposit for 2017-18 is estimated at Rs.165.37 Cr. and Rs. 176.18 Cr. for 2018-19.

Particulars (in Crs.)	2017-18	2018-19
Opening Balance	2580.87	2711.08
Additions during the Year	130.22	215.64
Closing Balance	2711.08	2926.72
Average Balance ((Opening + Closing)/2)	2645.97	2818.90
Interest @ % p.a.	6.25	6.25
Interest Cost	165.37	176.18

- g) **Supply Margin:** The Supply Margin is arrived based on the approved RRB by TSERC in the Distribution Tariff order dated 27th March, 2015.

(in Rs. Crs)	2017-18	2018-19
Supply Margin Amount	24.40	29.20

- h) **Other Costs:** The Licensee has not considered any other cost for FY2018-19. In FY 2017-18 the other costs of Rs. 2.42 crores pertains to SLDC cost adjustment due to implementation of New MYT SLDC Tariff Order from 20.06.2017.

iv) **Aggregate Revenue Requirement for Retail Supply Business**

The Aggregate Revenue Requirement for the Retail Supply Business is provided below for 2017-18 and 2018-19:

Expenditure Item (in Crs.)	2017-18	2018-19
Transmission Cost	698.61	959.57
SLDC Charges	20.91	23.50
Distribution Cost	2662.91	3098.72
PGCIL & ULDC Cost	615.90	799.00

Expenditure Item (in Crs.)	2017-18	2018-19
Network and SLDC Charges	3997.60	4880.79
Power Purchase and procurement cost	18307.16	18432.71
Interest on Consumer Security Deposits	165.37	176.18
Supply Margin	24.40	29.20
Other Costs	2.42	0.00
Supply related Cost	18499.36	18638.09
Aggregate Revenue requirement	22496.96	23518.88

v) **Revenue Projections**

- a) **Revenue from Sale of Power at Current Tariffs:** Revenue from sale of power at current tariffs is arrived at Rs.16365.69 Cr. for 2017-18 and Rs.18432.55 Cr. for 2018-19. The Category-wise revenue from sale of power at current tariffs is provided in the table below.

Revenue from Current Tariffs Rs.Crs.)	2017-18	2018-19
LT Category	7186.32	7670.08
LT-I: Domestic	3578.93	3852.34
LT-II: Non-Domestic/Commercial	2419.49	2583.56
LT-III: Industry	655.12	681.34
LT-IV: Cottage Industries	4.23	4.31
LT-V: Agricultural	39.22	41.41
LT-VI: Street Lightning & PWS Schemes	433.59	447.54
LT-VII: General Purpose	52.69	56.22
LT-VIII: Temporary Supply	3.06	3.36
HT Category	9179.37	10762.48
HT-I(A): Industry (General)	6180.85	6738.65
HT-I(B): Ferro-Alloy Units	68.91	70.99
HT-II: Others	2058.98	2249.29
HT-III: Airports, Bus Stations and Railway Stations	48.55	49.59
HT-IV: Irrigation & CPWS	554.62	1313.92
HT-V: Railway Traction	119.84	182.24
HT-VI: Townships & Residential Colonies	97.16	106.53
HT Temporary	50.47	51.27
Total	16365.69	18432.55

- b) **Non-tariff Income at Current Charges:** The non-tariff income is estimated as Rs.35.05 Cr. in 2017-18 & Rs.35.75 Cr. in 2018-19.

Items of Non-Tariff Income (Rs.in crore)	2017-18	2018-19
Capacitor Surcharge	21.22	21.64
Interest on Others (ED)	3.70	3.77
Reactive Income	0.32	0.32
Grid supporting /Application charge	0.51	0.52
Interest on Bank deposits	2.58	2.63
Application Registration Fee	1.86	1.90
Reconnection Fee –LT	0.99	1.01
Reconnection Fee –HT	0.32	0.32

Items of Non-Tariff Income (Rs.in crore)	2017-18	2018-19
Other income	3.56	3.63
Total Non-tariff Income	35.05	35.75

c) **Revenue from Cross Subsidy Surcharge and Additional Surcharge:** The Discom has estimated Open Access (OA) sales of 2159.45 MU for FY 2017-18 by considering the actual for first Half (H1) and projections for H2 based on the FY16-17 trend. The revenue from Cross Subsidy Surcharge for FY 2017-18 is calculated upto August 2017 based on the CSS order for FY 2016-17 and for the balance period i.e. from September 2017 to March 2018 considering the CSS order for FY 2017-18. Accordingly, The Revenue from Cross Subsidy Surcharge for FY 2017-18 is estimated at Rs. 306.92 Crs.

The Discom has projected revenue from additional surcharge considering the Open access sales estimated for January 2018 to March 2018 at the rate of Rs.0.52/kWh as approved by the Hon'ble Commission vide its order dated 13.12.2017. Accordingly, the revenue from additional surcharge for FY 2017-18 is Rs. 31.04 crores

vi) **Revenue Gap at Current Tariff and Charges:** The Revenue Gap at current tariffs with estimated ARR for FY 2017-18 is Rs. 5031.17Crores.

Revenue Deficit/Surplus (Rs.in crore)	2017-18
Aggregate Revenue Requirement	22,496.96
Revenue from Current Tariffs	16,365.69
Non-Tariff Income	35.05
Revenue from Cross Subsidy Surcharge	306.92
Revenue from Additional Surcharge	31.04
Revenue Deficit(-)/Surplus(+) at Current Tariffs	(5758.26)
Subsidy	727.09
Net gap – Deficit(-)/Surplus(+)	(5031.17)

vii) **Tariff proposals for FY2018-19**

The licensee submits the Hon'ble Commission for retaining the tariffs as per the Tariff Order of FY 2017-18, for the ensuing year FY 2018-19.

viii) **New Category Proposal for Electric Vehicles: Tariff for Electric Vehicle Charging Stations/ Charging Infrastructure/ Battery Swap:**

The National Electric Mobility Mission Plan 2020, notified by the Department of Heavy Industry, Ministry of Heavy Industries and Public Enterprises, Government of India seeks to enhance national energy security, mitigate adverse environmental impacts from road transport vehicles and boost domestic manufacturing capabilities for Electric Vehicles (EVs). It is envisaged that EVs are expected to play a significant role in India's transition to a low-carbon eco-system.

As per estimates, based on Total Cost of Ownership (TCO), commercial fleet of cars (taxis) could possibly be among the first adopters of EVs on a large scale followed by private vehicles. TSDiscoms are of the view that the activity of usage of power for Charging Infrastructure/ Battery swap should be recognized as a commercial activity. Considering the above, the licensee proposes the tariff for this category as follows:

For Electric Vehicle Charging Stations/ Charging Infrastructure/ Battery Swap set up at LT voltage level	Tariff applicable would be as per the LT II (Non-domestic/commercial) category tariff notified by Hon'ble TSERC in the 2017-18 Tariff Order.
For Electric Vehicle Charging Stations/ Charging Infrastructure/ Battery Swap set up at HT voltage level	Tariff applicable would be as per the HT II (Others) category tariff notified by Hon'ble TSERC in the 2017-18 Tariff Order (for respective voltages)

ix) Proposal of Two-Part tariff to HT-IV(A)-Lift Irrigation Schemes:

Based on the data received from Irrigation Department (Government of Telangana) major irrigation project – Kaleshwaram 2,305 MW would be operational in the ensuing year. The other new Lift Irrigation (LI) schemes expected to be operational in FY 2018-19 contribute another 208 MW. Hence the projected load from LIS schemes in the ensuing year would be 4,140 MW including existing loads. The projected sales from LI schemes for FY 2018-19 are 5,583 MU.

It may be observed from the above that projected demand from the LI schemes on the grid is substantial. TS Discoms would have to contract adequate quantities of power in advance in order to ensure continued supply of power to LI schemes and all other category of consumers.

TS Discoms have endeavoured to minimize the power purchase through optimal contracting through non-RTC contracts. It may be appreciated that such contracts would still have fixed cost commitment due to non-off take of power by the Discom in a scenario of reduced demand from the LI schemes when compared to the projected loads.

The above situation has an adverse impact on the financials of the Discoms. Further as per the recommendations of the committee constituted by Ministry of Power (MoP) on rationalization of Tariff structures, greater emphasis has been placed on recovery of fixed and variable costs through two part tariff structures. Hence Discoms need to enhance the recovery of fixed charges through two part tariff structures which are reflective of the fixed and energy costs commitments of power contracts.

In view of the above, TS Discoms propose the introduction of two-part tariff structure for HT- IV Lift Irrigation Schemes as follows:

Current Tariff Structure: Energy Charge – INR 6.40/KWh	Proposed Tariff Structure: Demand Charge – INR 390/KVA/month Energy Charge – INR 4.88/KWh
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Proposed Tariff Conditions –

Demand Charges would be levied on **80%** of Contracted Maximum Demand (CMD) or Recorded Maximum Demand (RMD) for Operational Months – July to November (5months).

Demand Charges would be levied on **30%** of Contracted Maximum Demand (CMD) or Recorded Maximum Demand (RMD) for Non-Operational Months – December to June (7months).

x) Levy of Standby Charges:

Standby arrangements could be required by Open Access consumers to tide over deficits in cases of situations such as outages of generator, transmission assets, etc. In such situations the Open Access consumer has to take power from an alternate source e.g. from the DISCOM. The charges for maintaining standby arrangements for such

consumers should be reflective of the costs incurred by DISCOMs for providing these support services.

The licensee has procured power for supply of power to consumers in the state. The Open Access consumer during the course of consumption has depended on the supply from licensee for tiding over any supply imbalances which they may face. Hence the licensee prays that the Hon'ble Commission may fix standby charges after due consideration.

xi) Determination of True-ups:

The licensee is currently in the process of estimating revenues and provisional true-up for FY2017-18. Due to the policy decision of Government of Telangana, three phase power needs to be supplied to all agricultural consumers for 24 hours/day from 1st Jan 2018. This has a significant impact on the agricultural sales. In addition there is high volume of sales estimated from Lift Irrigation (LI) schemes. In view of the above, licensee prays that the Hon'ble Commission may allow the Licensee to file provisional true-up for FY2017-18 separately along with final true-up of FY2016-17. This will enable the licensee in minimizing the financial impact on the consumers.

xii) Determination of Cross subsidy Surcharge for FY 2018-19:

The licensee has adopted the methodology stated in the amended National Tariff Policy notified by Ministry of Power on 28th January, 2016 for determination of the cross-subsidy surcharge. The Cross Subsidy computed by the licensee for each category is as shown below:

Categories	Average Realization (INR/unit)	Weighted PP (INR/unit)	Wheeling charges (INR/unit)	Applicable Loss%	Cross Subsidy Surcharge (INR/unit)	20% Limit on average Realization	Cross Subsidy Surcharge (INR/unit)
HT Category at 11kV							
HT-I Industry	8.11	4.37	0.53	10.91%	2.68	1.62	1.62
HT-II - Others	9.90	4.37	0.53	10.91%	4.47	1.98	1.98
HT-III - Airports, Railway and Bus stations	8.75	4.37	0.53	10.91%	3.32	1.75	1.75
HT -IV Irrigation, Agriculture and CPWS	5.89	4.37	0.53	10.91%	0.46	1.18	0.46
HT VI: Townships & Residential Colonies	6.72	4.37	0.53	10.91%	1.28	1.34	1.28
HT VII: Temporary Supply	13.77	4.37	0.53	10.91%	8.34	2.75	2.75
HT Category at 33kV							
HT-I Industry	7.44	4.37	0.16	6.96%	2.58	1.49	1.49
HT-II - Others	8.68	4.37	0.16	6.96%	3.82	1.74	1.74
HT-III - Airports, Railway and Bus stations	0.00	4.37	0.16	6.96%	0.00	0.00	0.00
HT -IV Irrigation, Agriculture and CPWS	5.42	4.37	0.16	6.96%	0.56	1.08	0.56
HT VI: Townships & Residential Colonies	6.76	4.37	0.16	6.96%	1.90	1.35	1.35

Categories	Average Realization (INR/unit)	Weighted PP (INR/unit)	Wheeling charges (INR/unit)	Applicable Loss%	Cross Subsidy Surcharge (INR/unit)	20% Limit on average Realization	Cross Subsidy Surcharge (INR/unit)
HT Category at 132kV and Above							
HT-I Industry	6.80	4.37	0.13	3.09%	2.16	1.36	1.36
HT-II - Others	8.24	4.37	0.13	3.09%	3.60	1.65	1.65
HT-III - Airports, Railway and Bus stations	7.15	4.37	0.13	3.09%	2.51	1.43	1.43
HT -IV Irrigation, Agriculture and CPWS	6.79	4.37	0.13	3.09%	2.15	1.36	1.36
HT-V Railway/HMR Traction	6.27	4.37	0.13	3.09%	1.64	1.25	1.25
HT VI: Townships & Residential Colonies	0.00	4.37	0.13	3.09%	0.00	0.00	0.00

The licensee humbly requests the Hon'ble Commission not to restrict the Cross Subsidy Surcharge at 20% of tariff payable by the consumer as the tariffs are not within +/-20% Average Cost of Supply. Further, the licensee humbly submits that the Hon'ble Commission may notify a roadmap/ methodology for reduction of cross subsidy across the consumer categories. This will enable the licensee in fixing up cross subsidy surcharge without any under recovery.

xiii) Determination of Additional Surcharge for FY 2018-19:

The Hon'ble Commission has issued Additional Surcharge Order for FY 2017-18 considering the actual parameters viz. Fixed PP Costs, Transmission & Distribution Costs, Open Access & Backed Down energy of FY 2016-17. The Licensee has arrived at the stranded cost by limiting the fixed costs attributable only to the Open Access sales. Hence, the Additional Surcharge computation for FY 2018-19 has been tabulated below:

S. No.	Particulars	Unit	Value
A	Long Term Available Capacity (excluding market purchase)	MW	7670.04
B	Capacity stranded due to open access	MW	246.51
C	Approved/Actual Total Fixed Charges (excluding market purchase)	INR Cr	15,317
D = C/A	Fixed Charge/ MW available	INR Cr/ MW	2.00
E = D*B	Fixed Charge for Stranded Capacity	INR Cr	492.29
F	Transmission Charge Paid	INR Cr	2,575.42
G	Projected Energy Requirement	MU	64290.84
H = F/G	Transmission Charges per kWh (Inclusive of PGCIL charges)	Rs./kWh	0.401
I	Distribution Charges as approved in TO	Rs./kWh	0.78
J = H+I	Total T&D charges per kWh	Rs./kWh	1.181
K	Projected Energy consumed by open access consumer from DISCOM	MU	2162.74

L = K * J	T&D charges paid by Open access consumer to DISCOM	INR Cr	255.5
M	Projected Demand Charges recovered by DISCOMs from Open Access	INR Cr	303.29
N = M - L	Demand Charges to be adjusted	INR Cr	47.81
O = E - N	Net stranded charges recoverable	INR Cr	444.48
P	Open Access Sales	MU	2159.45
Q = O/P	Additional Surcharge derived	Rs./kWh	2.06

The licensee submits that in the above computation, capacity stranded due to open access is limited to backed down units or open access volumes whichever is lower as shown in S.No. B. Hence the licensee submits that limiting the additional surcharge derived as per S. No. Q above to the OA units as a percentage of backed down units would lead to double accounting and under recovery of stranded assets.

xiv) Revenue at Proposed Tariffs:

The gross revenue at proposed tariffs with the projected sales for FY 2018-19 is shown below.

Revenue from Proposed Tariffs (Rs. Crs.)	2018-19
LT Category	7670.08
LT-I: Domestic	3852.34
LT-II: Non-Domestic/Commercial	2583.56
LT-III: Industry	681.34
LT-IV: Temporary Supply	4.31
LT-V: Agricultural	41.41
LT: Others	507.12
HT Category	10833.83
HT-I(A): Industry (General)	6738.65
HT-I(B): Ferro-Alloy Units	70.99
HT-II: Others	2249.29
HT-III: Airports, Bus Stations and Railway Stations	49.59
HT-IV: Irrigation & CPWS	1385.28
HT-V: Railway & HMR Traction	182.24
HT-VI: Townships & Residential Colonies	106.53
HT Temporary	51.27
Total	18503.91

xv) Revenue from Cross subsidy Surcharge and Additional Surcharge:

The Licensee has projected the Open Access Sales for FY 2018-19 same as the Open Access sales for FY 2017-18. The total revenue from proposed CSS for FY 2018-19 is estimated at Rs. 312.36 Crores and revenue from Additional surcharge is estimated at Rs.444.48 Crores considering for 2159.45MU of Open Access sales at Rs. 2.06 per unit.

xvi) **Revenue Gap at proposed tariff:**

The Revenue Gap at proposed tariffs with estimated ARR for FY2018-19 is Rs. 4,222.38 Crores as shown below.

Revenue Deficit/Surplus (INR crore)	2018-19
Aggregate Revenue Requirement	23,518.88
Revenue from Proposed Tariffs	18,503.91
Non-Tariff Income	35.75
Revenue from Cross Subsidy Surcharge	312.36
Revenue from Additional Surcharge	444.48
Revenue Deficit(-)/Surplus(+) at Proposed Tariffs	(4,222.38)