

RESPONSE TO QUERIES ON COMMENTS ON THE FILINGS OF ADDITIONAL SURCHARGE FOR H2 OF FY 2024 - 25



SOUTHERN POWER DISTRIBUTION COMPANY OF TELANGANA LTD.

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NORTHERN POWER DISTRIBUTION COMPANY OF TELANGANA LTD.

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S.No.	Name and Address of the Objector	Pg.No.
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1. Response to IEX

Sl.No.	Summary of Objections / Suggestions	Response of the Licensee
	<p>The State Distribution Companies of Telangana TGSPDCL & TGNPDCL (hereinafter referred to as 'Licensees' or 'Petitioners' or TS Discoms) have filed the present Petitions before the Hon'ble Telangana Electricity Regulatory Commission (hereinafter referred to as 'Hon'ble Commission') for determination of Additional Surcharge ('ASC') of Rs. 1.60/ unit for H2 of FY 2024-25 IEX comments in the subject petition are as under.</p> <p><u>1. Additional Surcharge may not be applicable on OA Consumer to the extent of contract demand being maintained with the distribution licensees</u></p> <p>1.1. It is submitted that the Ministry of Power recently issued Electricity (Amendment) Rules, 2024 on 10.01 2024 clarifying that additional surcharge shall not be applicable on the Open Access Consumer to the extent of contract demand being maintained with the distribution licensees. The relevant extract of the Electricity (Amendment) Rules, 2024 is provided below: "(3) Additional Surcharge– The additional surcharge levied on any Open Access Consumer shall not be more than the per unit fixed cost of power purchase of the distribution licensee concerned: Provided that for a person availing General Network Access or Open Access, the additional surcharge shall be linearly reduced from the value in the year in which General Network Access or Open Access was granted so that, if it is continued to be availed by this person, the additional surcharge shall get eliminated within four years from the date of grant of General Network Access or Open Access:</p>	<ul style="list-style-type: none"> • The Additional Surcharge is computed for H2 of FY 2024-25 based on the approved methodology in O.P No 23 of 2020 along with the directions issued in the AS order for H1 of FY 2024-25 by Hon'ble TGERC. • Hence, TS Discoms have followed the Hon'ble Commission's methodology for determination of Additional Surcharge for H2 of FY 2024-25 in the order to meet the fixed costs incurred by the TSDISCOMs on account of stranded capacity due to open access. • Further, The Electricity (Amendment) Rules, 2024 are not in accordance with the Electricity Act, 2003 which provides for the need for compensating the distribution licensees by levying additional surcharge in case a consumer switches to alternate supplies under open access. • As per the RST orders issued by the Hon'ble Commission regularly, the entire fixed costs commitments of Generation, Transmission and Distribution systems are being recovered through Demand Charges from HT Consumers & Fixed Charges from LT Consumers to the extent of less than 30% though open access consumers are maintaining the contract demand with distribution Licensee.

<p><u>Provided further that the additional surcharge shall not be applicable for Open Access Consumer to the extent of contract demand being maintained with the distribution licensees:</u></p> <p>Provided also that the additional surcharge shall be applicable only for the Open Access Consumers who are or have been consumers of the concerned Distribution licensee. "</p> <p>1.2. Therefore, it is understood from the above rules that the Additional Surcharge shall not be applicable on the Open Access Consumer to the extent of contract demand being maintained with the distribution licensees The Hon'ble Commission is requested to kindly consider the same while finalizing the current petition.</p>	<ul style="list-style-type: none"> Major portion of fixed cost (around 70%) is being recovered through energy charges from the consumers. Hence, the Open access Consumers are liable to pay the additional surcharge as the generators with which DISCOMs are tied up getting stranded due to switching over of Consumers.
<p><u>2. No rational to adjust LT Cost from demand charges paid by HT Open Access consumers</u></p> <p>2.1 As per regulation 8 of the Terms and Conditions of Open Access to Intra- State Transmission and Distribution Regulation 2005, wherein, the Hon'ble Commission has allowed open access to consumers with contracted capacity more than 1 MW. Consequently, it can be inferred that no consumer (with CD more than 1 MW) is utilizing the facility of Open Access are connected to LT network.</p> <p>2.2. TS Discoms in Table (at page 4) of the present methodology for determination of additional surcharge has submitted the demand charges paid by the open access consumers for the power procured through TS Discoms. Evidently as per the regulations mentioned above open access is allowed only to consumers connected to HT network.</p> <p>2.3 TS Discoms in the present petition while adjusting the demand charges of industrial/ heavy load/ HT consumers for determination of additional surcharge has excluded the demand charges recovery portion of LT network cost Relevant table of</p>	<ul style="list-style-type: none"> For computation of additional surcharge, TG Discoms have followed the methodology as provided by Hon'ble TGERC vide order in O.P. No. 23 of 2020 dated 18.09.2020 along with directions issued in the AS Order for H1 &H2 of FY 2023-24. Further, in the order of Additional Surcharge for H1 of FY 2024-25 in O.P. No. 07 of 2024 and O.P. No. 08 of 2024 of TGSPDCL & TGNPDCL respectively, the Commission in para 4.6.1 has provided a detailed methodology of Net Demand Charges Recovery by TGDISCOMs from Open Access Consumers. TG Discoms have computed the Additional Surcharge for H2 of FY 2024-25 by following the aforementioned methodology by the Hon'ble Commission.

the petition is provided below:

Table : Net Demand Charges recovered by TSDISCOMs from Open Access consumers

(A)	Total Demand Charges Recovered		INR Cr	161.19
(B)=31.48%*(A)	Distribution Cost recovery percentage in demand Charges as per Tariff Order values	31.48%	INR Cr	50.75
(C)=82.8%(B)	Lt Network cost recovery percentage in Distribution cost	82.80%(1-17.20%)	INR Cr	42.02
(D)=(A-C)	Net demand charges (Excluding LT network cost recovery) considered in Additional Surcharge calculations		INR Cr	119.17

- 2.4. However, since the "Demand charge paid by Open Access consumers" has no component of LT cost, any adjustment towards the same is unjustified.
- 2.5. Therefore, excluding the demand charges recovery portion of LT network cost from the demand charges paid by the open access consumer seems irrational and unjust as the demand charges being levied is for the usage of HT network only.
- 2.6. The Hon'ble Commission is requested to adjust the demand charges paid by the open access consumers in total without excluding recovery portion of LT network cost

3. ISIS & STU Charges may not be considered for computation of ASC

- 3.1. For the computation of per unit transmission charges, the TSDiscoms have considered Rs. 3197 Cr. as paid during H2 FY 2023-24.
- 3.2. It cannot be ascertained from the submissions whether the inter-state, intra-state transmission charges and SLDC charges are also included in the transmission charges. Inclusion of ISIS and STU charges while computing Additional Surcharge will lead to excessive recovery of revenue by the TSDiscom and inter-alia result in overburdening of the Open Access consumers.
- 3.3. We submit here that the Hon'ble CERC in clause 11 (3) of the CERC (Sharing of Inter-State Transmission Charges and Losses) Regulations, 2020 clarify that any consumer availing open access to the ISTS system also pays its ISTS cost for the power procured through open access, the benefit of which accrues to the State/TSDiscom in reduction of their ISIS charges Relevant clause of the Regulation is provided below.

"11. Transmission charges for Short Term Open Access

(3) Transmission charges for Short Term Open Access paid by an embedded intra-State entity during a month shall be reimbursed in the following billing month to the State in which such entity is located."

- 3.4 Similarly, the embedded open access consumers are also paying STU charges as part of the fixed charges and additionally STU charges on all open access transactions.
- 3.5 It is in view of the above that inclusion of ISTS & STU charges again for computation of Additional Surcharge as claimed by the Petitioner, will lead to double levy of the same charge on open access consumers. Thus, we request the Hon'ble Commission to reconsider its view on allowing inclusion of ISTS & STU charges in

- The Hon'ble Commission in its order in OP No.23 of 2020 opined that the methodology of AS computation was approved in the Order dated 13.12.2017 in I.A.Nos.22&23 of 2017 in O.P.Nos.22&23 of 2016 respectively (AS Order for FY17-18) and the same have attained finality. The Commission while determining AS for H1 OF 2024-25, H1 & H2 of FY 23-24, H1&H2 of 2022-23, and H2 FY 2021-22, have also considered the ISTS charges.
- Hence, the licensee considered the transmission charges i.e., both intra-state & inter-state transmission charges for computing per unit transmission charge in conformity with the aforementioned order.
- Further, there is no rationality in considering intra state transmission charges alone, as the Discoms have long term power purchase commitment agreements concluded with both intra and inter-state generators thereby utilizing the intra and inter-state transmission corridors. Further, as per the principle of MoD, backing down of generation is not limited to intrastate generators alone. Hence, the transmission charges, that are considered in totality, are justified in arriving at per unit transmission charge.
- TS Discoms understands that the STU charges paid by the consumer availing InSTS system, benefits in reduction of Transmission charges for the State. However, the same benefits have been passed on

	<p>the ASC.</p> <p>In addition to the above, the Hon'ble Commission is requested to conduct the required prudence of the fixed costs claimed for H1- FY 24-25 while finalizing the Additional Surcharge to be levied on open access consumers.</p>	<p>to the consumer through APR filed by TGTRANSCO.</p> <ul style="list-style-type: none">• The Hon'ble Commission passed the orders duly considering the benefits in reduction of the POC charges for the state in the respective APRs filed by TS TRANSCO.
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