

**RESPONSE TO OBJECTIONS/SUGGESTIONS OF STAKEHOLDERS ON THE  
FILINGS OF ADDITIONAL SURCHARGE FOR H1 OF FY 2025 – 26**



**SOUTHERN POWER DISTRIBUTION COMPANY OF TELANGANA LTD.**

**&**

**NORTHERN POWER DISTRIBUTION COMPANY OF TELANGANA LTD.**



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## 1. Responses to The Telangana Solar Open Access Developers Association

#	Queries	Replies
1	<p>It is to submit that AS is exempted for GEOA consumers as per the TGERC AS orders for H1 &amp; H2 of FY24-25 cited Vide (1&amp;2) above. Exact relevant clause of the order is reproduced below:</p> <p><b>"The Additional Surcharge shall not be applicable for Green Energy Open Access (GEOA) consumer, if fixed charges/demand charges are being paid by such a consumer."</b></p> <p>Despite the clear directive issued by the Hon'ble TGERC regarding the non-applicability of Additional Surcharge (AS) for GEOA consumers, your offices are continuing to impose AS on GEOA consumers. Your offices have orally informed our association members that such levied AS will be refunded after GOAR registration. It is also pertinent to mention that registration on the GOAR Portal was not a prerequisite condition as per the orders issued by Hon'ble TGERC.</p> <p>Therefore, levy of AS on GEOA consumers constitutes disregard for the orders of Hon'ble Commission and we respectfully request your good office to comply with the orders of Hon'ble commission duly exempting of AS on GEOA consumers.</p>	<p>This is in accordance with the TGERC order, <b>Terms and Conditions of Open Access, Regulation No.1 of 2024</b>, dated 15<sup>th</sup> March 2024. This Regulation applies to open access users (including captive users and GEOA users) for those who use intra-State transmission system (In-STTS) and/or distribution system(s) in the Telangana State, including when such system is used in conjunction with inter-State transmission system.</p> <p>The relevant section 5.3 of the regulation states that:</p> <p><b>"All the applications related to GEOA shall be submitted through Green Energy Open Access Registry (GOAR), the portal setup by CNA (Central Nodal Agency). The applications shall be routed to SNA(State Nodal Agency) by the CNA:</b></p> <p><b>Provided that TSSLDC shall co-ordinate with licensees including STU and/or distribution licensee(s) to make available all relevant information regarding GEOA to the public on the portal of CNA."</b></p> <p>As per the said regulation, registration on the GOAR Portal is a prerequisite. Unless registered, through GOAR portal TG Discoms cannot exempt GEOA consumers. TG Discoms</p>

		<p>are not responsible for the delay caused in registration as the portal is being maintained by Central Nodal Agency (CNA).However SNA is pursuing with CNA regarding the issues related to registration in the said portal.</p> <p>Therefore, TGDISCOMs humbly request the GEOA consumers to proceed for GOAR registration.</p>
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**2. Responses to The Federation of Telangana Chambers of Commerce and Industry (FTCCI)**

#	Queries	Replies
1	<p>FTCCI strongly objects to the proposed levy of Additional Surcharge of INR 1.95/kWh for H1 of FY 2024-25.</p>	<p>TGDISCOMs proposed Additional Surcharge INR 1.69/kWh for H1 of FY 2025-26.</p>
2	<p><b><u>ISTS &amp; STU Charges should not be considered for computation of Additional Surcharge</u></b></p> <p>We submit to 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/ Discom in reduction of their ISTS charges. Relevant clause of the Regulation is provided below:</p> <p><i>"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. "</i></p> <p>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.</p> <p>It is in view of the above that inclusion of ISTS &amp; 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 re-consider its view on allowing inclusion of ISTS &amp; STU charges in 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 25-26 while finalizing the Additional Surcharge to be levied on open access</p>	<p>TGDISCOMs have long term power purchase agreements concluded with both intra and inter-state generators thereby utilizing both the intra and inter-State transmission corridors. Further, backing down of generation is not limited to intra-state generators alone. Hence, the ISTS &amp; STU charges are considered in totality and is justified in arriving at per unit transmission charge which is in conformity with the earlier orders on additional surcharge by the Commission.</p> <p>The Commission while determining AS for H1 &amp; H2 of FY 24-25 have also considered the ISTS charges.</p> <p>TGDISCOMs understand that the ISTS cost paid by the consumer availing ISTS system, benefits in reduction of ISTS charges for the state. However, the same benefits passed on to the consumer through APRs filed by TGTRANSCO.</p>

	<p>consumers.</p> <p>The proposal to levy an additional surcharge as high as Rs. 1.95/kWh is exorbitant and unjust. FTCCI strongly objects to the claim of Additional Surcharge from the Open Access consumers during H1 of FY 2024-25 and prays that the same may be rejected in line, with the interest of justice and equity.</p>	
<p>3</p> <p>A</p> <p>B</p>	<p><b><u>Additional Surcharge Proposed for H1 of FY 2025-26 is non-reasonable:</u></b></p> <p>It is humbly submitted that the proposed Additional Surcharge Rate of Rs1.69/unit in the instant petitions is highly uncompetitive as compared to other states.</p> <p><b>The TSDISCOMs claim an exorbitant high value of additional surcharge, which can be attributed to many factors such as, wrong computations, wrong numbers, intent etc. Each year, the Hon`ble Commission has reduced the claimed figures of Additional surcharge. This shows that TSDISCOMs are not following the methodology prescribed by the Hon`ble Commission.</b></p>	<p>TGDiscoms have computed Additional Surcharge based on the methodology as provided by Hon`ble TGERC in O.P. No. 23 of 2020 dated 18.09.2020 along with the directions issued in the AS order for H1 &amp; H2 of FY 2023-24 by Hon`ble TGERC.</p> <p>The Hon`ble TSERC in its order for H1 of FY 2022-23 has stated the following:  <i>“TSDiscoms are entitled to the Additional Surcharge computed as above but at the same time such Additional Surcharge, being significantly higher than the present level of Additional Surcharge, could hinder the promotion of competition that the Electricity Act, 2003 advocates. Therefore, in the interest of all the stakeholders, the Commission decides to allow Additional Surcharge of Rs.1.15/kWh (i.e., ~ 33% of Rs.3.48/kWh)”.</i></p>



C	<p>FTCCI urges the Hon`ble Commission that the data shown by TSDISCOMs needs to be verified rigorously, to avoid any loading of the inefficiency of Discom on state Consumers in the form of Additional Surcharge.</p>	<p>TG Discoms strongly disagree with the objection of stakeholder that the claim of exorbitant high value of additional surcharge, which can be attributed to many factors such as, wrong computations, wrong numbers, intent etc.</p> <p>TG Discoms has already submitted relevant data pertaining to computation of Additional Surcharge for verification and approval by Hon`ble Commission for determination of Additional Surcharge.</p>
D	<p>FTCCI submits that the capping of Additional Surcharge should be as follows 20% capping as follows: <i>“The surcharge, determined by the State Commission under clause (a) of sub-section (1) of Page 6 of 7section 86 of the Electricity Act, 2003 shall not exceed twenty percent of the average cost of Supply”</i>, <b>there must be a capping on Additional Surcharge to promote open access and protect the interest of all the stakeholders involved.</b></p>	<p>As identified by the policymakers through the mandates of Electricity Act 2003, Electricity Amendment Rules, 2022 and Electricity Amendment Rules, 2024 limiting additional surcharge would result in licensees having to bear excessive fixed costs associated with PPAs signed for long-term durations (25 years) on account of stranded capacity due to the switching of existing consumers.</p> <p>The additional surcharge compensates Discoms against the payments towards fixed payments for stranded capacity and reduction or ceiling on additional surcharge will directly impact financials of Discoms.</p>

4	<p>FTCCI submitted that as per the Electricity (Amendment) Rules, 2024, dated 10th January 2024, with respect to Additional Surcharge.</p>	
A	<p><b><i>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:</i></b></p>	<p>The fixed cost commitment of the Discoms is not limited to fixed cost of the Generator but also includes Transmission &amp; Distribution network costs. The recovery of fixed charges in the form of demand charges approved by the Hon'ble Commission in the tariff order is below 30%.The balance fixed charges to the extent of 70% is being recovered through the energy charges approved by the Hon'ble Commission in the Tariff Order. The Hon'ble Commission in it's approved methodology has considered the transmission &amp; distribution charges and the energy charges consumed by open access consumers as well. Hence, the Additional Surcharge to the extent of per unit fixed cost of the Power Purchase will not fetch the DISCOM the recovery of Fixed Cost on account of Stranded capacity due to switching over of Open Access Consumers.</p>
B	<p><b><i>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:"</i></b></p>	<p>The Demand Charges approved by the Hon'ble Commission in the Tariff Order constitutes 30% of the Fixed Cost commitment of the Distribution Licensee. Hence, the DISCOMs are under recovery of Fixed Cost through Demand Charges approved by Hon'ble Commission and is below 30% and balance 70% is recovered through Energy Charges. Hence, exemption of Additional Surcharge to Open</p>

C	<p><b>FTCCI, on behalf of all the industries requests the Hon`ble Commission, that in line with the Electricity Amendment Rules, the Hon`ble Commission should cap the additional surcharge to per unit fixed cost.</b></p>	<p>Access Consumers to the extent of Contracted Demand maintained with Distribution Licensee will result in Financial Loss to the DISCOM due to switching over of Open Access Consumers.</p> <p>The additional surcharge compensates Discoms against the payments towards fixed cost commitment of stranded capacity and capping on additional surcharge will directly impact financials of Discoms.</p>
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5	<p><b>Comments on Calculation of Additional Surcharge for H1 of FY2025-26:</b></p> <p>A The Hon`ble Commission had given directives to the DISCOMs in the previous order as under:</p> <p><i>TGDISCOMs are directed in their future Additional Surcharge filings-</i></p> <p>a) .....  b) .....  c) .....  d) <i>Henceforth the petitions should be accompanied with the quarterly balance sheets and the computations should be reconciled with the audited accounts.</i></p> <p>B The TSDISCOMs has not provided the audited values for balance sheets, and that too each DISCOMs separately. When the computation is done based on both the DISCOMs combined expenditures, the TGDISCOMs have not provided any reconciliation of the computations with the Balance Sheets.</p>	<p>The Distribution Licenses filed the additional surcharge petition for H1 of FY 2025-26 as per the directives of the Hon`ble Commission issued in the order of H2 of FY 2024-25.</p> <p>TG Discoms has computed the Additional Surcharge for H1 of FY 2025-26 as per the data available at the time of filing of petition dated: 28.11.2024. Subsequently, the quarterly audited accounts were submitted to the Hon`ble Commission and are also made available in the TGSPDCL &amp; TGNPDCL websites.</p>
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### 3. Responses to The Telangana Iron and Steel Manufacturers Association (TISMA)

1.	<p><b>TISMA strongly objects to the proposed levy of Additional Surcharge of INR 1.95/kWh for H1 of FY 2024-25.</b></p>	<p>TGDISCOMs computed Additional Surcharge INR 1.69/kWh for H1 of FY 2025-26.</p>
2.	<p><b>ISTS &amp; STU Charges should not be considered for computation of Additional Surcharge</b></p> <p>TSNPDCL/TSSPDCL for the computation of per unit transmission charges have considered both the inter-state &amp; intra-state transmission charges. It is submitted that the inclusion of STU and ISIS charges while computing Additional Surcharge will lead to higher levy of ASC on the consumers.</p> <p>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 ISIS system also pays its ISIS cost for the power procured through open access, the benefit of which accrues to the State/ Discom in reduction of their ISIS charges. Relevant clause of the Regulation is provided below:</p> <p>"11. Transmission charges for Short Term Open Access..... (3) Transmission charges for Short Term Open Access paid by an embedded intro-State entity during a month shall be reimbursed in the following billing month to the State in which such entity is located. "</p> <p>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.</p> <p>It is in view of the above that inclusion of ISIS &amp; 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 re-consider its view on allowing inclusion of 1STS &amp; STU charges in the ASC.</p>	<p>TGDISCOMs have long term power purchase agreements concluded with both intra and inter-state generators thereby utilizing both the intra and inter-State transmission corridors. Further, backing down of generation is not limited to intra-state generators alone. Hence, the ISTS &amp; STU charges are considered in totality and is justified in arriving at per unit transmission charge which is in conformity with the earlier orders on additional surcharge by the Commission.</p> <p>The Commission while determining AS for H1 &amp; H2 of FY 24-25 have also considered the ISTS charges.</p> <p>TGDISCOMs understand that the ISTS cost paid by the consumer availing ISTS system, benefits in reduction of ISTS charges for the state. However, the same benefits passed on to the consumer through APRs filed by TGTRANSCO.</p>



	<p>C. TISMA urges the Hon'ble Commission that the data shown by TSDISCOMs needs to be verified rigorously, to avoid any loading of the inefficiency of Discom on state Consumers in the form of Additional Surcharge.</p> <p>D. TISMA submits that the capping of Additional Surcharge should be as follows "The surcharge, determined by the State Commission under clause (a) of sub-section (1) of section 86 of the Electricity Act, 2003 shall not exceed twenty percent of the average cost of Supply, there must be a capping on Additional Surcharge to promote open access and protect the interest of all the stakeholders involved.</p>	<p>of additional surcharge, which can be attributed to many factors such as, wrong computations, wrong numbers, intent etc.</p> <p>TG Discoms has already submitted relevant data pertaining to computation of Additional Surcharge for verification and approval by Hon'ble Commission for determination of Additional Surcharge</p> <p>As identified by the policymakers through the mandates of Electricity Act 2003, Electricity Amendment Rules, 2022 and Electricity Amendment Rules, 2024 limiting additional surcharge would result in licensees having to bear excessive fixed costs associated with PPAs signed for long-term durations (25 years) on account of stranded capacity due to the switching of existing consumers.</p> <p>The additional surcharge compensates Discoms against the payments towards fixed payments for stranded capacity and reduction or ceiling on additional surcharge will directly impact financials of Discoms.</p>
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<p>4.</p> <p>A.</p> <p>B.</p>	<p>TISMA submitted that as per the Electricity (Amendment) Rules, 2024, dated 10th January, 2024, with respect to Additional Surcharge. "(3) Additional Surcharge.—</p> <p>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:</p> <p>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:</p>	<p>The fixed cost commitment of the Discoms is not limited to fixed cost of the Generator but also includes Transmission &amp; Distribution network costs. The recovery of fixed charges in the form of demand charges approved by the Hon'ble Commission in the tariff order is below 30%.The balance fixed charges to the extent of 70% is being recovered through the energy charges approved by the Hon'ble Commission in the Tariff Order. The Hon'ble Commission in it's approved methodology has considered the transmission &amp; distribution charges and the energy charges consumed by open access consumers as well. Hence, the Additional Sur-charge to the extent of per unit fixed cost of the Power Purchase will not fetch the DISCOM the recovery of Fixed Cost on account of Stranded capacity due to switching over of Open Access Consumers.</p> <p>The Demand Charges approved by the Hon'ble Commission in the Tariff Order constitutes 30% of the Fixed Cost commitment of the Distribution Licensee. Hence, the DISCOMs are under recovery of Fixed Cost through Demand Charges approved by Hon'ble Commission and is below 30% and balance 70% is recovered through Energy Charges. Hence, exemption of Additional Surcharge to Open Access Consumers to the extent of Contracted</p>
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C	<p>TISMA, on behalf of all the industries requests the Hon'ble Commission, that in line with the Electricity Amendment Rules, the Hon'ble Commission should cap the additional surcharge to per unit fixed cost.</p>	<p>Demand maintained with Distribution Licensee will result in Financial Loss to the DISCOM due to switching over of Open Access Consumers.</p> <p>The additional surcharge compensates Discoms against the payments towards fixed cost commitment of stranded capacity and capping on additional surcharge will directly impact financials of Discoms.</p>
5	<p><b>Comments on Calculation of Additional Surcharge for H1 of FY 2025-26:</b></p> <p>A The Hon'ble Commission had given directives to the DISCOMs in the previous order as under:  TGDISCOMs are directed in their future Additional Surcharge filings –  a) .....  b) .....  c) .....  d) Hence forth the petitions should be accompanied with the quarterly balance sheets and the computations should be reconciled with the audited accounts</p> <p>B The TSDISCOMs has not provided the audited values for balance sheets, and that too each DISCOMs separately. When the computation is done based on both the DISCOMs combined expenditures, the TGDISCOM5 have not provided any reconciliation of the computations with the Balance Sheets.</p>	<p>The Distribution Licenses filed the additional surcharge petition for H1 of FY 2025-26 as per the directives of the Hon'ble Commission issued in the order of H2 of FY 2024-25.</p> <p>TG Discoms has computed the Additional Surcharge for H1 of FY 2025-26 as per the data available at the time of filing of petition dated: 28.11.2024. Subsequently, the quarterly audited accounts were submitted to the Hon'ble Commission and are also made available in the TGSPDCL &amp; TGNPDCL websites.</p>