Brief note on ASfor H2 of FY 2022-23 Objections and TS Discoms responses.

Public Hearing at TSERC, 24-Aug-22

S. N.	Objectors	Objections	TS Discoms Responses
1	TS SOADA	• Solar bilateral is not responsible for Discoms' stranded capacity	➔ The Power generation from solar plants is intermittent & not available completely during night hours. Hence, Discoms are constrained to enter into long term PPAs in view of its universal service obligation indicating that the solar power plants are also contributing to the stranded capacity of the Discoms in certain time blocks.
		• As per clause 9.2 of Electricity Rules, 2022 – Additional Surcharge shall not be applicable for Green Energy Open Access consumers if they pay fixed charges • All solar developers are paying fixed charges	➔ Fixed charges paid by the Open Access consumers do not reflect the total fixed charges commitment of the Discoms with the generators. Discoms are able to recover only 40% of Fixed costs, so to recover the rest 60% of Fixed Costs, levying Additional Surcharge is inevitable.
		• Why AS is higher than the HT category tariffs? • If the damage to DISCOMs as per their proposals in the form of AS is -> Rs. 6.81, Cross Subsidy Surcharge is -> Rs. 1.46, T&D cost is-> Rs. 1.63, APPC is-> Rs. 4.32 Then the minimum Cost of Service should be Rs. 6.81 + 1.46 + 1.63 + 4.32 = Rs 14.22/kWh. • If we compare the above number with 33 kV category tariff, there is a difference of nearly 8 Rs./Unit. That means Discoms should be losing 8 Rs. for every unit. By this logic Discoms are incurring huge losses.	➔ Clubbing of AS to the APPC, CSS and T&D cost to arrive the cost of service is incorrect. Comparing the Additional Surcharge to category tariff is not correct. Category tariff is for the electricity consumed and service received from licensee while Additional Surcharge shall be applicable for any OA consumer to the extent of stranded (fixed) cost commitments to the Discoms.
		• When the whole country is facing acute power cuts during H2, but still are declaring stranded capacity	➔ The peak demand surged to 14,160 MW which led to shortage of power in 2nd quarter of H2 FY 22 and is met through short term purchase. However, there is stranding of power in certain 15-minute blocks owing to the OA by the consumers.

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		• Discoms have paid INR 6,000 Crs fixed cost for 49,000 MU of demand so the fixed cost per unit should be around INR 1.6 per unit. • The numbers submitted by Discoms should be relooked and stringent audit needs to be done • Request Hon’ble Commission to not levy AS on GEOA	➔ The Discoms have paid the fixed charges for the respective period as per the terms and conditions of PPAs and TSERC Regulation No. 1 of 2019 i.e. Terms and Conditions of Generation Tariff. ➔ The licensee considered the **Fixed cost (INR 6063.77 Cr)** paid against the **available capacity (8546.53)** as per the actuals of **H2 of FY 2021-22** for computing **Fixed charges per MW** in conformity with the methodology of AS computation in OP No.23 of 2020 ➔ There shall be an yearly statutory audit report confirming the financials including costs and revenues of the Discoms and the same shall be submitted after the due process of completion of statutory and C&AG Audit to the Hon’ble Commission ➔ The very purpose of methodology of AS is to compute the Fixed charges unrecovered. As the fixed charges are not recovered totally from any OA consumer ,AS is inevitable
2	Salasar Iron & Steel (P) Ltd	• In the Sl. No. O (Net stranded charges recoverable) arrived is INR 252.06 Cr. But the difference of E (INR 108.05 Cr) and N (INR -144.01 Cr) will be Rs. -35.51 crores. • Request the discoms to furnish the supporting documents for deriving the AS calculation	➔ The Demand charges to be adjusted (N) is the amount to be recovered, so it is represented using negative sign (Rs. -144.01 Cr.). [O = E – N = 108.05 – (-144.01) = 252.06 (INR Cr)] ➔ Licensees have already submitted the related data and workings in computation of AS to the Hon’ble Commission and the same is placed on the Discoms’ website as well.

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		• Taking actual data (15 min time blocks) of 1 year old for calculation of AS is not justifiable.	➔ The licensee considered the actual figures i.e., actuals of H1 of FY 2021-22 in conformity with the methodology of AS computation in OP No.23 of 2020. Hon'ble Commission while determining AS for H1 FY 23, H2 FY 22 have also considered the actual figures of H1 and H2 respectively of corresponding previous year.
3	FTCCI & SICMA	• As per the NTP, 2016,"Additional Surcharge should not be so onerous it eliminates the competition". But Discoms are levying very high AS rates in contrast to the NTP, 2016. • Existing PP agreements only should be stranded, new PPAs should not be responsible • As per the NTP, 2016, Discoms should conclusively demonstrate that the stranded capacity is due to OA consumers. But the discoms have not conclusively demonstrated about the stranded capacity. • OA sales are reducing over the years. Levying high Additional Surcharge is one of the many reasons. This shows that OA consumers are coming back to Discoms, but the AS is still increasing.	➔ Discoms are not discouraging the competition. Consumers seeking OA are given NOCs without discrimination and there is no elimination of competition. ➔ The consumption pattern of OA consumers is not in a standard way but still licensees are providing reliable quality power for 24x7. ➔ Licensee have not considered any new PPAs while arriving the stranded capacity. ➔ Licensee have already conclusively demonstrated the stranded capacity by considering the 15-minute time-block data (available cap., schedule cap., surplus, stranded) for deriving the Additional Surcharge for H2 of FY 23 ➔ Licensee is not responsible for reduction of OA sales. Licensee is providing reliable quality power for 24x7 which is one of the main reasons OA consumers are coming back to the licensee. Open Access Sales which are highly intermittent in nature depends on various dynamic factors that is market driven and hence, accurate prediction of OA Sales is highly difficult.

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		• Discoms are purchasing high amounts of short-term power (nearly 6000 MUs).Yet they are declaring stranded capacity • ISTS charges are already paid by consumers, but it is again getting levied in AS. Only intra-state should be considered while calculating the AS rate • Only Distribution Cost at 11 kV and above, ought to be considered for AS computation since only 11 kV and above consumers opt for Open Access • In H2 FY22, the availability has reduced compared to H1 of FY22. But the Fixed charges paid by licensee has increased. This is not logical, and this has impacted the calculation of Additional Surcharge rate. • When Discoms have revenue from short term sales then why not reduce that revenue from stranded charges payable. This would reduce the burden from OA consumers	➔ The licensee derived the Additional Surcharge for H2 of FY 2022-23 in consonance with the methodology approved by Hon'ble Commission duly considering LT PPAs. ➔ Any consumer/Generator availing inter-state transmission system for wheeling of power has to pay the ISTS charges. ➔ No rationality in considering intra state transmission charges alone. Backing down of generation is not limited to intrastate generators alone. Moreover, the benefits due to reduction in POC charges have been passed on to the consumer through APR filled by TS TRANSCO. ➔ Distribution cost is computed according to the Hon'ble TSERC order in OP No.23 of 2020 dated 18.09.2020 and order for AS FY17-18 dated 13.12.2017 and AS for FY18-19 dated 27.03.2018. ➔ Hon'ble Commission had considered the approved Distribution cost of FY 16-17, FY17-18 in arriving the distribution cost per unit in the orders for AS for FY 17-18, FY18-19; Licensee had followed the same methodology. ➔ The licensee has considered the Fixed cost paid as per the actuals of H2 of FY 2021-22 for computing Fixed charges per MW in conformity with the previous TSERC orders on Additional Surcharge determination. ➔ The revenue earned from short term sales in the market have already been adjusted in power purchase cost. Hence the benefit of reduction of APPC is passed on to the consumers and the net APPC is considered for AS.

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4	Member, FTCCI	• Industrial and Commercial category consumers are already hardly impacted by COVID-19. Levying very high Additional Surcharge will lead to closure of industries. • The overall cost per unit for OA consumers will go up to 14 to 16 Rs/unit which is highly uncompetitive. • The Ease of Doing Business will be badly impacted by this.	➔ Hon’ble TSERC in its Orders dated 24.12.2021 and 22.03.2022, had recognized the importance of promoting competition as enshrined in the ElectricityAct, and had duly limited the final approved Additional Surcharge, in the interest of all the stakeholders. ➔ TS Discoms would abide by the orders passed by Hon’ble TSERC, regarding the determination of AS