

**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.

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NORTHERN POWER DISTRIBUTION COMPANY OF TELANGANA LTD.

S. No.	Objections	TGDISCOM's Replies
FTCCI		
1	<p>In Additional Surcharge computation, the basic fact of the matter is the computation of stranded capacity. To ensure transparency, the data has to be published for us to be satisfied.</p>	<ul style="list-style-type: none"> • TG Discoms submitted relevant data pertaining to computation of Additional Surcharge for verification and approval by Hon'ble Commission for determination of Additional Surcharge for H1 of FY 2025-26. The same are available on the respective websites of TGDiscoms and TGERC. • TG Discoms 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 orders for H1 & H2 of FY 2023-24 by Hon'ble TGERC
2	<p>The state is going for short term purchases in a very huge quantum. Compared to this, the OA consumers' purchases are meager. This has resulted in surplus and needs to be verified.</p>	<p>Consumer demand is highly volatile in nature. The Discoms are striving to provide continuous, reliable and quality Power Supply 24x7 to all sectors of consumers. Surplus power is not consistent. At times there is deficit of power availability. The power demand on the grid varies due to various factors like temperature, rainfall, availability of ground water, crop pattern and seasonal which are beyond the control of the Discoms.</p> <p>In spite of demand variability, DISCOMs are providing 24-hour power supply. But to meet demand during peak load hours, DISCOMs are forced to buy power through high cost short-term purchases.</p>
3	<p>ASC is over and above CSS. The CSS should have been gradually reduced to zero, but it is around 20% of CoS still. Levy of surcharges in such manner discourages competition in the power</p>	<p>Limiting additional surcharge will cause licensees to bear excessive fixed costs associated with PPAs signed for long-term durations (25 years) on account of stranded</p>

	distribution sector.	capacity due to the switching of existing consumers. Ceiling on Additional Surcharge will directly impact financials of Discoms. As per the provisions in the Electricity Act 2003 and National Tariff Policy 2016, the Open Access Consumers are liable to pay Additional Surcharge.
4	During the last few filings, the claim by DISCOMs have always been way above what the Commission approves. This threatens the sanctity of the formula. DISCOMs should be responsible while making claims for ASC.	TG Discoms 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 orders for H1 & H2 of FY 2023-24 by Hon'ble TGERC. The Hon'ble TGERC in its order for H1 of FY 2022-23 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> . Hence TG Discoms protest with the objection of the stakeholders that the additional surcharge claim is exorbitant.
5	Load Factor incentive should also be given during surplus hours. The surcharges are of British Licensee Raj & should be done away with.	Surplus quantum is variable and not continuous. At times there is power deficit due to high fluctuating demand on the grid, on account of various factors aforementioned. However, the Load Factor is reckoned for a billing period. The TGDiscoms are

		already providing concessional TOD tariff during incentive hours.
6	<p>The central govt. has brought in Electricity Amendment Rules, 2024 on 10th January, 2024. The FTCCI requests the Commission to kindly take cognizance of the amended rules regarding fixed costs and contracted capacity:</p> <p><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></p>	<ul style="list-style-type: none"> • The fixed cost commitment of the TGDIs is not only limited to fixed cost of the Generator but also includes Transmission & 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. • Due to switching over to Open Access by the consumers during the time blocks of low prices and meeting their energy requirement from the Open Access, the energy drawn from the Discoms is getting reduced. As a result, the Discoms are losing the Fixed Cost component in the energy tariff. • Hence, the limiting of Additional Surcharge to the extent of per unit fixed cost of the Power Purchase will not fetch the DISCOMs for the recovery of entire Fixed Cost Commitment on account of Stranded Capacity.

“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.”

Though the Open Access Consumers are maintaining the contracted Demand with the Distribution Licensees, the Discoms are under recovering the Fixed Charges and are not reflecting the total Fixed Cost commitment of the Distribution Licensees as major portion of the Fixed Cost component is recovered from energy charges as approved in the Tariff order.

The Open Access Consumer is getting benefit of reduction in demand charges due to adjustment of Open Access Demand in the monthly bills as per the provisions of Hon'ble TGERC proceedings dated 4th May,2013 which is illustrated with the following example.

Consider the Contracted Maximum Demand(CMD) of Open Access Consumer as 1000 KVA and the Recorded Maximum Demand (RMD) with the Discom as 990 KVA and the Open Access Demand as 180 KVA. After adjustment of the Open Access Demand, the maximum demand to be billed by Discom is 810 KVA instead of 990 KVA. Hence, the Discoms will lose the Demand Charges of the balance 180KVA resulting in under recovery of the Fixed Cost.

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7	<p>The ERC in the last Additional Surcharge order has specified terms and conditions for exemption of Additional Surcharge to Captive and GEOA Consumers. The Discoms have partially followed the directives of the ERC which has resulted in high ASC. Captive & GEOA consumers should not be considered while computing ASC. The Commission should not allow levy of ASC.</p>	<p>The Discoms have tied up with long term PPAs for catering supply to all consumers including Captive and GEOA Consumers as the supply agreement is entered with the Discoms by the Captive/GEOA Consumers.</p> <p>The Captive/GEOA Consumers are also responsible for the stranded capacity of the power purchase due to switching over to Open Access by the said consumers.</p> <p>Hence, the total stranded capacity needs to be considered by the Discoms for computation of Additional Surcharge.</p> <p>The Hon'ble Commission also considered the same in the computation of Additional Surcharge in the order dated 15.03.2024 for H1 of FY 2024-25.As per the terms and conditions of the said order the Additional Surcharge(AS) is exempted to Captive and GEOA Consumers from levy of AS.Due to exemption in levy of AS to Captive and GEOA Consumers as per the directions of the Hon'ble Commission in the aforementioned order based on the provisions of amendment rules issued by MoP,Gol dated 10th Jan,2024 , the Discoms are made to suffer with the loss of revenue due to such exemption of AS.As a result, the Discoms are over burdened with financial losses on account of such exemption. Neither the MoP, Gol in the amended rules dated 10th Jan,2024 nor the Hon'ble Commission has given directions to make good of loss of revenue by the Discoms in the form of</p>
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8	<p>There is no proof of consistent and continuous stranded capacity. Other states are not imposing AS. Stranded capacity should be proven.</p>	<p>Due to the variable nature of consumer demand, the stranded capacity is not consistent & continuous and at times there is deficit of power . The Discoms are extending continuous, reliable and quality Power Supply 24x7 to its consumers. The stranded capacity has been computed based on the methodology approved by the Hon'ble Commission along with the directions issued in the AS Orders from time to time.</p>
9	<p>For ASC computation, distribution charges have been taken as per the MYT order while actual transmission charges have been considered. The</p>	<p>The Hon'ble Commission, in its order dated 30.09.2024 for determination of AS for H2 of FY 2024-25, considered the actual</p>

	<p>Hon'ble Commission is requested to direct DISCOMs to consider Transmission charges as per the Tariff order as well.</p>	<p>transmission charges paid and distribution charges as per MYT Order.The Discoms have also considered the transmission and distribution charges for the relevant period in line with the order of Hon'ble Commission.</p>
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