

**SOUTHERN POWER DISTRIBUTION COMPANY OF TELANGANA LIMITED**



**RESPONSES TO OBJECTIONS / SUGGESTIONS**

**On**

**ARR & Tariff Filings Proposals of Retail Supply Business for FY 2023-24**

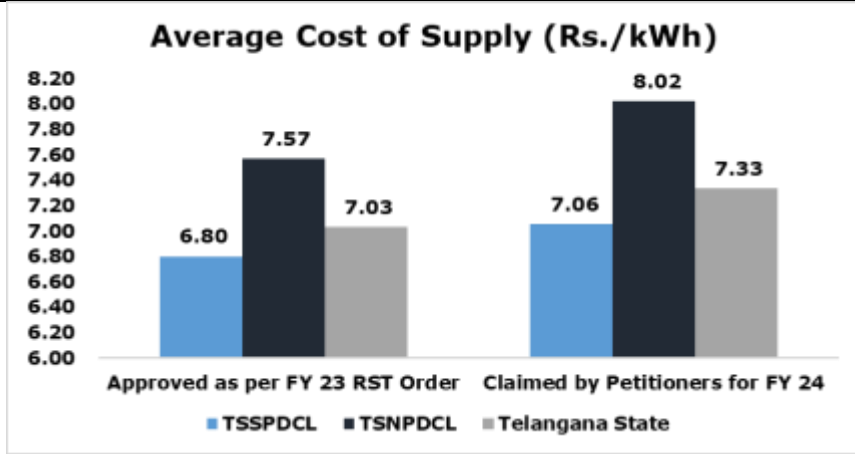
**and**

**Power Purchase True-Ups for FY 2016-17 to FY 2022-23**

## Response to the objections of Sri. Gopi Nath Injeti

S.No.	Summary of Objections / Suggestions	Response of the Licensee
1	<p><b>STATEMENT OF OBJECTIONS</b></p> <p>The Distribution Licensees namely Southern Power Distribution Company of Telangana Limited and Northern Power Distribution Company of Telangana Limited (hereinafter referred to as the 'Discoms' or 'TS Discoms' or 'Petitioners' or 'distribution companies' or 'Licensees') have filed the Petitions for Power Purchase True up for FY 2016-17 to FY 2022-23 for the Retail Supply Business in accordance with the erstwhile Andhra Pradesh Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff for Wheeling and Retail Sale of Electricity) Regulation No.4 of 2005 and its First Amendment notified in 2014 namely Regulation No. 1 of 2014 (hereinafter collectively referred to as 'Tariff Regulations').</p> <p>These filings have been taken on record by Hon'ble Commission from O.P. No.82 of 2022 to O.P. No. 88 of 2022 for TSSPDCL and from O.P. No. 89 of 2022 to O.P. No. 95 of 2022 for TSNPDCL</p> <p>This Statement of Objections is being filed on behalf of 'The South Indian Cement Manufacturers' Association (SICMA)', an Association registered under Telangana Societies Registration Act 2001 at Hyderabad, its members being major Cement Manufacturers across South India (hereinafter called the –'Objector'. The main function of SICMA is to promote and protect the interests of its members in relation to the commerce &amp; industries of India and in particular, the commerce &amp; industries connected with cement. The members of the association are</p>	No Comments

	<p>availing power supply from the licensees across the State of Telangana, predominantly at 132/220 KV voltage and few of them avail supply at 33 KV voltage.</p> <p>The Objector also prays that it may be permitted to make additional submissions specific to these Petitions, in the Public Hearings as per the Public Hearing schedule announced by this Hon'ble Commission.</p>	
	<p>The South Indian Cement Manufacturers' Association (Objector) strongly objects to the Filing of the ARR for the Retail Supply Business for FY 2022-2023 respectively (herein after referred to as the 'Tariff Petitions' or 'Petitions') and prays that the submissions and objections made herein may be accepted and approved by the Hon'ble Commission, in the interest of justice and equity</p>	<p>TS Discoms submit that the instant Petitions viz. O.P. No.80 of 2022 to O.P. No. 81 of 2022 for TSNPDCL &amp; TSSPDCL deals about the ARR for the Retail Supply Business for FY 2023-2024 respectively</p>
	<p>The Objector also prays that it may be permitted to make additional submissions specific to these Petitions, in the Public Hearings as per the Public Hearing schedule announced by this Hon'ble Commission.</p> <p>The brief facts, propositions, analysis, grounds and point wise objections to the Petitions are narrated herein below:</p>	<p>No Comments</p>
1	<p><b>AVERAGE COST OF SUPPLY (2022-23 VS 2023-24)</b></p> <p>i. In the instant Petitions, Licensees have projected a higher average cost of service than the approved in last Retail Supply order for the FY 2022-23. A comparison of the Average Cost of Supply (ACoS) claimed against that approved by Hon'ble Commission in the FY 2022-23 and also the provisional data for FY 2023-24 is shown below:</p>	<p>The actual ACoS for FY 2021-22 for Telangana state is Rs. 7.32/kWh. The ARR projections by TS Discoms are done based on the actuals of FY 2021-22 and H1 of FY 2022-23 and estimated figures for H2 of FY 2022-23. Hence the projected ACoS for Telangana state for FY 2023-24 i.e., Rs. 7.33/kWh is only 0.1% increase over actual ACoS of FY 2021-22.</p> <p>Moreover, the Distribution cost and Transmission cost for FY 2023-24 which are components of ACoS were taken from the Distribution MYT Order for 4<sup>th</sup> Control Period and Transco Transmission MYT Order for 4<sup>th</sup> Control Period</p>



ii. It is humbly pointed out from the charts that Licensees have projected an increase of around 4-6 % in the Average Cost of Supply (ACoS) for FY 2023-24 over the approved figure for FY 2022-23 respectively.

both approved by Hon'ble TSERC.  
 The Distribution cost for FY 2023-24 is increased by 12% over the distribution cost approved by Hon'ble TSERC for FY 2022-23 and the Transmission cost for FY 2023-24 is also increased by 12% over the approved numbers for FY 2022-23.  
 Hence the overall ACoS for Telangana for FY 2023-24 has increased by 4% over FY 2022-23.

**2 AGGREGATE REVENUE REQUIREMENT (ARR) CLAIMED BY TELANGANA DISCOMS FOR FY 2023-24**

i) The TSSPDCL and TSNPDCL has projected an Annual Revenue Requirement of Rs. 36,963.20 Crores and Rs. 17,095.16 Crores respectively for FY 2023-24. The ARR along with its treatment proposed by the TSSPDCL and TSNPDCL is provided in the table below:

Particulars	TSSPDCL	TSNPDC L	TOTAL
Transmission Cost	2,670.27	1,126.29	3,796.56
SLDC Cost	32.81	13.69	46.50
Distribution Cost	5,168.36	4,081.42	9,249.78
PGCIL & ULDC Expenses	1,081.98	451.19	1,533.17
<b>Network and SLDC Cost (A)</b>	<b>8,953.42</b>	<b>5,672.60</b>	<b>14,626.02</b>

No Comments

	Power Purchase / Procurement Cost	27,654.99	11,310.21	38,965.20	
	Interest on Consumer Security Deposits	311.96	81.08	393.04	
	Supply Margin in Retail Supply Business	42.83	31.27	74.10	
	Other Costs if any	-	-	-	
	<b>Supply Cost (B)</b>	<b>28,009.78</b>	<b>11,422.56</b>	<b>39,432.34</b>	
	<b>Aggregate Revenue Requirement (A+B)</b>	<b>36,963.20</b>	<b>17,095.16</b>	<b>54,058.35</b>	
	Non-Tariff Income	28.18	33.81	61.98	
	<b>Net Revenue Requirement</b>	<b>36,935.02</b>	<b>17,061.35</b>	<b>53,996.37</b>	
	<b>Total Revenue</b>	<b>33,724.37</b>	<b>9,737.70</b>	<b>43,462.07</b>	
	Revenue at Existing Tariffs (without considering the Government subsidy u/s 65 of the Electricity Act, 2003)	33,521.34	9,737.70	43,259.04	
	Revenue from Cross Subsidy Surcharge	100.80	-	100.80	
	Revenue from Additional Surcharge	102.23	-	102.23	
	<b>Revenue Deficit(-)/Surplus(+) at Current Tariffs</b>	<b>-3,210.64</b>	<b>-7,323.65</b>	<b>-10,534.30</b>	
	Government Subsidy u/s 65 of the Electricity Act, 2003	-	-	-	
	<b>Net gap - Deficit(-)/Surplus(+)</b>	<b>-3,210.64</b>	<b>-7,323.65</b>	<b>-10,534.30</b>	
<b>ii) The Objections in respect of the ARR projected by the Petitioners for</b>					

	<b>FY 2023-24 are summarised below:</b>																																	
3	<p><b>SALES PROJECTIONS:</b></p> <p>i) The Petitioners, in the instant petitions have escalated sales quantum for HTIV (A) Lift Irrigation &amp; Agriculture at 132 kV for FY 2023-24 by 108%-298% against over the estimated values of FY 2022-23:</p> <table border="1"> <thead> <tr> <th>TSSPDCL</th> <th>FY 22</th> <th>FY 23</th> <th>FY 24</th> </tr> <tr> <th>HT Category at 132 KV</th> <th>Actuals</th> <th>Estimates</th> <th>Estimates</th> </tr> </thead> <tbody> <tr> <td>HT-IV A Lift Irrigation &amp; Agriculture (MUs)</td> <td>1877.73</td> <td>1821.45</td> <td>3786.40</td> </tr> <tr> <td>Percentage Increase (%)</td> <td></td> <td>-3%</td> <td><b>108%</b></td> </tr> </tbody> </table> <table border="1"> <thead> <tr> <th>TSNPDCL</th> <th>FY 22</th> <th>FY 23</th> <th>FY 24</th> </tr> <tr> <th>HT Category at 132 KV</th> <th>Actuals</th> <th>Estimates</th> <th>Estimates</th> </tr> </thead> <tbody> <tr> <td>HT-IV A Lift Irrigation &amp; Agriculture (MUs)</td> <td>1792.65</td> <td>932.08</td> <td>3712.74</td> </tr> <tr> <td>Percentage Increase (%)</td> <td></td> <td>-48%</td> <td><b>298%</b></td> </tr> </tbody> </table>	TSSPDCL	FY 22	FY 23	FY 24	HT Category at 132 KV	Actuals	Estimates	Estimates	HT-IV A Lift Irrigation & Agriculture (MUs)	1877.73	1821.45	3786.40	Percentage Increase (%)		-3%	<b>108%</b>	TSNPDCL	FY 22	FY 23	FY 24	HT Category at 132 KV	Actuals	Estimates	Estimates	HT-IV A Lift Irrigation & Agriculture (MUs)	1792.65	932.08	3712.74	Percentage Increase (%)		-48%	<b>298%</b>	
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	<p>ii) The Petitioners have submitted that the reason for such increase is as follows:</p> <p><i>“Lift Irrigation (LI) Schemes: The Telangana government has initiated the ambitious Kaleshwaram lift irrigation project along with the existing ones, to meet the needs of the agriculture consumers in the State. The growth trend in this category has many variations due to variations in the operation of Lift Irrigation pumps based on rainfall, water levels in reservoirs, etc. The sales in H1 of FY22-23 recorded a negative growth rate due to heavy rains in monsoon period. Further, due to heavy floods in August month the LIS pumps are not operated in H1 of FY 2022-23.</i></p>	<p>For HT LIS projections taking past sales as a reference could cause under projection of LIS sales. Hence, TS Discoms view that taking current LIS loads and additional LIS load at relevant load factors, could be a better approach for predicting HT LIS sales. TS Discoms have considered the HT LIS sales as per the inputs provided by the LIS ICAD department.</p> <p>Projecting LIS sales consist of high amount of unpredictability, availability of water is an important factor. However, LIS sales are projected by considering the current pumping stations loads on Krishna &amp; Godavari river and upcoming additional loads. These loads are further considered to be operating</p>																																

	<p><i>Licensee has considered the expected additional loads and energy requirement for FY 2023-24 based on the information received from the I&amp;CAD, which was further duly analyzed and moderated considering the licensee's experience of the historical consumption along with other allied factors."</i></p>	<p>only at a 60% load factor by I&amp;CAD department. However, TS Discoms, based on their analysis and historical experience have only considered half (50%) of the projections given by I&amp;CAD department for HT 132 KV LIS category.</p>																																							
	<p>iii) However, it is submitted that the project status of Kaleshwaram lift irrigation project is uncertain and that the high projections made by the Petitioners for Lift Irrigation category are highly optimistic. This can be inferred from several articles in LiveLaw and Hindustan Times that there is uncertainty regarding the fate of the Kaleshwaram lift irrigation project. The same have been annexed herewith as Annexure-II.</p>	<p>Hence, the objector's computation of requirement by considering lesser LIS sales is not correct.</p>																																							
	<p>iv) Therefore, the Objector has recomputed the power purchase requirement for FY 2023-24 by considering the actuals sales corresponding to HT IV (A) category in FY 2021-22:</p> <table border="1" data-bbox="309 787 1362 1430"> <thead> <tr> <th colspan="3">Power Purchase Requirement (MUs) for FY 2023-24 as per Objector</th> </tr> <tr> <th>Particulars</th> <th>TSSPDCL</th> <th>TSNPDCL</th> </tr> </thead> <tbody> <tr> <td><b>Total Sales, MU</b></td> <td><b>50,444.21</b></td> <td><b>19,345.26</b></td> </tr> <tr> <td>Sales (LT, 11kV, 33kV) (MU)</td> <td>42,049.43</td> <td>16,213.63</td> </tr> <tr> <td>EHT Sales (MU)</td> <td>8,394.78</td> <td>3,131.63</td> </tr> <tr> <td><b>Total Losses, MU</b></td> <td><b>6,593.90</b></td> <td><b>2,752.89</b></td> </tr> <tr> <td>Distribution System Losses (MU)</td> <td>4,478.42</td> <td>1,927.25</td> </tr> <tr> <td>Transmission System Losses (MU)</td> <td>2,115.49</td> <td>825.63</td> </tr> <tr> <td><b>Total Losses, (%)</b></td> <td><b>11.56</b></td> <td><b>12.46</b></td> </tr> <tr> <td>Transmission Losses (%)</td> <td>3.71</td> <td>3.74</td> </tr> <tr> <td>Distribution System Losses (%)</td> <td>9.63</td> <td>10.62</td> </tr> <tr> <td>Input to Distribution System</td> <td>46,527.85</td> <td>18,140.88</td> </tr> <tr> <td><b>Power Purchase Requirement (MU)</b></td> <td><b>57,038.11</b></td> <td><b>22,098.15</b></td> </tr> </tbody> </table>	Power Purchase Requirement (MUs) for FY 2023-24 as per Objector			Particulars	TSSPDCL	TSNPDCL	<b>Total Sales, MU</b>	<b>50,444.21</b>	<b>19,345.26</b>	Sales (LT, 11kV, 33kV) (MU)	42,049.43	16,213.63	EHT Sales (MU)	8,394.78	3,131.63	<b>Total Losses, MU</b>	<b>6,593.90</b>	<b>2,752.89</b>	Distribution System Losses (MU)	4,478.42	1,927.25	Transmission System Losses (MU)	2,115.49	825.63	<b>Total Losses, (%)</b>	<b>11.56</b>	<b>12.46</b>	Transmission Losses (%)	3.71	3.74	Distribution System Losses (%)	9.63	10.62	Input to Distribution System	46,527.85	18,140.88	<b>Power Purchase Requirement (MU)</b>	<b>57,038.11</b>	<b>22,098.15</b>	
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4	<p><b>POWER PURCHASE COST:</b></p> <p><b><u>A.TSGENCO Thermal Power Stations:</u></b></p> <p>i) It is submitted that the fixed cost recovery of thermal generating stations is based on the availability declared by them i.e. Plant Availability Factor (PAF).</p>	
	<p>ii) The latest TSGENCO Tariff Order for 4<sup>th</sup> control period was issued on 22.03.2022 and the Fixed Charges for FY 2023-24 has been approved subjected to normative plant availability.</p>	<p>Projecting Fixed charges as per net availability by considering Plant load factor as given by objector is incorrect.TSDISCOMS projected the Fixed Charges of TSGENCO Thermal Stations as per Hon'ble TSERC approved TS GENCO MYT Order for 4th Control period and Variable charges by considering the base ECR rate computed by the Hon'ble Commission in 4th Control Period.</p>
	<p>iii) The Petitioner has claimed the complete fixed charges for TSGENCO stations as approved in TSGENCO MYT order dt. 22.03.2022 without showing any linkage with plant availability nor submitted any details about the same. Further, in this regard it is important to mention that since no true-up has been conducted for TSGENCO stations after FY 2019, hence it cannot be ascertained if the actual availability of the TSGENCO stations has been up to the normative level to enable complete fixed charge recovery as approved by the Hon'ble TSERC.</p>	
	<p>iv) Additionally, TS Discoms has considered the capacity allocation from YTPS Unit I &amp; II for FY 2023-24. The units YTPS I and YTPS II are expected to be commissioned on 1<sup>st</sup> Dec 2023 and 1<sup>st</sup>Feb 2024. The Hon'ble commission in its TSGENCO MYT order dt. 22.03.2022 has directed the TSGENCO to submit the proposal for determination of capital cost and Tariff for YTPS. The relevant extract and directive issued from the TSGECO MYT order dt. 22.03.2022 are reproduced below for reference:</p> <p><i>5.3.36 The Commission has discussed capital cost and capitalisation schedule of BTPS in detail in the subsequent Chapter of this Order. However, it is to be noted</i></p>	<p>The TS Discoms have considered the projections for availability of power quantum and the cost of power purchase from YTPS units 1 &amp; 2 as per the Commissioning Dates as communicated by TS Genco in consultation with CMD Genco &amp;Transoin November 2022 (during ARR &amp; FPT filing). Hence, the YTPS Unit 1 availability is considered from Dec'22 and YTPS Unit 2 availabiliyt is considered from Feb'23 and the fixed cost and variable costs for these months were considered as received from TS Genco.</p>



<p><i>that the Commission has approved the capitalisation of BTPS only from the CoD of the Station as against the submission of TSGenco. Hence, the capitalisation approved for BTPS is from FY 2020-21 against the capitalisation submitted by TSGenco for FY 2019-20. <u>The Commission noted that TS Genco submitted the capital investment for YTPS (new station) in the Capital Investment Plan; however, TSGenco has not sought determination of capital cost &amp; tariff for YTPS in the Petition. Therefore, the Commission has not considered the approval of capital cost for YTPS while approving the investment plan for FY 2019-20 to FY 2023-24. The Commission directs TSGenco to submit the proposal for determination of capital cost and Tariff for YTPS before its CoD as per the Regulations No.1 of 2019.</u></i></p> <p><i>“New Directives</i></p> <p><b>6. Scheme-wise Details of Capital Cost for New Stations</b></p> <p><i>The Commission directs TS Genco to submit the proposal for final capital cost and revised tariff for BTPS after commissioning of the final unit. The Commission also directs TS Genco to submit the proposal for determination of capital cost and Tariff for YTPS before its CoD as per the Regulations No.1 of 2019. TS Genco shall submit the scheme-wise capitalisation for new plants, viz., KTPS-VII, BTPS and YTPS with Financial Package, Time and Cost over-run for each station along with proper quantification of the cost over-run, justification for the time over-run and Financial Package-wise undischarged liabilities as on COD of the respective plant while filing the MTR Petition.”</i></p>	
<p>v) To the best of our knowledge, the MTR filing dt. 30.11.2022 made by TSGENCO and information available on TSGENCO website do not provide any details/status about the YTPS capital cost approval and Tariff determination. Even the commissioning date of the units are in Dec’23 and Feb’ 24.</p>	
<p>vi) In light of the above, the Objector has not considered any power</p>	

	procurement (MUs) from YTPS for computation of power purchase cost for FY 2023-24.																																								
	<p>vii)The detailed computation of Fixed cost for TSGENCO thermal station for both discoms as per Objector’s Assessment is shown below:</p> <p>Disallowance Proposed in Fixed cost of TSGENCO Thermal as per <b>Objector’s Assessment</b></p> <p style="text-align: center;"><b>(All Figures in Crores)</b></p> <table border="1" data-bbox="309 532 1344 776"> <thead> <tr> <th>Particulars</th> <th>TSSPDCL</th> <th>TSNPD CL</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>Petitioner’s Claim</td> <td>4,004.21</td> <td>1,671.49</td> <td>5,675.70</td> </tr> <tr> <td>Objector Assessment</td> <td>3,439.16</td> <td>1,435.60</td> <td>4,874.76</td> </tr> <tr> <td><b>Disallowance Proposed</b></td> <td><b>565.05</b></td> <td><b>235.89</b></td> <td><b>800.94</b></td> </tr> </tbody> </table> <table border="1" data-bbox="282 849 1349 1437"> <thead> <tr> <th rowspan="2">Station</th> <th>Plant Capacity</th> <th>Net Availability</th> <th>Normative Availability to be Considered as per Objector</th> <th>Energy Dispatch</th> <th>Fixed Cost approved in Tariff Order</th> <th>Fixed Cost as per Petitioner</th> <th>Fixed Cost as per Objector's Assessment</th> </tr> <tr> <th>MW</th> <th>%</th> <th>%</th> <th>MU</th> <th>INR Crore</th> <th>INR Crore</th> <th>INR Crore</th> </tr> </thead> <tbody> <tr> <td><b>TSGENCO Thermal</b></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>	Particulars	TSSPDCL	TSNPD CL	Total	Petitioner’s Claim	4,004.21	1,671.49	5,675.70	Objector Assessment	3,439.16	1,435.60	4,874.76	<b>Disallowance Proposed</b>	<b>565.05</b>	<b>235.89</b>	<b>800.94</b>	Station	Plant Capacity	Net Availability	Normative Availability to be Considered as per Objector	Energy Dispatch	Fixed Cost approved in Tariff Order	Fixed Cost as per Petitioner	Fixed Cost as per Objector's Assessment	MW	%	%	MU	INR Crore	INR Crore	INR Crore	<b>TSGENCO Thermal</b>								<p>TS Discoms have responded to the item-wise objections/ suggestions proposed by the objector, in the abovementioned sections, and would request the Hon’ble Commission to consider the projections shared by Discoms, considering the justifications shared on the same</p>
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KTPS D	500	73.00%	80.00%	3,197.39	381.03	381.03	347.69
KTPS Stage VI	500	74.00%	80.00%	3,250.14	517.45	517.46	478.64
RTS B	62.5	68.00%	80.00%	370.60	117.35	117.34	99.75
Kakatiya Thermal Power Plant Stage I	500	74.00%	80.00%	2,796.89	416.04	416.03	384.84
Kakatiya Thermal Power Plant Stage II	600	75.00%	80.00%	3,921.22	710.49	710.48	666.08
BTPS - unit 1	270	78.00%	80.00%	1,844.57	473.55	473.55	461.71
BTPS - unit 2	270	78.00%	80.00%	1,844.57	473.55	473.55	461.71
BTPS - unit 3	270	78.00%	80.00%	1,844.57	473.55	473.55	461.71
BTPS - unit 4	270	78.00%	80.00%	1,844.57	473.55	473.55	461.71
Yadradri - TPS - I	800	79.00%	NA	1,841.18	NA	400.80	-
Yadradri - TPS - II	800	79.00%	NA	905.50	NA	200.40	-
KTPS VII	800	81.00%	80.00%	5,659.53	1,037.97	1,037.97	1,050.94

	<b>Total TSGENCO Thermal</b>	<b>564 2.5</b>			<b>29,320. 74</b>	<b>5,074. 52</b>	<b>5,675. 70</b>	<b>4,874.78</b>	
<p><b><u>B. Central Generating Stations:</u></b></p> <p>i. It is pointed out that the Hon'ble Commission has not considered any capacity allocation from NTECL Vallur TPS and NLC Tamil Nadu Power Ltd. For FY 2023-24 in line with the earlier directions of the Commission in RST Orders for FY 2017-18 and FY 2018-19. The relevant extracts from the past RST orders have been reproduced below for reference:</p> <p>The Hon'ble Commission in its RST Order dt. 26.08.2017 for FY 2017-18 has stated as follows:</p> <p><u>"3.3.17 To reduce the financial burden upon them, the Licensees submitted a requisition to GoI expressing its willingness to surrender the share of Telangana State from NTECL Vallur TPS. In view of the requisition made by the Licensees, the Commission also observes that NLC Tamil Nadu Power Ltd. is also a similar project with high cost of generation. The Commission thus directs the DISCOMs to surrender the allocated share of Telangana State in NTECL Vallur TPS and NLC Tamil Nadu Power Ltd. Hence the Commission in this Order, has not considered the energy availability from these generating stations from 01.08.2017 onwards."</u></p> <p><b><u>(Emphasis supplied)</u></b></p> <p>The Hon'ble Commission in its RST Order dt. 27.03.2018 for FY 2018-19 has stated as follows:</p> <p><u>"3.3.18 The Commission in its Tariff Order for FY 2017-18 dated 26.08.2017 directed the DISCOMs to surrender the allocated share of Telangana State in NTECL Vallur TPS and NLC Tamil Nadu Power Ltd. and accordingly, had not considered the energy availability from these stations from 01.08.2017. The</u></p> <p>The projection of availability and cost for the CGS generators (NTECL Vallur TPS and NLC Tamil Nadu Power Ltd) are based on the allocation by <b>Central Govt.</b> and availability received from respective power plant. The Licensees submitted a requisition to MOP, GoI expressing its willingness to <b>surrender</b> the share of Telangana State from NTECL Vallur TPS and NLC Tamil Nadu Power Ltd. and it is under process.</p>									

<p><u>DISCOMs submitted that in response to their request for re-allocation of the share of Telangana State in NTECL Vallur TPS, there is no confirmation from the Ministry of Power, GoI to that effect. The DISCOMs also submitted that the re-allocation of the share in NLC Tamil Nadu Power Ltd. will be taken up after the re-allocation of share in NTECL Vallur TPS. The Commission observed that the DISCOMs are procuring power from NTECL Vallur TPS and NLC Tamil Nadu Power Ltd. in FY 2017-18 and have proposed in FY 2018-19 also. <b>In light of the directions in the Tariff Order for FY 2017-18, the Commission has not considered the share allocation to Telangana State from NTECL Vallur TPS and NLC Tamil Nadu Power Ltd. for FY 2018-19.</b> (Emphasis supplied)</u></p>	
<p>ii) The Hon'ble Commission in its RST order dt.23.03.2022 for FY 2022-23 has approved Power Purchase as follows by disallowing any Power Procurement from NTECL Vallur TPS and NLC Tamil Nadu Power Ltd.:</p>	

**Table 4-15 Power procurement cost from Central Generating Stations for FY 2022-23**

Source	Claimed				Approved			
	Quantum MU	Fixed Cost Rs.crore	Variable Cost Rs.crore	Total Rs.crore	Quantum MU	Fixed Cost Rs.crore	Variable Cost Rs.crore	Total Rs.crore
<b>Thermal</b>								
NTPC Ramagundam Stage I & II	2683.01	188.60	690.63	879.22	2716.15	181.22	699.16	880.38
NTPC Ramagundam Stage III	721.42	57.15	182.20	239.35	729.22	53.89	184.17	238.06
NTPC Talcher TPS II	1638.93	117.79	284.28	402.07	1598.29	110.39	277.23	387.62
NTPC Simhadri Stage I	2251.89	478.57	707.56	1186.13	3672.35	356.75	1153.88	1510.63
NTPC Simhadri Stage II	1298.23	230.24	398.51	628.75	1765.35	245.11	541.91	787.02
NTPC Kudgi	1017.12	319.88	348.05	667.92	1751.40	294.24	599.31	893.55
NLC TPS II Stage I	395.60	27.08	104.54	131.63	385.93	28.10	101.99	130.09
NLC TPS II Stage II	710.07	50.12	187.82	237.95	692.64	52.26	183.21	235.47
NNTPP	402.72	68.24	88.03	156.28	392.73	78.22	85.84	164.06
TSTPP Unit 1	3499.63	790.92	794.42	1585.33	3412.84	711.82	774.72	1486.54
NTECL Vallur TPS	834.63	135.00	245.48	380.48	0.00	0.00	0.00	0.00
NLC Tamil Nadu Power Ltd.	1068.60	188.57	283.77	472.34	0.00	0.00	0.00	0.00
<b>Sub Total</b>	<b>16521.83</b>	<b>2652.16</b>	<b>4315.29</b>	<b>6967.45</b>	<b>17116.91</b>	<b>2112.01</b>	<b>4601.41</b>	<b>6713.42</b>
<b>Nuclear</b>								

iii) Despite clear past directives/methodology of the Hon'ble Commission, the TS Discoms have sought to procure power from these stations. It is humbly requested that the Hon'ble Commission may penalise the Discoms for not adhering to the directives specified.

iv) The Objector in line with the Hon'ble Commission past followed methodology/directives has not considered any capacity allocation from these two generating stations for power purchase computation. It is prayed that the Hon'ble TSERC may do the same.

**C. Interest on Pension bonds:**

i) The Petitioners i.e. TSSPDCL & TSNDCL have claimed an amount of Rs. 972.86 Crores and Rs. 406.11 Crores respectfully towards interest on Pension bonds for FY 2023-24.

ii) It is a set principle that pension funds have to be maintained from the

No Comments

	<p>contributions of the management &amp; employees and should be used appropriately to earn interest thereon.</p> <p>iii) It is inappropriate to load the inefficiency of erstwhile APSEB in managing funds on the end consumers in the form interest on Pension Bonds.</p>	
	<p>iv) The Hon'ble Commission in its TSGENCO MYT Order dt. 22.03.2022 has also acknowledged the same i.e. additional burden of pension bonds should be funded by the Government of Telangana. The Hon'ble Commission Directive as per order dt. 22.03.2022 in this regard is reproduced below:</p> <p><i>"New Directives</i></p> <p><b>10. Liabilities on pension bonds</b></p> <p><i>The Commission directs TS Genco to extract the request of the stakeholder that the Government of Telangana shall bear the additional burden of pension bonds and communicate to the</i></p> <p><i>Principal Secretary, Energy, GoTS for favourable consideration."</i></p> <p><i>(Emphasis supplied)</i></p>	
	<p>v) Therefore, it is prayed that the claim of the Petitioners towards Interest on Pension Bonds may be disallowed and may be borne by the Government of Telangana.</p>	
	<p><b>D. Sale of Surplus Power:</b></p> <p>i) The Objector, after assessing the actual power purchase requirement for both discoms for FY 2023-24 (same has been discussed in detail in section 4 pertaining to sales projection in this report) and despatching the power in an economical manner has worked out the actual</p>	<p>TS Discoms <b>have not considered any sale of surplus power</b> in FY 2023-24 due to the cost competitiveness i.e., TS Discoms have considered the energy dispatch in line with the energy requirement only. For showing sale of surplus power, TS Discoms have to purchase power at a higher rate and sell such power at a cheaper rate, which is not feasible.</p>

	surplus/deficit (MUs) scenario for FY 2023-24.			
	ii) For computation purpose following parameters discussed above are taken in consideration: i) Zero Despatch from NTECL Vallur TPS and NLC Tamil Nadu Power Ltd; ii) Zero Capacity allocation from YTPS I & II; iii) Economical Power despatch in accordance to reduced power purchase requirement.			Though, on a real time basis, if the market conditions are favorable, TS Discoms shall engage in the sale of surplus power in various time blocks, as done in the recent years. The details of quantum of surplus sale and revenue earned, from FY 2016-17 to FY 2022-23, have already been submitted to the Hon'ble Commission, as part of the Additional information requested.
	iii) Taking into account the above, the Objector has computed the actual overall energy scenario for FY 2023-24:			<p>The calculation of the objector regarding the overall energy scenario is not correct for the following reasons:</p> <p>i. Zero Despatch from NTECL Vallur TPS and NLC Tamil Nadu Power Ltd; - As responded in above section, until the surrender request for share allocated by Central Govt is not finalized, TS Discoms cannot project zero despatch from NTECL Vallur TPS and NLC Tamil Nadu Power Ltd.</p> <p>ii. Zero capacity allocation from YTPS -</p> <p>iii. Economical power despatch - The Energy requirement projections made by the objector are incorrect as they have projected lesser sales for LIS category.</p>
	<b>Particulars for FY 2023-24</b>	<b>TSSPDCL</b>	<b>TSNPDC L</b>	
	Energy Availability (MUs)	65,750.47	28,056.71	
	Energy Requirement (MUs)	55,100.32	21,289.25	
	<b>Surplus/deficit (MUs)</b>	<b>10,650.14</b>	<b>6,767.46</b>	
	<b>Average of MCP for FY 22 and H1 of FY 23 (Rs/kWh)</b>	<b>5.17</b>	<b>5.17</b>	
	<b>Revenue generated by Sale of Surplus Power (Rs. Crores)</b>	<b>5,503.19</b>	<b>3,496.91</b>	
	iv) The Summary of Disallowances in Power Purchase Cost as per the Objector's Assessment is summarized below:			<p>TS Discoms have gone through the detailed computations done by the objector in their Annexures.</p> <p>While TS Discoms appreciate the intention and efforts put in by the objector, behind the analysis undertaken for the Power purchase cost projections for FY</p>
	<b>Power Purchase Cost as per Petitioner's Claim</b>			



Particulars	State			TSSPDCL			TSN PDC L		
	2023-24			2023-24			2023-24		
	PP MU	PP Cost (INR Cr.)	PP Cost (INR/kWh)	PP MU	PP Cost (INR Cr.)	PP Cost (INR/kWh)	PP MU	PP Cost (INR Cr.)	PP Cost (INR/kWh)
TSGENC O Thermal	29,320.74	13,418.89	4.58	20,685.78	9,467.03	4.58	8,634.96	3,951.86	4.58
TSGENCO Hydel	5,414.41	1,317.51	2.43	3,819.87	929.50	2.43	1,594.54	388.01	2.43
CGS stations	22,809.96	10,151.81	4.45	16,013.11	7,162.11	4.47	6,796.85	2,989.71	4.40
APGPCL	-	-	-	-	-	-	-	-	-
IPPs (Thermal Power Tech)	2,650.58	2,207.19	8.33	1,869.99	1,557.17	8.33	780.60	650.02	8.33
NCES	11,959.28	5,187.70	4.34	8,006.78	3,574.00	4.46	3,952.50	1,613.70	4.08
Singareni I & II	1,098.04	759.82	6.92	-	-	-	1,098.04	759.82	6.92
Thermal Power	2,630.44	1,820.21	6.92	2,630.44	1,820.21	6.92	-	-	-

2023-24, TS Discoms feel that those assumptions are very optimistic and intended only towards the reduction of the costs, without considering the practicality of the same.

TS Discoms have already responded to the rationale behind considering the energy availability and FC, VC projections for FY2023-24, for the respective generating station and short-term sources, in the abovementioned sections. TS Discoms would request the Hon'ble Commission to consider the projections shared by Discoms, considering the justifications shared on the same.

	Tech									
	CSPGCL	2,009.88	783.85	3.90	-	-	-	2,009.88	783.85	3.90
	Thermal Power Tech Unit II	4,814.85	1,877.79	3.90	4,814.85	1,877.79	3.90	-	-	-
	Other Short Term Sources	135.56	61.46	4.53	95.64	43.36	4.53	39.92	18.10	4.53
	D-D purchase / sale	-	-	3.02	814.52	250.96	3.08	-814.52	-250.96	3.08
	Interest on Pension Bonds	-	1,378.97	-	-	972.86	-	-	406.11	-
	<b>Total PP Cost</b>	<b>82,843.75</b>	<b>38,965.20</b>	<b>4.70</b>	<b>58,750.98</b>	<b>27,654.99</b>	<b>4.71</b>	<b>24,092.77</b>	<b>11,310.21</b>	<b>4.69</b>
	Sale of Surplus Power	-	-	-	-	-	-	-	-	-
	<b>Net PP Cost</b>	<b>82,843.75</b>	<b>38,965.20</b>	<b>4.70</b>	<b>58,750.98</b>	<b>27,654.99</b>	<b>4.71</b>	<b>24,092.77</b>	<b>11,310.21</b>	<b>4.69</b>
	<b>Power Purchase Cost as per Objector's</b>									

Particulars	Assessment								
	State			TSSPDCL			TSNPDCL		
	2023-24			2023-24			2023-24		
	PP MU	PP Cost (INR Cr.)	PP Cost (INR/kWh)	PP MU	PP Cost (INR Cr.)	PP Cost (INR/kWh)	PP MU	PP Cost (INR Cr.)	PP Cost (INR/kWh)
TSGENCO Thermal	26,574.06	11,829.61	4.45	18,748.00	8,345.81	4.45	7826.06	3,483.81	4.45
TSGENCO Hydel	5,414.41	1,317.51	2.43	3,819.87	929.50	2.43	1,594.54	388.01	2.43
CGS stations	19,748.98	9,134.20	4.63	14,792.83	6,288.66	4.25	4,956.15	2,845.55	5.74
APGPCL	-	-	-	-	-	-	-	-	-
IPPs (Thermal Power Tech)	2,496.65	2,207.19	8.84	1,869.99	1,557.17	8.33	626.67	650.02	10.37
NCES	11,959.28	5,187.70	4.34	8,006.78	3,574.00	4.46	3,952.50	1,613.70	4.08
Singareni I & II	1,098.04	759.82	6.92	-	-	-	1,098.04	759.82	6.92
Thermal Power	2,137.86	1,663.13	7.78	2,137.86	1,663.13	7.78	-	-	#DIV/0!

	Tech									
	CSPGCL	2,009.88	783.85	3.90	-	-	-	2,009.88	783.85	3.90
	Thermal Power Tech Unit II	4,814.85	1,877.79	3.90	4,814.85	1,877.79	3.90	-	-	#DIV/0!
	Other Short Term Sources	135.56	61.46	4.53	95.64	43.36	4.53	39.92	18.10	4.53
	D-D purchase / sale	-	106.13	-	814.52	350.49	4.30	-814.52	-244.36	3.00
	Interest on Pension Bonds	-	-	-	-	-	-	-	-	-
	<b>Total PP Cost</b>	<b>76,389.58</b>	<b>34,928.40</b>	<b>4.57</b>	<b>55,100.32</b>	<b>24,629.90</b>	<b>4.47</b>	<b>21,289.25</b>	<b>10,298.49</b>	<b>4.84</b>
	Sale of Surplus Power	-17,417.60	-8,999.67	-	-10,650.14	-5,502.93	5.17	-6,767.46	-3,496.75	5.17
	<b>Net PP Cost</b>	<b>58,971.98</b>		<b>4.57</b>	<b>44,450.18</b>	<b>19,126.98</b>	<b>4.30</b>	<b>14,521.79</b>	<b>6,801.75</b>	<b>4.68</b>
	<i>Particulars</i>			<b>Disallowances in Power Purchase Cost claimed by the Petitioners as per</b>						

		Objector's Assessment (INR Crores)		
		State	TSSPDCL	TSNPDCL
	<i>TSGENCO Thermal</i>	-1,589.28	-1,121.22	-468.06
	<i>TSGENCO Hydel</i>	-	-	-
	<i>CGS stations</i>	-1,017.61	-873.45	-144.16
	<i>APGPCL</i>	-	-	-
	<i>IPPs</i>	-	-	-
	<i>NCEs</i>	-	-	-
	<i>Singareni I &amp; II</i>	-	-	-
	<i>Thermal Power Tech</i>	-157.08	-157.08	-
	<i>CSPGCL</i>	-	-	-
	<i>Thermal Power Tech Unit II</i>	-	-	-
	<i>Other Short Term Sources</i>	-	-	-
	<i>D-D purchase/ sale</i>	106.13	99.53	6.61
	<i>Interest on Pension Bonds</i>	-1,378.97	-972.86	-406.11
	<b>Total PP Cost</b>	<b>-4,036.81</b>	<b>-3,025.09</b>	<b>-1,011.72</b>
	<b>Sale of Surplus Power</b>	<b>-8,999.67</b>	<b>-5,502.93</b>	<b>-3,496.75</b>
	<b>Net PP Cost</b>	<b>-13,036.48</b>	<b>-8,528.01</b>	<b>-4,508.47</b>
	V) Hence, it is prayed that the Hon'ble Commission may allow the Power Purchase cost of Rs. 25,928.72 Crores for FY 2023-24 as per Objector's Assessment.			
5	<b>NON-TARIFF INCOME:</b> i) TSSPDCL and TSNPDCL have claimed NTI towards Retail Supply			The details of Non-tariff income as per audited accounts and the segregation of accounts between distribution and retail supply business for FY 2021- 22

	<p>Business to the tune of Rs. 28.18 Crores and Rs. 33.81 Crores for FY 2023-24, respectively. It is the observation of the Objector that the Discoms have understated Non-Tariff Incomes in comparison to the figures recorded in the Audited Accounts of the Discoms.</p>	<p>along with other income which is not considered for the reasons mentioned in the "Remarks" column of the table and the basis of projections for FY 2022-23 and FY 2023-24 are clearly mentioned under para no. 5.2 of Chapter - 5 and para no. 6.2 of chapter 6 in the ARR &amp; Tariff Proposals of TSSPDCL and TSNPDCL respectively.</p>																																		
	<p>ii) As per the latest available Audited Accounts of Q1 &amp; Q2 for FY 2022-23 pertaining to TSSPDCL and TSNPDCL, the NTI booked for Retail Business is Rs. 70.20 Crores and Rs. 127.33 Crores respectively which are far more than the projected NTI.</p>	<p>Further to mention that other income that is not considered in the Non-tariff income mainly comprises of Delayed Payment surcharge income which is essentially for the additional Credit extended by the Licensee to its customers to meet the interest on working capital borrowings</p>																																		
	<p>iii) Assuming the overall NTI on the basis of the latest Audited Accounts for both Discoms, the Objector has arrived at Rs. 265.29 Crores as NTI for both Discoms for FY 2023-24 for Retail Supply Business.</p> <p style="text-align: center;"><b>Objector Assessment of Non-Tariff Income for FY 2023-24</b></p> <p style="text-align: center;"><i>(All Figures in Rs. Crores)</i></p> <table border="1" data-bbox="279 878 1365 1414"> <thead> <tr> <th rowspan="2">Non-Tariff Income</th> <th colspan="2">TSSPDCL</th> <th colspan="2">TSNPDCL</th> <th colspan="2">Total</th> </tr> <tr> <th>Actuals H1</th> <th>Objector's Assessment</th> <th>Actuals H1</th> <th>Objector's Assessment</th> <th>Actuals H1</th> <th>Objector's Assessment</th> </tr> <tr> <th>Particulars</th> <th>2022-23</th> <th>2023-24</th> <th>2022-23</th> <th>2023-24</th> <th>2022-23</th> <th>2023-24</th> </tr> </thead> <tbody> <tr> <td>As per accounts (A)</td> <td>70.20</td> <td>155.94</td> <td>69.49</td> <td>137.96</td> <td>139.69</td> <td>293.90</td> </tr> <tr> <td>Projected by the Petitioner(B)</td> <td>-</td> <td>28.18</td> <td>-</td> <td>33.81</td> <td>-</td> <td>61.99</td> </tr> </tbody> </table>	Non-Tariff Income	TSSPDCL		TSNPDCL		Total		Actuals H1	Objector's Assessment	Actuals H1	Objector's Assessment	Actuals H1	Objector's Assessment	Particulars	2022-23	2023-24	2022-23	2023-24	2022-23	2023-24	As per accounts (A)	70.20	155.94	69.49	137.96	139.69	293.90	Projected by the Petitioner(B)	-	28.18	-	33.81	-	61.99	
Non-Tariff Income	TSSPDCL		TSNPDCL		Total																															
	Actuals H1	Objector's Assessment	Actuals H1	Objector's Assessment	Actuals H1	Objector's Assessment																														
Particulars	2022-23	2023-24	2022-23	2023-24	2022-23	2023-24																														
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Projected by the Petitioner(B)	-	28.18	-	33.81	-	61.99																														

	<b>Balance understated by Petitioner(A-B)</b>	-	<b>-127.76</b>	-	<b>-104.15</b>	-	<b>-231.91</b>													
	iv) It is respectfully submitted that the Hon'ble Commission may align the NonTariff incomes strictly in line with the audited accounts as per Objector's Assessment and reduce it from the ARR being approved.																			
	<b>GOVERNMENT OF TELANGANA SUBSIDY:</b> i) The Average Cost of Supply (ACoS) as approved in the RST tariff order dt. 23.03.2022 for FY 2022-23 is Rs. 6.80/kWh for TSSPDCL and Rs. 7.57/kWh for TSNPDCL..																			
	ii) The Average Cost of Supply (ACoS) as computed by the Objector for FY 2023-24 is Rs. 5.61/kWh for TSSPDCL and Rs. 6.44/kWh for TSNPDCL.																			
	iii) Considering the actual sales to subsidised category of consumers and the average cost to serve, the cost of supplying power to subsidised categories for each discom is worked out. It is observed that there is an additional subsidy requirement of Rs. 6,018.47 Crores and Rs. 5,367.15 Crores for TSSPDCL and TSNPDCL respectively for FY 2023-24.																			
	iv) The computations for the same are provided in the tables below: <b>Subsidy requirement for TSSPDCL for FY 2023-24</b> <table border="1" data-bbox="301 1268 1381 1432"> <thead> <tr> <th data-bbox="301 1268 483 1432">Consumer Categories</th> <th data-bbox="483 1268 647 1432">Energy Sales</th> <th data-bbox="647 1268 835 1432">ACoS computed by Objector*</th> <th data-bbox="835 1268 986 1432">Cost to Serve</th> <th data-bbox="986 1268 1150 1432">Projected Revenue Assessment</th> <th data-bbox="1150 1268 1381 1432">Subsidy Requirement</th> </tr> </thead> <tbody> <tr> <td colspan="6" data-bbox="301 1432 1381 1432"> </td> </tr> </tbody> </table>								Consumer Categories	Energy Sales	ACoS computed by Objector*	Cost to Serve	Projected Revenue Assessment	Subsidy Requirement						
Consumer Categories	Energy Sales	ACoS computed by Objector*	Cost to Serve	Projected Revenue Assessment	Subsidy Requirement															
	The ACoS calculated by the objector is not correct because they have omitted/estimated lesser cost for certain items and considered lower sales (mainly by considering lower LIS sales) and the Discoms' responses for the same are already mentioned in above sections.  While, TS Discoms understand the intention of the objector for computing the subsidy requirement, though, they haven't considered the positive cross-subsidy element that may be generated by the consumer categories with ABR more than the ACoS. Such cross-subsidy shall reduce the subsidy requirement to a certain extent.  As per the existing practice, the Hon'ble Commission computes the ACoS-ABR level for each consumer category, and after adjusting the positive and negative cross-subsidy throughout, arrives at the revenue gap and tries to balance the same with the GoTS subsidy commitment.  TS Discoms shall abide by the directions given by the Hon'ble Commission, and the subsidy commitments by the Govt. of Telangana, in this regard.																			

	MU	Rs./kWh	Rs. Crore	Rs. Crore	Rs. Crore
	A	B	$C = A \times B / 10$	D	$E = C - D$
LT (Domestic)	10,547.46	5.61	5,912.95	5,775.11	137.84
LT Agriculture	10,590.92	5.61	5,937.32	56.69	5,880.63
<b>Total</b>	<b>21,138.39</b>		<b>11,850.27</b>	<b>5,831.80</b>	<b>6,018.47</b>

**Subsidy requirement for TSNPDCL for FY 2023-24**

Consumer Categories	Energy Sales	ACoS computed by Objector*	Cost to Serve	Projected Revenue Assessment	Subsidy Requirement
	MU	Rs./kWh	Rs. Crore	Rs. Crore	Rs. Crore
	A	B	$C = A \times B / 10$	D	$E = C - D$
LT (Domestic)	4,234.41	6.44	2,724.85	1,999.52	725.34
LT Agriculture	7,290.39	6.44	4,691.39	49.57	4,641.81
<b>Total</b>	<b>11,524.79</b>		<b>7,416.24</b>	<b>2,049.09</b>	<b>5,367.15</b>

\*Note: The ACoS as computed by the Objector has been provided in the



	forthcoming sections.	
	v) The Objector humbly submits that the Hon'ble Commission may consider the shortfall of subsidy receivable from the State of Telangana for FY 2023-24 and allow the same in the instant proceedings towards the ARR for FY 2023-24 in line with the Section 65 of the Electricity Act, 2003.	
	<p><b>8 URGENT NEED FOR CROSS SUBSIDY AND TARIFF RATIONALIZATION:</b></p> <p>i) The Objector submits that the State Government is free to provide subsidised or free power to any class of consumers. However, it should provide full and commensurate subsidy in such cases and there is no occasion to subsidise the cost of supplying free power / subsidised power by imposing the burden on the industrial consumers through cross subsidy.</p>	<p>TS Discomshave proposed for retaining the tariffs as per the Tariff Order for FY 2022-23 for the ensuing year FY 2023-24 except few proposals/modifications like</p> <ul style="list-style-type: none"> <li>• revision tariff for LT VII B Wholly Religious Places and introduction of new category for HT wholly religious places,</li> <li>• Green Tariff for all Tariff categories,</li> <li>• introduction of Grid Support charges / Parallel Operation Charges</li> </ul>
	<p>ii) The National Tariff Policy, 2016 stipulates that the cross-subsidy levels are to be kept within the permissible range of <math>\pm 20\%</math> of the Cost of Supply. It is submitted that the Hon'ble Appellate Tribunal for Electricity (Hon'ble APTEL or Hon'ble Tribunal) has taken cognizance of this and given the following as part of its Findings and Analysis in its Judgement dt. 18.02.2022 in Appeal No. 248 of 2018 (Annexed herewith as Annexure-I):</p> <p><i>"27. We are inclined to record here that State Commission has miserably failed in complying with the directions passed by this Tribunal in various Judgements but also failed to implement the provisions of the Tariff Policy,2016 which clearly mandates that:</i></p> <p><i>"Clause 8.3(2)</i></p> <p><b>a) Separate consumer tariff at each voltage level has to be determined in order to fulfil the mandate of Section 61(g) of the Electricity Act 2003, which is to reflect actual cost of</b></p>	<p>TS Discoms have not proposed for any change in tariff except abovementioned cases and would abide by the directions of Hon'ble Commission in this regard.</p>

*supply;*

- b)** *Separate consumer tariff at each voltage level is required in order to ascertain the actual cross subsidies in built in a consumer's tariff;*
- c)** *Without specifying a separate consumer tariff for consumers connected at each voltage level, a progressive reduction in actual cross subsidies is not possible as the said component is not known;*
- d)** *The retail/ effective tariff or average billing rate at a particular voltage level cannot exceed more than 20% of the actual cost of supply of a distribution licensee at the said voltage level."*

...

*29. In the light of the foregoing paragraphs, it is clear that this Tribunal has, time and again, been consistently held that the State Commissions have to necessarily determine voltage wise tariff depending upon different category of consumers, and the principle of which has also been upheld by the Hon'ble Supreme Court in Punjab State Power Corpn. Ltd. v. Punjab State Electricity Regulatory Commission, (2015) 7 SCC 387 as stated above."*  
*(Emphasis supplied)*

iii) Despite such clear mandate from the Hon'ble APTEL and the National Tariff Policy, 2016, the Objector submits that the tariff approved in the RST Order for FY 2022-23 dt. 23.03.2022 has increased the Cross-subsidy level % beyond the permissible range of  $\pm 20\%$  as per the Tariff Policy, 2016:

TSNPDCL	FY 2022-23				
Category	Sales submitted in	Revenue submitted in Petition (Rs. Crores)	AB R (Rs./	CoS approved in	AB R/C oS

		<b>Petition (MUs)</b>		<b>kW h)</b>	<b>RST Order for FY23 (Annexure-9) (Rs./kW h)</b>	<b>(%)</b>
<b>LT Category</b>		<b>12,862.79</b>	<b>3,512.49</b>	<b>2.73</b>		<b>-</b>
Category I (A&B) - Domestic		4,006.42	1,901.08	<b>4.75</b>	<b>7.76</b>	<b>61%</b>
Category II (A,B,C & D) - Non-domestic/Commercial		896.35	1,022.03	<b>11.40</b>	<b>7.46</b>	<b>153%</b>
Category III - Industrial		238.40	224.62	<b>9.42</b>	<b>7.46</b>	<b>126%</b>
Category IV (A&B) - Cottage Industries & Dhobighats		8.54	4.17	<b>4.88</b>	<b>9.76</b>	<b>50%</b>
Category V (A&B) - Irrigation and Agriculture		7,290.39	47.11	<b>0.06</b>	<b>8.34</b>	<b>1%</b>
Category VI (A & B) - Local Bodies, St.		359.88	255.68	<b>7.10</b>	<b>9.74</b>	<b>73%</b>

Lighting & PWS						
Category VII (A & B) - General Purpose	55.01	48.06	8.74	9.74	90%	
Category VIII - Temporary Supply	7.68	9.60	12.49	11.65	107%	
Category IX Electric Vehicle Charging Stations	0.13	0.14	10.89	-	0%	
<b>HT Category at 11 KV</b>	<b>2,328.96</b>	<b>1,792.31</b>	<b>7.70</b>		-	
HT-I Industry Segregated	1,023.79	982.63	9.60	9.13	105%	
HT-I (B) Ferro-Alloys	-	-	-	-	-	
HT-II - Others	170.28	197.53	11.60	9.55	121%	
HT-III Airports, Railways and Bustations	7.69	7.79	10.13	8.25	123%	
HT-IVA Lift Irrigation & Agriculture	22.69	25.43	11.21	6.27	179%	
HT - IV (B)	151.52	92.71	6.12	6.27	98%	

Composite P.W.S Schemes						
HT-VI Townships and Residential Colonies	8.62	7.59	<b>8.81</b>	<b>12.22</b>	<b>72%</b>	
HT -VII Temporary Supply	25.34	37.49	<b>14.80</b>	<b>8.55</b>	<b>173%</b>	
HT- VIII RESCO (Siricilla)	919.03	441.14	<b>4.80</b>	<b>6.48</b>	<b>74%</b>	
HT-IX Electric Vehicle Charging Stations	-	-	-	<b>10.52</b>	-	
<b>HT Category at 33 KV</b>	<b>567.72</b>	<b>422.28</b>	<b>7.44</b>		-	
HT-I Industry Segregated	149.71	135.02	<b>9.02</b>	<b>5.96</b>	<b>151%</b>	
HT-I (B) Ferro-Alloys	20.87	15.47	<b>7.41</b>	<b>4.72</b>	<b>157%</b>	
HT-II - Others	6.72	8.55	<b>12.73</b>	<b>6.67</b>	<b>191%</b>	
HT-III Airports, Railways and Bustations	-	-	-	-	-	
HT-IVA Lift	14.82	19.54	<b>13.18</b>	<b>5.12</b>	<b>257%</b>	

Irrigation & Agriculture						
HT - IV (B) Composite P.W.S Schemes	342.68	209.15	6.10	5.12	119%	
HT-VI Townships and Residential Colonies	26.54	23.44	8.83	5.82	152%	
HT -VII Temporary Supply	6.37	11.11	17.44	7.11	245%	
<b>TSNPDCL</b>	<b>FY 2022-23</b>					
<b>Category</b>	<b>Sales submitted in Petition (MUs)</b>	<b>Revenue submitted in Petition (Rs. Crores)</b>	<b>AB R (Rs./kW h)</b>	<b>CoS approved in RST Order for FY23 (Annexure-9) (Rs./kW h)</b>	<b>AB R/C oS (%)</b>	
HT-IX Electric Vehicle Charging Stations	-	-	-	-	-	
<b>HT Category</b>	<b>2,267.81</b>	<b>1,909.58</b>	<b>8.42</b>		<b>-</b>	

<b>at 132 KV</b>						
HT-I Industry Segregated & HMWSSB	675.89	490.05	<b>7.25</b>	<b>5.29</b>	<b>137%</b>	
HT-I (B) Ferro-Alloys	-	-	-	-	-	
HT-II - Others	5.53	12.42	<b>22.48</b>	<b>10.50</b>	<b>214%</b>	
HT-III Airports, Railways and Bustations	-	-	-	-	-	
HT-IVA Lift Irrigation & Agriculture	932.08	967.69	<b>10.38</b>	<b>6.44</b>	<b>161%</b>	
HT - IV (C) Composite P.W.S Schemes	26.77	16.34	<b>6.10</b>	<b>6.44</b>	<b>95%</b>	
HT-V (A) Railway Traction	523.11	338.70	<b>6.47</b>	<b>5.30</b>	<b>122%</b>	
HT-V (B) HMR	-	-	-	-	-	
HT-VI Townships and Residential Colonies	103.31	82.92	<b>8.03</b>	<b>4.85</b>	<b>165%</b>	
HT -VII Temporary	1.12	1.46	<b>12.96</b>	-	<b>0%</b>	

Supply					
HT-IX Electric Vehicle Charging Stations	-	-	-	-	-
<b>Total</b>	<b>18,027.28</b>	<b>7,636.66</b>	<b>4.24</b>	<b>7.57</b>	<b>56%</b>

TSSPDCL	FY 2022-23				
Category	Sales submitted in Petition (MUs)	Revenue submitted in Petition (Rs. Crores)	ABR (Rs /kWh)	CoS approved in RST Order for FY23 (Annexure-8) (Rs./kWh)	ABR/CoS (%)
<b>LT Category</b>	<b>25,658.95</b>	<b>10,418.55</b>	<b>4.06</b>		-
Category I (A&B) Domestic	9,977.86	5,468.40	5.48	6.82	80%
Category II (A,B,C & D) - Non-domestic/Commercial	3,050.42	3,477.00	11.40	6.53	175%
Category III -	933.39	857.92	9.19	6.59	139%



	Industrial					
	Category IV (A&B) - Cottage Industries & Dhobighats	9.50	4.49	<b>4.73</b>	<b>6.43</b>	<b>74%</b>
	Category V (A&B) - Irrigation and Agriculture	11,032.21	54.98	<b>0.05</b>	<b>8.38</b>	<b>1%</b>
	Category VI (A & B) - Local Bodies, St. Lighting & PWS	470.19	360.10	<b>7.66</b>	<b>6.40</b>	<b>120%</b>
	Category VII (A & B) - General Purpose	89.37	76.84	<b>8.60</b>	<b>7.43</b>	<b>116%</b>
	Category VIII - Temporary Supply	95.70	118.54	<b>12.39</b>	<b>9.31</b>	<b>133%</b>
	Category IX Electric Vehicle Charging Stations	0.30	0.27	<b>8.95</b>	<b>6.16</b>	<b>145%</b>
	<b>HT Category at 11 KV</b>	<b>6,570.40</b>	<b>6,643.99</b>	<b>10.11</b>		<b>-</b>

HT-I Industry Segregated	4,189.20	4,003.72	9.56	7.64	125%
HT-I (B) Ferro-Alloys	0.41	0.35	8.58	-	0%
HT-II - Others	1,868.19	2,134.95	11.43	7.36	155%
<b>TSSPDCL</b>	<b>FY 2022-23</b>				
<b>Category</b>	<b>Sales submitted in Petition (MUs)</b>	<b>Revenue submitted in Petition (Rs. Crores)</b>	<b>ABR (Rs /kWh)</b>	<b>CoS approved in RST Order for FY23 (Annexure-8) (Rs./kWh)</b>	<b>ABR/CoS (%)</b>
HT-III Airports, Railways and Bustations	4.66	4.83	10.38	7.19	144%
HT-IVA Lift Irrigation & Agriculture	40.28	33.61	8.34	6.38	131%
HT - IV (B) Composite P.W.S Schemes	142.17	87.08	6.12	6.38	96%
HT-VI Townships and Residential Colonies	174.38	153.60	8.81	8.13	108%

HT -VII Temporary Supply	146.10	222.66	<b>15.24</b>	<b>8.55</b>	<b>178%</b>
HT- VIII RESCO (Siricilla)	-	-	-	-	-
HT-IX Electric Vehicle Charging Stations	5.02	3.19	<b>6.36</b>	<b>9.50</b>	<b>67%</b>
<b>HT Category at 33 KV</b>	<b>7,499.69</b>	<b>6,618.43</b>	<b>8.82</b>		-
HT-I Industry Segregated	5,960.88	5,199.72	<b>8.72</b>	<b>5.76</b>	<b>151%</b>
HT-I (B) Ferro- Alloys	54.86	43.58	<b>7.94</b>	<b>4.57</b>	<b>174%</b>
HT-II - Others	1,042.40	1,038.55	<b>9.96</b>	<b>5.92</b>	<b>168%</b>
HT-III Airports, Railways and Bustations	-	-	-	-	-
HT-IVA Lift Irrigation & Agriculture	15.18	16.83	<b>11.09</b>	<b>5.53</b>	<b>201%</b>
HT - IV (B) Composite P.W.S Schemes	263.89	161.03	<b>6.10</b>	<b>5.53</b>	<b>110%</b>
HT-VI Townships	121.46	103.36	<b>8.51</b>	<b>5.78</b>	<b>147%</b>

	and Residential Colonies					
	HT -VII Temporary Supply	41.03	55.36	13.49	5.84	231%
	HT-IX Electric Vehicle Charging Stations	-	-	-	-	-
	<b>HT Category at 132 KV</b>	<b>7,245.29</b>	<b>5,308.14</b>	<b>7.33</b>		<b>-</b>
	HT-I Industry Segregated & HMWSSB	4,205.45	3,086.48	7.34	5.01	146%
	HT-I (B) Ferro-Alloys	229.55	183.70	8.00	4.34	184%
	HT-II - Others	45.91	44.94	9.79	5.25	186%
	HT-III Airports, Railways and Bustations	54.20	47.24	8.72	4.11	212%
	HT-IVA Lift Irrigation & Agriculture	1,821.45	1,399.91	7.69	5.76	133%
	HT - IV (C) Composite P.W.S Schemes	268.84	164.00	6.10	5.76	106%
	HT-V (A)	527.97	317.91	6.02	5.07	119%

Railway Traction						
HT-V (B) HMR	91.93	63.96	6.96	4.73	147%	
HT-VI Townships and Residential Colonies	-	-	-	-	-	
HT -VII Temporary Supply	-	-	-	-	-	
HT-IX Electric Vehicle Charging Stations	-	-	-	-	-	
<b>Total</b>	<b>46,974.33</b>	<b>28,989.11</b>	<b>6.17</b>	<b>6.80</b>	<b>91%</b>	

*(The orange-highlighted cells indicate the instances where the Average Billing Rate (as submitted in the instant petitions) due to tariff approved in RST Order dt. 23.03.2022, is less than the permissible 80% of the Cost of Supply approved for that category in RST Order dt. 23.03.2022. The pinkhighlighted cells indicate the instances where the Average Billing Rate (as submitted in the instant petitions) due to tariff approved in RST Order dt. 23.03.2022, is greater than the permissible 120% of the Cost of Supply approved for that category in RST Order dt. 23.03.2022.*

iv) The Petitioner has proposed to continue with the same tariff as was approved in the RST Order dt. 23.03.2022, with minor modifications for certain categories.

	v) The Objector has already demonstrated that such tariff determined is not in accordance to the Hon'ble APTEL's Judgement dt. 18.02.2022 in Appeal No. 248 of 2018, the National Tariff Policy, 2016, and in turn, the Electricity Act, 2003.																					
	vi) Therefore, the Objector prays that the Hon'ble TSERC may rationalize, revise, and approve the tariff schedule such that the tariff determined for each category does not exceed more than 20% of the actual cost of supply of a distribution licensee at the said voltage level, in strict accordance to the Hon'ble APTEL's Judgement dt. 18.02.2022 in Appeal No. 248 of 2018, the National Tariff Policy, 2016, and in turn, the Electricity Act, 2003.																					
	<p><b>SUMMARY OF OBJECTOR'S ASSESSMENT OF ALLOWABLE ARR FOR FY 2023-24</b></p> <p>i) The ARR as per Objector's assessment vs Petitioner's submission are provided below:</p> <p><b>Summary of ARR for TSSPDCL for FY 2023-24</b></p> <p><b>(All figures in Rs. Crores)</b></p> <table border="1" data-bbox="282 1036 1373 1409"> <thead> <tr> <th>Particulars</th> <th>Petitioner's Claim</th> <th>Objector's Assessment</th> <th>Disallowance</th> </tr> </thead> <tbody> <tr> <td>Transmission Cost</td> <td>2,670.27</td> <td>2,670. 27</td> <td>-</td> </tr> <tr> <td>SLDC Cost</td> <td>32.81</td> <td>32.81</td> <td>-</td> </tr> <tr> <td>Distribution Cost</td> <td>5,168.36</td> <td>5,168. 36</td> <td>-</td> </tr> <tr> <td>PGCIL &amp; ULDC Expenses</td> <td>1,081.98</td> <td>1,081. 98</td> <td>-</td> </tr> </tbody> </table>	Particulars	Petitioner's Claim	Objector's Assessment	Disallowance	Transmission Cost	2,670.27	2,670. 27	-	SLDC Cost	32.81	32.81	-	Distribution Cost	5,168.36	5,168. 36	-	PGCIL & ULDC Expenses	1,081.98	1,081. 98	-	<p>TS Discoms have responded to the item-wise disallowances proposed by the objector, in the abovementioned sections, and would request the Hon'ble Commission to consider the projections submitted by Discoms, considering the justifications shared on the same.</p>
Particulars	Petitioner's Claim	Objector's Assessment	Disallowance																			
Transmission Cost	2,670.27	2,670. 27	-																			
SLDC Cost	32.81	32.81	-																			
Distribution Cost	5,168.36	5,168. 36	-																			
PGCIL & ULDC Expenses	1,081.98	1,081. 98	-																			

<b>Network and SLDC Cost (A)</b>	<b>8,953.42</b>	<b>8,953.</b>	<b>42</b>	<b>-</b>
Power Purchase / Procurement Cost	27,654.99	19,126	98	8,528.01
Interest on Consumer Security Deposits	311.96	311.9	6	-
Supply Margin in Retail Supply Business	42.83	42.83		-
Other Costs if any	-	-		-
<b>Supply Cost (B)</b>	<b>28,009.78</b>	<b>19,481</b>	<b>.76</b>	<b>8,528.01</b>
<b>Aggregate Revenue Requirement (A+B)</b>	<b>36,963.20</b>	<b>28,435</b>	<b>.18</b>	<b>8,528.01</b>
Non-Tariff Income	28.18	155.9	4	-127.76
<b>Net Revenue Requirement</b>	<b>36,935.02</b>	<b>28,164</b>	<b>27</b>	<b>8,770.74</b>
Sales (MU)	52,352.87	50,444	21	1,908.66
ACoS (Rs./kWh)	7.06	5.61		1.45
<b>Total Revenue</b>	<b>33,724.37</b>	<b>32,394</b>	<b>.69</b>	
Revenue at Existing Tariffs (without considering the Government subsidy u/s 65 of the Electricity Act, 2003)	33,521.34	32,191	65	1,329.69
Revenue from Cross Subsidy Surcharge	100.80	100.8	0	-
Revenue from Additional Surcharge	102.23	102.2	3	-
<b>Revenue Deficit(-)/Surplus(+) at Current Tariffs</b>	<b>-3,210.64</b>	<b>4,115.</b>	<b>44</b>	<b>-7,326.09</b>

Government Subsidy u/s 65 of the Electricity Act, 2003		6,018.	47	-6,018.47
<b>Net gap - Deficit(-)/Surplus(+)</b>	<b>-3,210.64</b>	<b>10,133</b>	<b>.91</b>	<b>-13,344.56</b>

**Summary of ARR for TSNPDCL for FY 2023-24**

*(All figures in Rs. Crores)*

Particulars	Petitioner's Claim	Objector's Assessment	Disallowance
Transmission Cost	1,126.29	1,126.29	-
SLDC Cost	13.69	13.69	-
Distribution Cost	4,081.42	4,081.42	-
PGCIL & ULDC Expenses	451.19	451.19	-
<b>Network and SLDC Cost (A)</b>	<b>5,672.60</b>	<b>5,672.60</b>	-
Power Purchase / Procurement Cost	11,310.21	6,801.75	4,508.47
Interest on Consumer Security Deposits	81.08	81.08	-
Supply Margin in Retail Supply Business	31.27	31.27	-
Other Costs if any	-	-	-
<b>Supply Cost (B)</b>	<b>11,422.56</b>	<b>6,914.10</b>	<b>4,508.47</b>
<b>Aggregate Revenue Requirement (A+B)</b>	<b>17,095.16</b>	<b>12,586.69</b>	<b>4,508.47</b>
Non-Tariff Income	33.81	137.96	-104.15
<b>Net Revenue Requirement</b>	<b>17,061.35</b>	<b>12,448.74</b>	<b>4,612.61</b>
Sales (MU)	21,265.36	19,345.26	1,920.10



ACoS (Rs./kWh)	8.02	6.44	1.59
<b>Total Revenue</b>	9,737.70	8,331.27	
Revenue at Existing Tariffs (without considering the Government subsidy u/s 65 of the Electricity Act, 2003)	9,737.70	8,331.27	1,406.43
Revenue from Cross Subsidy Surcharge	-	-	-
Revenue from Additional Surcharge	-	-	-
<b>Revenue Deficit(-)/Surplus(+) at Current Tariffs</b>	<b>-7,323.65</b>	<b>-4,117.47</b>	<b>-3,206.18</b>
Government Subsidy u/s 65 of the Electricity Act, 2003	-	5,367.15	-5,367.15
<b>Net gap - Deficit(-)/Surplus(+)</b>	<b>-7,323.65</b>	<b>1,249.68</b>	<b>-8,573.33</b>

#### Summary of ARR for Telangana State for FY 2023-24

(All figures in Rs. Crores)

Particulars	Petitioner's Claim	Objector's Assessment	Disallowanc e
Transmission Cost	3,796.56	3,796.56	-
SLDC Cost	46.50	46.50	-
Distribution Cost	9,249.78	9,249.78	-
PGCIL & ULDC Expenses	1,533.17	1,533.17	-
<b>Network and SLDC Cost (A)</b>	<b>14,626.02</b>	<b>14,626.02</b>	<b>-</b>
Power Purchase / Procurement	38,965.20	25,928.72	13,036.48

Cost			
Interest on Consumer Security Deposits	393.04	393.04	-
Supply Margin in Retail Supply Business	74.10	74.10	-
Other Costs if any	-	-	-
<b>Supply Cost (B)</b>	<b>39,432.34</b>	<b>26,395.86</b>	<b>13,036.48</b>
<b>Aggregate Revenue Requirement (A+B)</b>	<b>54,058.35</b>	<b>41,021.88</b>	<b>13,036.48</b>
Non-Tariff Income	61.99	293.90	-231.91
<b>Net Revenue Requirement</b>	<b>53,996.36</b>	<b>40,727.98</b>	<b>13,268.39</b>
Sales (MU)	73,618.23	69,789.47	-
ACoS (Rs./kWh)	7.33	5.82	1.52
<b>Total Revenue</b>	<b>43,462.07</b>	<b>40,725.95</b>	-
Revenue at Existing Tariffs (without considering the Government subsidy u/s 65 of the Electricity Act, 2003)	43,259.04	40,522.92	2,736.12
Revenue from Cross Subsidy Surcharge	100.80	100.80	-
Revenue from Additional Surcharge	102.23	102.23	-
Revenue Deficit(-)/Surplus(+) at Current Tariffs	-10,534.29	-2.03	-10,532.27
Government Subsidy u/s 65 of the Electricity Act, 2003	-	11,385.62	-11,385.62

	<b>Net gap - Deficit(-)/Surplus(+)</b>	<b>-10,534.29</b>	<b>11,383.59</b>	<b>-21,917.88</b>	
	ii) From the above analysis, it is observed that instead of an ARR deficit, rather, there is an ARR Surplus. On account of the same, there arises ought to be a tariff reduction.				
	iii) It is prayed that the Hon'ble Commission may allow tariff reduction accordingly.				
	<b>PROPOSED CROSS SUBSIDY SURCHARGE</b>				
	<p>i) The Objector prays that the Hon'ble Commission may rationalize the tariffs for industrial consumers and consequently, the cross subsidy surcharge in adherence to the mandate of the National Tariff Policy, 2016. The relevant extract of the National Tariff Policy, 2016 is reproduced below:</p> <p><i>"8.3 Tariff design: Linkage of tariffs to cost of service</i></p> <p>...</p> <p><i>2. For achieving the objective that the tariff progressively reflects the cost of supply of electricity, the Appropriate Commission would notify a roadmap such that tariffs are brought within <math>\pm 20\%</math> of the average cost of supply. The road map would also have intermediate milestones, based on the approach of a gradual reduction in cross subsidy.</i></p> <p>...</p> <p><i>Surcharge formula:</i></p> <p>...</p> <p><i>Provided that the surcharge shall not exceed 20% of the tariff applicable to the category of the consumers seeking open access."</i></p> <p><b>(Emphasis supplied)</b></p>				<p>Under the purview of Hon'ble TSERC.</p> <p>TS Discoms would abide by the directions of Hon'ble TSERC in this regards</p>
	ii) Further, it is prayed that the Hon'ble Commission may not exceed the				

upper limit of allowable Cross-Subsidy Surcharge to Rs. 1.35/kWh and Rs. 1.54/kWh for TSSPDCL and TSNPDCL respectively for FY 2023-24 as computed by the Objector:

(All figures in Rs./kWh)

Discoms	ACoS as per Objector's Assessment	Maximum Tariff	Maximum CSS
	A	B = 1.2 x A	C = 0.2 x B
TSSPDCL	5.61	6.73	1.35
TSNPDCL	6.44	7.72	1.54

**PARALLEL OPERATION CHARGES/ GRID SUPPORT CHARGES:**  
i) The Petitioners in their instant Petitions have again sought the introduction of Parallel Operation Charges/Grid Support Charges (GSC). The relevant extract of the Petition is reproduced below:  
*“The licensee proposes to levy Grid Support Charges for FY 2023-24 on all the generators (Captive Generating Plants, Cogeneration Plants, Third party Generation units, Merchant Power Generation units, Rooftop Power Plants etc.) who are not having PPA/having PPA for partial capacity with the licensees as follows:  
...”*

ii) It is submitted that the Petitioners had claimed Parallel Operation Charges/Grid Support Charges (GSC) in the previous year’s petitions as well. However, the Hon’ble Commission in its RST Order dt. 23.03.2022 had not allowed the same and had made the following directive:  
*“Commission’s view  
6.25.5 The stakeholders have vehemently opposed the DISCOMs proposal of GSC. The stakeholders have also raised certain issues purported to be incorrectness in the*

The detailed analysis and reasons for levy of Grid Support Charges by TS Discoms is already submitted to the Grid Co-Ordination Committee (GCC) and TS Discoms have presented their views and analysis to all the stakeholders during the past GCC meetings with the stakeholders.

TS Discoms mentioned that it is **inevitable to levy the Grid Support Charges** for the benefits availed by the generators during parallel operation with the grid and the **gain to the Captive Power Plant is quite substantial** in case there is grid support.

After due consultations with the stakeholders and study of methodologies in other states, TS Discoms modified the methodology for levy of Grid Support Charges and proposed the modified Grid Support Charges/ Parallel Operation Charges in the ARR & FPT petition for FY 2023-24.

Hence, TS Discoms request Hon’ble Commission to consider the same and approve the levy of Grid Support Charges.

	<p><i>rationale provided by the DISCOMs. The stakeholders have also requested the Commission to undertake third party analysis before deciding on the levy of GSC as well as the quantum of such GSC. The Commission finds merit in the stakeholders' suggestion to undertake a detailed study.</i></p> <p><i>6.25.6 In accordance with Clause 5.1 of the Regulation No.4 of 2018, a <b>Grid Coordination Committee</b> has been constituted with representation from wide spectrum of generating companies, transmission licensees, distribution licensees, electricity traders, OA consumers etc. Clause 5.2(v) of the Regulation No. 4 of 2018 specifies that "the Grid Coordination Committee shall be responsible for such matters as may be directed by the Commission from time to time". The Commission finds it appropriate to refer the matter to the Grid Coordination Committee for a detailed study on the issue of parallel operation of CPPs and consequent levy of GSC."</i></p> <p><i>(Emphasis supplied)</i></p>	
	<p>iii) It is submitted that the Petitioners claim for Parallel Operation Charges/Grid Support Charges (GSC) in the instant petitions have not provided detailed study made by the Grid Coordination Committee. In the absence of the same, it is prayed that the Hon'ble Commission may disallow the claim of the Petitioners towards Parallel Operation Charges/Grid Support Charges (GSC).</p>	
	<p><b>PRAYERS:</b></p> <p>The Objector most respectfully prays that this Hon'ble Commission may be pleased to:</p> <p>A. Consider the above Objection Statement filed by the Objector;</p> <p>B. Disallow the power purchase cost as per the Objector's Assessment and in cases where the purchase has been projected at exorbitantly</p>	<p>TS Discoms have responded to the item-wise objections/ suggestions proposed by the objector, in the abovementioned sections, and would request the Hon'ble Commission to consider the projections shared by Discoms, considering the justifications shared on the same.</p>

	<p>high price not relatable to the incumbent market situations;</p> <p>C. Align the Non-Tariff incomes strictly in line with the Audited Accounts and reduce it from the ARR being approved;</p> <p>D. Adjust the subsidy shortfall from the Govt. of Telangana as per Objector's Assessment for FY2023-24;</p> <p>E. Adjust the subsidy required from the Govt. of Telangana based on estimated consumption levels of subsidised categories such that the cost of supplying subsidised power to select consumer categories is not borne by the other non-subsidised consumers in terms of adjustment of the revenue gap of FY 2023-24;</p> <p>F. Approve the ARR by considering the total subsidy as prayed and assessed by the Objector in the detailed Objections Statement;</p> <p>G. Rationalize the Tariff and Cross Subsidy to reflect a tariff reduction instead of a tariff hike as per the Cost of Supply, as proposed in the Objections Statement;</p> <p>H. Disallow the proposed revenue from proposed tariffs as claimed by the Petitioner;</p> <p>I. Allow Cross Subsidy Surcharge as per the mandates of the National Tariff Policy 2016;</p> <p>J. Disallow the claim of the Petitioners' towards Parallel Operation Charges/Grid Support Charges (GSC);</p> <p>K. Pass necessary orders as may be deemed appropriate in the facts and circumstances of the case in the interest of justice;</p>	
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	L. Permit the Objector to participate and make additional submission and produce additional details and documentations during the course of the online Public Hearings in the interest of justice and equity.																			
<b>Part 2</b>	<b><u>Gopi Nath Injeti, South Indian Cement Manufacturers' Association(SICMA)</u></b>																			
<b>S.No.</b>	<b>Summary of Objections / Suggestions</b>	<b>Response of the Licensee</b>																		
1	<p><b>ABSENCE OF CONSOLIDATED WORKING EXCEL MODEL:</b></p> <p>The Licensees have not provided the consolidated working excel model along with the Power Purchase Tariff Petitions for FY 2016-17 to FY 2022-23, the absence of which, hinders the process of stakeholder commentary as well as prudence check process of the Hon'ble Commission.</p>	<p>TS Discoms along with the Power Purchase true up Petitions have submitted Annexures which details the station wise approved and actual power purchase cost.</p> <p>As part of the Additional Information requested by the Hon'ble Commission, TSDiscoms have submitted the working models for year wise Power Purchase True-up calculations to the Hon'ble Commission.</p>																		
2	<p><b>POWER PURCHASE TRUE UP CLAIMED BY TELANGANA DISCOMS FOR FY 2016-17 TO FY 2022-23:</b></p> <p>i) The TSSPDCL and TSNPDCL has projected a True up amount of Rs. 9,060.80 Crores and Rs. 2,954.47 Crores respectively for the period from FY 2016-17 to FY 2022-23. The Power Purchase True up Claim along with its treatment proposed by the TSSPDCL and TSNPDCL is provided in the table below:</p> <p><b>TRUE UP CLAIMED BY PETITIONERS FOR FY 2016-17 TO FY 2022-23</b> (Rs.Crores)</p> <table border="1"> <thead> <tr> <th>TSSPDCL</th> <th>FY 17</th> <th>FY 18</th> <th>FY 19</th> <th>FY 20</th> <th>FY 21</th> <th>FY 22</th> <th>FY 23</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>PP True up/ (True Down)</td> <td>1,588.32</td> <td>936.04</td> <td>3,799.05</td> <td>3,900.32</td> <td>3,230.80</td> <td>6,372.00</td> <td>1,270.39</td> <td>21,096.92</td> </tr> </tbody> </table>	TSSPDCL	FY 17	FY 18	FY 19	FY 20	FY 21	FY 22	FY 23	Total	PP True up/ (True Down)	1,588.32	936.04	3,799.05	3,900.32	3,230.80	6,372.00	1,270.39	21,096.92	No comments
TSSPDCL	FY 17	FY 18	FY 19	FY 20	FY 21	FY 22	FY 23	Total												
PP True up/ (True Down)	1,588.32	936.04	3,799.05	3,900.32	3,230.80	6,372.00	1,270.39	21,096.92												

Additional Support by GoTS	1,583.83	908.79	1,680.00	1,400.00	-	-	-	5,572.62
Loss Funding	235.01	392.48	1,241.82	2,470.12	2,124.00	-	-	6,463.43
<b>Net True Up/(True Down)</b>	<b>-230.523</b>	<b>-365.23</b>	<b>877.23</b>	<b>30.20</b>	<b>1,106.80</b>	<b>6,372.00</b>	<b>1,270.39</b>	<b>9,060.87</b>

<b>TSNPDCI</b>	<b>FY 17</b>	<b>FY 18</b>	<b>FY 19</b>	<b>FY 20</b>	<b>FY 21</b>	<b>FY 22</b>	<b>FY 23</b>	<b>Total</b>
PP True up/ (True Down)	715.91	672.26	1,216.55	1,752.02	1,710.43	2,417.81	-369.10	8,115.88
Additional Support by GoTS	678.79	389.48	720.00	600.00	-	-	-	2,388.27
Loss Funding	75.42	156.05	762.86	558.15	1,220.18	-	-	2,772.66
<b>Net True Up/(True Down)</b>	<b>-38.30</b>	<b>126.73</b>	<b>-266.31</b>	<b>593.87</b>	<b>490.25</b>	<b>2,417.81</b>	<b>-369.10</b>	<b>2,954.95</b>

<b>Both Discoms</b>	<b>FY 17</b>	<b>FY 18</b>	<b>FY 19</b>	<b>FY 20</b>	<b>FY 21</b>	<b>FY 22</b>	<b>FY 23</b>	<b>Total</b>
PP True up/ (True Down)	2,304.23	1,608.30	5,015.60	5,652.34	4,941.23	8,789.81	901.29	29,212.80



Additional Support by GoTS	2,262.62	1,298.27	2,400.00	2,000.00	-	-	-	7,960.89
Loss Funding	310.43	548.53	2,004.68	3,028.27	3,344.18	-	-	9,236.09
<b>Net True Up/(True Down)</b>	<b>-268.82</b>	<b>-238.50</b>	<b>610.92</b>	<b>624.07</b>	<b>1,597.05</b>	<b>8,789.81</b>	<b>901.29</b>	<b>12,015.82</b>

ii) The Objections in respect of the True up claim made by the Petitioners from FY 2016-17 to FY 2022-23 are summarised below:

3

**NON-ADHERENCE TO STATUTORY TIMELINES FOR ARR FILING AS PER REGULATIONS FOR FY2019-20, FY2020-21 AND FY2021-22 BY TELANGANA DISCOMS:**

Financial Year	Timeline for ARR Filing as per Regulations	Application filed for Condonation of Delay	Date of Actual ARR filed by TS Discoms	Reason submitted for non-adherence to statutory timelines
2018-19	By 30.11.2017	N/A	ARR Petition on 15.12.2017  Tariff	N/A

For FY 2018-19, TSSPDCL on behalf of both the Discoms had requested the Hon'ble Commission for additional time for submission of ARR citing the reasons for the same and the Hon'ble Commission vide Lr.No.S/R.O-1/4/R.O.1/D.No.723 Dated:05.12.2017 condoned the delay in filing the ARR for FY 2018-19.

TS Discoms would like to state that they have been filing the ARR petitions, on an annual basis, before the Hon'ble Commission (TSERC) until FY 2018-19. From FY 2019-20 onwards, the Discoms have not filed the ARR petitions before the Hon'ble TSERC, due to the following reasons:

- Enforcement of Model Code of Conduct in the State of Telangana in view of elections for Telangana Assembly.
- Hon'ble TSERC was not operational from 9th Jan 2019, after the Chairman of Hon'ble TSERC demitted office after attaining the age of 65 years.
- Enforcement of Model Code of Conduct in the State of Telangana from 10.03.2019 till 23.05.2019 (Lok Sabha election).
- Pending information from ICAD department on Lift Irrigation (LI) schemes.
- Pending finalisation of the annual accounts for the base year in the

			Proposals on 21.12.2017		Board Meeting, whose values are considered for revisions in the cost estimates of ARR for Distribution Business.
2019-20	By 30.11.2018	I.A. No.03 of 2019 filed in O.P. No. 21 & 22 of 2017	31.03.2021*	Relevant extracts of Commission's Interim Order dt. 06.11.2019 produced herein:  <i>"Whereas TSDISCOMs have filed petition for extension of time for filing of ARR &amp; Tariff proposals along with additional surcharge and cross subsidy surcharge for FY 2019-20 for retail supply business and ARR &amp; Tariff proposals for distribution business for 4<sup>th</sup> MYT control period (FY 2019-20 to FY 2023-24) by 31.03.2019, in view of certain difficulties faced by the Discoms."</i>	<ul style="list-style-type: none"> <li>• Issuance of model code of conduct for the Municipal elections from 23.12.2019 to 25.01.2020</li> <li>• Further extension in view of preparation of tariff proposals in accordance to the MoP recommendations on Tariff Rationalisation process.</li> <li>• Due to imposition of Lockdown in the State by GoTS due to spread of pandemic COVID-19, which impacted the consumption of electricity by various sectors, the licensees intended to file ARR duly including the impact of lockdown due to COVID-19 pandemic.</li> <li>• Enforcement of Model Code of Conduct from 17th Nov 2020 to 4th Dec 2020 in view of GHMC elections.</li> <li>• Certain unavoidable circumstances viz; uncertainty in commissioning of the LI pumps and delay in receipt of information of power availability and cost there on from Central Generating Stations, which have significant impact on the demand projections and overall ARR respectively.</li> </ul>
					<p>However, ARR for FY 2019-20, FY 2020-21, FY 2021-22 was submitted before the Hon'ble Commission on March 31, 2021, which was dismissed by the Hon'ble Commission due to non submission of tariff proposals by the TS Discoms.</p> <p>As also pointed out by the Objector, TS Discoms have been seeking timely extension on tariff filing from the Hon'ble Commission on the grounds mentioned above.</p> <p>In view of the above reasons, TS Discoms request the Hon'ble Commission to consider the True-up Petitions filed by them.</p>
Financial Year	Timeline for ARR Filing as per Regulation	Application filed for Condonation of Delay	Date of Actual ARR filed by TS	Reason submitted for non-adherence to statutory timelines	

	ns		Discoms	
				<p><i>“The licensee humbly submits before the Hon’ble Commission <b>that the licensee is in the process of finalizing the ARR, tariff proposals, cross subsidy surcharge and additional surcharge proposals for FY 201920”</b>. (Para 2)</i></p>
2020 -21	By 30.11.2019	I.A. No.08 of 2020 filed in O.P. No. 21 & 22 of 2017, filed on 29.02.2020.	31.03.20 21*	<p>Relevant extracts of Commission’s Interim Order dt. 20.03.2020 produced herein:</p> <p>“Whereas, TSDISCOMs have filed miscellaneous petition on 29.02.2020 seeking extension of for filing of ARR &amp; tariff proposals, cross subsidy surcharge and additional surcharge for FY 2020 - 21 for retail supply business till 31.03.2020 <b>as the finalisation of lift irrigation demand</b></p>

					<p>projections and rationalisation of tariffs is in progress which finalisation is very crucial in submission of for and ARR &amp; tariff proposals for FY 2020-21. The licensee submits that the licensee is in the process of finalising the ARR, tariff proposals, cross subsidy surcharge and additional surcharge proposals for retail supply business to FY 2020 - 21".</p>
2021 - 2022	By 30.11.2020	I.A. No.4 of 2021 filed in O.P. No. 21 & 22 of 2017, filed on 08.03.2021.	31.03.2021*	<p>Relevant extracts of Commission's Interim Order dt. 27.03.2021 produced herein:</p> <p><i>"Further, Model Code of Conduct has come into force from 11.02.2021 in view of Biennial Elections to Telangana State Legislative Council and it will be in existence till 22.03.2021".</i></p>	

	<p><b>*Note-1:</b> Petition rejected by TSERC vide Order dt. 22.12.2021 in O.P. (SR) No. 14 of 2021 &amp; O.P. (SR) No. 15 of 2021 on account of the Petition not being accompanied by FPT for FY 2021-22 in derogation of Regulation No. 5 of 2005. Furthermore, the time period for which they sought was already lapsed.</p> <p><b>*Note-2:</b>It is pertinent to note that the Discoms have only undertaken ARR and Tariff Proposal for FY 2022-23 only pursuant to the Hon'ble Commission's direction in its Order dated 18.09.2020 in O.P.No.23 of 2020.</p> <p>1. The Telangana Discoms have failed to meet the regulatory requirements of timely filing of ARR for FY 2019-2020, FY 2020-21, and FY 2021-22, leading to the accumulation of abnormal (alleged) true-up gaps, which the TS Discoms seek to pass on to the consumers in FY 2023-24.</p> <p>2. It is submitted that the TS Discoms ought not be allowed to recover the entire amount in True-up while it has continued to make a mockery of the relevant laws and regulations.</p>	
	A.	
	<p>3. A preliminary analysis of the ARR filings undertaken by the Discoms for the ARR, Tariff proposal and True-up for FY 2019-20, 2020-21 and 2021-22 indicates gross violation of the following provisions of:</p> <p>B. APERC (Terms and Conditions for determination of Tariff for Wheeling and Retail Supply of Electricity) Regulation No. 04 of 2005;</p> <p>C. APERC Regulation No. 01 of 2014;</p> <p>D. APERC Conduct of Business Regulations, 2015; Electricity Act, 2003</p>	TS Discoms have replied to the detailed objections of the Objector in following replies:

	<p><b>4. <u>APERC (Terms and Conditions for determination of Tariff for Wheeling and Retail Supply of Electricity) Regulation No. 04 of 2005:</u></b></p>	
	<p>4.1 Non-submission Power Procurement Plans by Discoms for Control Period FY 2019-2024: As per Regulation 12.1 of Regulation No. 04 of 2005, a Discoms shall be allowed to recover the cost of Power it procures for supply to consumers based on the Commission approved Power Procurement Plan covering each year of the Control Period. Accordingly, the Discoms should be disallowed from recovering the entire Power Purchase cost in true-up when the Power Procurement Plans for each financial year of the Control Period itself has not been timely filed for the Hon'ble Commission's approval.</p>	<p>TS Discoms submit that they have undertaken activities for submission of Power Procurement Plan for the 4<sup>th</sup> Control Period FY 2019-20 to FY 2023-24. However, on account of the same reasons for which the ARR and Tariff Petitions for FY 2019-20, FY 2020-21 and FY 2021-22 were delayed, TS Discoms were not able to file the Power Procurement Plan.</p>
	<p>4.2 It is pertinent to reproduce the extract of the Hon'ble Commission's Order dt. 29.04.2020 pertaining to ARR and Wheeling Tariffs for Distribution Business for 4<sup>th</sup> Control Period (FY 2019-20 to FY 2023-24) for TSSPDCL and TSNPDCL: <i>"Commission's Views</i> <i>3.5.14 Regulation No.4 of 2005 stipulates the Distribution Licensees to file their Resource Plans on 1st April of the year preceding the first year of the Control Period. The Resource Plan shall inter-alia contain the sales forecast, load forecast, power procurement plan, and Distribution Plan (Capital Investment Plan) consistent with the requirements of the Commission's Guidelines on Load Forecast and Resource Plan</i> <i>(Distribution Plan and Power Procurement Plan). Further, the Resource Plan as approved by the Commission shall be adopted by the Distribution Licensees in their Multi-Year and Annual filings for the Control Period.</i> <i>3.5.15 The Resource Plans for 4th Control Period from FY</i></p>	

	<p>2019-20 to FY 2023-24 and 5th Control Period from FY 2024-25 to FY 2028-29 was to be filed on 01.04.2018. The DISCOMs have filed their Resource Plans for 4th Control Period on 31.10.2018. In the Resource Plans submitted, the DISCOMs stated that the formulation of power procurement plan in coordination with various generators is under process and the same shall be submitted at an early date. In replies to stakeholders' comments, the DISCOMs submitted that the power procurement plan would be submitted shortly. The DISCOMs have not submitted the power procurement plan in compliance with the Guidelines. Further, the DISCOMs in seeking extension of time for filing of MYT Petitions for 4th Control Period cited the reasons of finalisation of annual accounts and non-receipt of information of Lift Irrigation schemes from Irrigation Department.</p> <p><b>3.5.16</b> The Commission is of the considered view that as the filing of MYT Petitions for 4th Control Period has already been delayed, further delay on determination of MYT for 4th Control Period is undesirable for want of approval of Resource Plans. The DISCOMs have submitted their Capital Investment Plans for 4th Control Period in the instant Petitions. On prudence check of the same, the Commission has approved the Capital Investment Plan for 4th Control Period in this Order as detailed in Chapter 5."</p>	
<p>5. <b>APERC Regulation No. 01 of 2014:</b> 5.1 As per the preamble appended to this Regulation, in view of the complexities involved in forecasting the Sales and Revenue Requirement of Retail Supply Business, on the behest of the TS Discoms themselves, the TS Discoms were allowed to file ARR and Tariff Proposals on an annual basis.</p>		<p>TS Discoms submit that the Hon'ble Commission has rightfully admitted the complexities involved in forecasting the Sales and Revenue Requirement of Retail Supply Business and accordingly has allowed to file ARR and Tariff Proposals on an annual basis till now.</p>
<p>5.2 It is noteworthy to mention that the cost of power procurement</p>		

	<p>constitutes around 75% of total cost of ARR and since the quantum of variation on account of the same each year may be high, henceforth vide this Regulation, cost recovery was provided on an annual basis with a view to neither burden the consumers nor the Licensee.</p>	
	<p>5.3 It is evident from the Table above, that the TS Discoms are in clear cut violation of the APERC Regulation No. 01 of 2014 on account of non-filing of complete ARR and Tariff Proposals for FY 2019-20, FY 2020-21 and FY 2021-2022, and now wishes to claim entire variation on account of power purchase cost in True-up of afore-mentioned period on the basis of ARR determined for FY 2018-19.</p>	<p>TS Discoms would like to state that they have been filing the ARR petitions, on an annual basis, before the Hon'ble Commission (TSERC) until FY 2018-19. From FY 2019-20 onwards, the Discoms have not filed the ARR petitions before the Hon'ble TSERC, due to the following reasons:</p> <ul style="list-style-type: none"> <li>• Enforcement of Model Code of Conduct in the State of Telangana in view of elections for Telangana Assembly.</li> <li>• Hon'ble TSERC was not operational from 9th Jan 2019, after the Chairman of Hon'ble TSERC demitted office after attaining the age of 65 years.</li> <li>• Enforcement of Model Code of Conduct in the State of Telangana from 10.03.2019 till 23.05.2019 (Lok Sabha election).</li> <li>• Pending information from ICAD department on Lift Irrigation (LI) schemes.</li> <li>• Pending finalisation of the annual accounts for the base year in the Board Meeting, whose values are considered for revisions in the cost estimates of ARR for Distribution Business.</li> <li>• Issuance of model code of conduct for the Municipal elections from 23.12.2019 to 25.01.2020</li> <li>• Further extension in view of preparation of tariff proposals in accordance to the MoP recommendations on Tariff Rationalisation process.</li> <li>• Due to imposition of Lockdown in the State by GoTS due to spread of pandemic COVID-19, which impacted the consumption of electricity by various sectors, the licensees intended to file ARR duly including the impact of lockdown due to COVID-19 pandemic.</li> <li>• Enforcement of Model Code of Conduct from 17th Nov 2020 to 4th Dec 2020 in view of GHMC elections.</li> </ul>



		<ul style="list-style-type: none"> <li>• Certain unavoidable circumstances viz; uncertainty in commissioning of the LI pumps and delay in receipt of information of power availability and cost there on from Central Generating Stations, which have significant impact on the demand projections and overall ARR respectively.</li> </ul> <p>As also pointed out by the Objector, TS Discoms have been seeking timely extension on tariff filing from the Hon'ble Commission on the grounds mentioned above.</p> <p>In view of the above reasons, TS Discoms request the Hon'ble Commission to consider the True up Petitions filed by them.</p>
	<p>5.4 It is pertinent to mention the limited scope of Regulation 1 of APERC Regulation No. 01 of 2014: <i>"This Regulation will only be applicable as long as the Tariff for Retail Supply Business is filed on an annual basis"</i>.</p>	
	<p>5.5 Since, the Discoms have failed to undertake annual filing of ARR for FY 2019-20, FY 2020-21, and FY 2021-2022, accordingly their true-up claims with respect to power purchase cost variation are liable to be rejected.</p>	
	<p><b><u>6. Regulation 24 of the Conduct of Business Regulations, 2015 and Section 94 of EA 2003:</u></b></p> <p>6.1 Regulation 24 of the Conduct of Business Regulations, 2015 and Section 94 of EA 2003, empowers the Hon'ble Commission to pass such interim Orders as it deems fit in accordance with the Act. However, there is a mandate on the Commission under Section 86 of EA 2003 to ensure <i>transparency</i> in exercise of its functions and powers.</p> <p>6.2 From the relevant TSERC's Order as encapsulated in the Table above, it is apparent that the Discoms have failed to provide any concrete</p>	<p>TS Discoms would like to state that it is unfair on the part of the objector to question the intent of the Hon'ble Commission on performing its statutory duties. TS Discoms have made submissions explaining the reasons for delay in submission of the ARR and tariff filings for FY 2019-20 to FY 2021-22 to the Hon'ble Commission and the Hon'ble Commission after considering the same and after being satisfied only has issued interim Orders to extend the tariff approved for FY 2018-19 to the period from FY 2019-20 to FY 2021-22.</p>

	<p>rationale for its inability to file ARR and Tariff Proposals. Any communication on the subject between the Discom and Commission is also not available for public scrutiny;</p>	
	<p>6.3 In such interim Proceedings, neither there were any Respondents, nor any Stakeholders involved. There is nothing to indicate as to why there was even a need of extension by the Discoms in filing of the ARR for FY 2019-2020; 2020-2021 and 2021-22 in order to assess the veracity of the Discom's claims and why the same was subsequently allowed</p>	
	<p>6.4 Further, the TS Discoms even failed to provide a time period by which they expected to fulfil the ARR and Tariff filings for the relevant years as an apparent attempt to evade the regulatory mandates and timelines;</p>	<p>TS Discoms submit that timelines stipulated for various activities as per the regulatory framework could not be followed on account of the consequent events which are themselves the reasons submitted by the TS Discoms in the above reply.</p>
	<p>6.5 The ARR and Tariff Proposals for a particular FY are to be filed by November of the previous year - therefore, <i>at least 120 days</i> are available to the Hon'ble Commission for determination of RST Order. However, all the three IAs asking for extension for filing of ARR were made 3-4 months post the expiry of the statutory timeline for the same and hence ought not to have been allowed;</p>	<p>In view of the above, TS Discoms request the Hon'ble Commission to consider the True up Petitions filed by them.</p>
	<p>6.6 While allowing the extension to the TS Discoms vide the relevant Interim Order for filing of the ARR and Tariff proposals for FY 2019-2022, the Hon'ble Commission vide Interim Orders dt. 06.11.2019, 20.03.2020 and 27.03.2021 had directed the DISCOMs to file the regular Petition for determination of fresh retail supply tariff, cross-subsidy and additional surcharged immediately for FY 2019-20, 2020-21 and 2021-22 respectively.</p>	<p>As regards to the Hon'ble APTEL's direction, TS Discoms submit that Regarding the delay in ARR proposals, TS Discoms would like to state that they have been filing the ARR petitions on annual basis before the Hon'ble Commission (TSERC) until FY 2018-19 without any delay. Further, for the period in which the Petitions could not be filed, TS Discoms have also not claimed any carrying cost.</p>
	<p>6.7 However, it is evident that the same was not complied with by the Discoms till April of 2021 (by which time, the period for which it had</p>	

	<p>been sought had already lapsed);</p>	
	<p>6.8 Furthermore, nowhere in the Orders issued by the Hon'ble Commission, has it been indicated that the Discoms are at liberty to extend the ARR for FY 2018-19 for the entire period of 2019-2022 and then without any fresh ARR determination for the latter periods be allowed to recover the accumulated revenue gap in true-up and then unnecessarily burden the consumers</p>	
	<p>6.9 This amounts to a gross violation of Hon'ble ATE Direction directives in O.P. No. 1 of 2011:  <i>"57. This Tribunal has repeatedly held that regular and timely true-up expenses must be done since: (b) The <b>burden/benefits of the past years must not be passed on to the consumers of the future.</b> ...</i></p> <p><i>59. <b>Tariff determination</b> ought to be treated as <b>a time bound exercise.</b></i></p> <p>...</p> <p><i>65. In view of the analysis and discussion made above, we deem it fit to issue the following directions to the State Commissions:</i></p> <p><i>(ii) It should be the endeavour of every State Commission to ensure that the tariff for the financial year is decided before 1st April of the tariff year. For example, the ARR &amp; tariff for the financial year 2011- 12 should be decided before 1st April, 2011. The State Commission could consider making the tariff applicable only till the end of the financial year so that the licensees remain vigilant to follow the time schedule for filing of the application for determination of ARR/tariff.</i></p> <p><i>(iii) In the event of delay in filing of the ARR, trueing up and Annual Performance Review, one month beyond the scheduled date of submission of the petition, the State</i></p>	

	<p><i>Commission must initiate suomoto proceedings for tariff determination in accordance with Section 64 of the Act read with clause 8.1 (7) of the Tariff Policy".</i></p> <p><i>(Emphasis supplied)</i></p>	
	<p>7. Additionally, the credit rating of the Power Utilities to get loans gets affected with Non-submission of the ARR and Tariff Proposals: In the Integrated Rating Score Methodology introduced by Ministry of Power for assessing the health of Discoms, one of the Parameter is Specific Disincentives which provides for Tariff Cycle Delays in terms of timely filing of the Petitions.</p>	
	<p>8. By allowing utilities to claim the entire cost variation in power purchase trueup without filling of the ARR for the relevant Financial Year but instead continued to levy existing Tariff will set a bad authority as it would be tantamount to the fact that utilities can continue to be in violation of the regulatory and legal process and still burden the consumers without taking any burnt for the same. This would essentially leave the entire exercise of annual filing of ARR and Tariff Proposals on projection basis before the beginning of the FY and subsequent true-up on basis of actuals futile.</p>	
	<p>9. For the aforementioned reasons it is humbly submitted before the Commission to disallow the Discoms their true up claims for the year 2019-20, 2020-21 and 2021-22 in the face of non-filing of ARR and Tariff Proposals for the relevant years and set an authority for utilities to operate within the stipulated timelines and not on its own whims to unnecessarily burden the consumers.</p>	
	<p>10. Notwithstanding the above, the other objections against the True-up claimed by the Petitions are detailed in the subsequent sections.</p>	

4	<p><b>POWER PURCHASE COST:</b>  <b>A.TSGENCO Thermal Power Stations:</b>  <b>i) Arbitrary Escalation considered in Variable Charges:</b> It is observed that the both Petitioners, i.e., TSSPDCL and TSNPDCL have shown significant escalation in variable charge rate as compared to Hon'ble Commission approved values for the period during FY 2016-17 to FY 2018-19 and FY 2022-23.</p>	<p>TS Discoms submit that the power purchase cost paid by them is after verification of the bills raised by the generating companies. TS Discoms, as part of additional information are submitting the invoices raised by generating stations from which they have procured power from.</p>																																																																										
	<p>ii) The variation is particularly observed in case of some TSGENCO thermal stations without providing any rationale with the instant Petitions. It is submitted that the variation from the approved values ought to be supported by proper rationale. The Objector in the absence of proper backing/rationale has limited the variable charge rate to the approved variable charge rate in the respective RST orders.</p>																																																																											
	<p>iii) The anomalies observed in this regard have been reproduced below:</p> <table border="1" data-bbox="282 841 1376 1446"> <thead> <tr> <th rowspan="3">TSGENCO Generating stations</th> <th colspan="3">TSSPDCL</th> <th colspan="3">TSNPDCL</th> </tr> <tr> <th colspan="3">Variable Charge Rate (Rs/kWh)</th> <th colspan="3">Variable Charge Rate (Rs/kWh)</th> </tr> <tr> <th>Approve d</th> <th>Clai me d</th> <th>Escalatio n %</th> <th>Approve d</th> <th>Clai me d</th> <th>Escalatio n %</th> </tr> </thead> <tbody> <tr> <td><b>FY 2016-17</b></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>KTPS-D</td> <td>2.02</td> <td>2.22</td> <td>10%</td> <td>2.02</td> <td>2.22</td> <td>10%</td> </tr> <tr> <td><b>FY 2017-18</b></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>KTPS-A</td> <td>2.07</td> <td>2.91</td> <td>41%</td> <td>2.08</td> <td>2.92</td> <td>40%</td> </tr> <tr> <td>KTPS-B</td> <td>2.07</td> <td>2.91</td> <td>41%</td> <td>2.08</td> <td>2.92</td> <td>40%</td> </tr> <tr> <td>KTPS-D</td> <td>1.92</td> <td>2.54</td> <td>33%</td> <td>1.93</td> <td>2.54</td> <td>32%</td> </tr> <tr> <td>KTPS Stage VI</td> <td>2.45</td> <td>2.75</td> <td>12%</td> <td>2.45</td> <td>2.75</td> <td>12%</td> </tr> <tr> <td>RTS B</td> <td>2.36</td> <td>2.91</td> <td>23%</td> <td>2.38</td> <td>2.95</td> <td>24%</td> </tr> </tbody> </table>		TSGENCO Generating stations	TSSPDCL			TSNPDCL			Variable Charge Rate (Rs/kWh)			Variable Charge Rate (Rs/kWh)			Approve d	Clai me d	Escalatio n %	Approve d	Clai me d	Escalatio n %	<b>FY 2016-17</b>							KTPS-D	2.02	2.22	10%	2.02	2.22	10%	<b>FY 2017-18</b>							KTPS-A	2.07	2.91	41%	2.08	2.92	40%	KTPS-B	2.07	2.91	41%	2.08	2.92	40%	KTPS-D	1.92	2.54	33%	1.93	2.54	32%	KTPS Stage VI	2.45	2.75	12%	2.45	2.75	12%	RTS B	2.36	2.91	23%	2.38	2.95
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	KTPS-D	2.02	2.82	39%	2.03	2.82	39%																												
	KTPS-VI	2.57	3.13	22%	2.57	3.13	22%																												
	RTS B	2.48	2.94	19%	2.46	2.94	20%																												
	Kakatiya Thermal Power Plant I	2.55	3.34	31%	2.56	3.35	31%																												
	Kakatiya Thermal Power Plant II	2.36	2.92	24%	2.36	2.93	24%																												
	iv) It is humbly submitted that Hon'ble Commission may direct the TS Discoms to submit proper rationale/justification/backing for such significant escalation considered in variable charge rate.																																		
	v) It is further requested that Hon'ble Commission may limit the variable charge rate to approved variable charge rate. <p style="text-align: center;"><b>Summary of disallowance in Variable Charges:</b> (All figures in Rs. Crores)</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th colspan="4" style="background-color: #002060; color: white;">Disallowance Proposed in Variable Cost as per Objector</th> </tr> <tr> <th style="background-color: #e0e0e0;">Financial Year</th> <th style="background-color: #e0e0e0;">TSSPDCL</th> <th style="background-color: #e0e0e0;">TSNPDCL</th> <th style="background-color: #e0e0e0;">Total</th> </tr> </thead> <tbody> <tr> <td style="background-color: #e0e0e0;">FY 17</td> <td>19.79</td> <td>-</td> <td>19.79</td> </tr> <tr> <td style="background-color: #e0e0e0;">FY 18</td> <td>325.82</td> <td>159.61</td> <td>485.43</td> </tr> <tr> <td style="background-color: #e0e0e0;">FY 19</td> <td>925.30</td> <td>385.41</td> <td>1,310.71</td> </tr> <tr> <td style="background-color: #e0e0e0;">FY 23</td> <td>449.09</td> <td>201.49</td> <td>650.58</td> </tr> <tr> <td style="background-color: #e0e0e0;"><b>Total</b></td> <td><b>1,719.99</b></td> <td><b>746.52</b></td> <td><b>2,466.51</b></td> </tr> </tbody> </table>							Disallowance Proposed in Variable Cost as per Objector				Financial Year	TSSPDCL	TSNPDCL	Total	FY 17	19.79	-	19.79	FY 18	325.82	159.61	485.43	FY 19	925.30	385.41	1,310.71	FY 23	449.09	201.49	650.58	<b>Total</b>	<b>1,719.99</b>	<b>746.52</b>	<b>2,466.51</b>
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	It is unfair on part of the objecter to request the Hon'ble Commission to limit the variable charges to the approved variable charge rate. TS Discoms request the Hon'ble Commission to approve the actual variable charge as claimed after prudence check of the claims made by the TS Discoms.																																		

<p><b>B. Central Generating Stations:</b></p> <p>i) It is pointed out that the Hon'ble Commission has clearly directed the TS Discoms to consider null capacity allocation from NTECL Vallur TPS and NLC Tamil Nadu Power Ltd from 01.08.2017 onwards.</p>	<p>The direction of the Hon'ble Commission for not considering the capacity allocation from NTECL Vallur TPS and NLC Tamil Nadu Power Limited was on account of the higher cost of power from such stations.</p>
<p>ii) In line with directive, the Hon'ble TSERC has not considered any capacity allocation from NTECL Vallur TPS and NLC Tamil Nadu Power Ltd in its past RST order dt. 26.08.2017 for FY 2017-18, RST order dt. 27.03.2018 for FY 2018-19 and latest RST order dt. 23.03.2022 for FY 2022-23.</p>	<p>In this regard it is to be noted that the TS Discoms, on the first hand have themselves submitted a requisition to the Ministry of Power (MoP), Government of India (GoI) expressing their willingness to surrender the share of Telangana State from NTECL Vallur TPS and this has been recorded by the Hon'ble Commission in RST Order for FY 2017-18 (as also extracted by the objector).</p>
<p>iii) The relevant extracts from the past RST orders have been reproduced below for reference:</p> <ul style="list-style-type: none"> <li>• <b><u>The Hon'ble Commission in its RST Order dt. 26.08.2017 for FY2017-18 has stated the following:</u></b>  <i>"3.3.17 To reduce the financial burden upon them, the Licensee submitted a requisition to GoI expressing its willingness to surrender the share of Telangana State from NTECL Vallur TPS. In view of the requisition made by the Licensees, the Commission also observes that NLC Tamil Nadu Power Ltd. is also a similar project with high cost of generation. The Commission thus directs the DISCOMs to surrender the allocated share of Telangana State in NTECL Vallur TPS and NLC Tamil Nadu Power Ltd. Hence the Commission in this Order, has not considered the energy availability from these generating stations from 01.08.2017 onwards."</i> </li> <li>• <b><u>The Hon'ble Commission in its RST Order dt. 27.03.2018 for FY2018-19 has stated the following:</u></b>  <i>3.3.18 The Commission in its Tariff Order for FY 2017-18</i> </li> </ul>	<p>Further, acknowledging the initiative of the TS Discoms, the Hon'ble Commission in the RST Order for FY 2018-19 had directed to also pursue the willingness of TS Discoms to surrender share of NLC Tamil Nadu Power Limited.</p> <p>In this regard, it is to be noted that since the allocation of power to the States is done by MoP, it is not under the control of TS Discoms to surrender the share of Telangana. TS Discoms, as per the directive of the Hon'ble Commission have made request to surrender Telangana share in NTECL Vallur TPS and NLC Tamil Nadu Power Limited, however, it is still pending to be accepted.</p> <p>In view of the above, it shall be unfair on part of the objector to make such objections and request the Hon'ble Commission to also penalize the TS Discoms.</p>

dated 26.08.2017 directed the DISCOMs to surrender the allocated share of Telangana State in NTECL Vallur TPS and NLC Tamil Nadu Power Ltd. and accordingly, had not considered the energy availability from these stations from 01.08.2017. The DISCOMs submitted that in response to their request for re-allocation of the share of Telangana State in NTECL Vallur TPS, there is no confirmation from the Ministry of Power, GoI to that effect. The DISCOMs also submitted that the re-allocation of the share in NLC Tamil Nadu Power Ltd. will be taken up after the re-allocation of share in NTECL Vallur TPS. The Commission observed that the DISCOMs are procuring power from NTECL Vallur TPS and NLC Tamil Nadu Power Ltd. in FY 2017-18 and have proposed in FY 2018-19 also. In light of the directions in the Tariff Order for FY 2017-18, the Commission has not considered the share allocation to Telangana State from NTECL Vallur TPS and NLC Tamil Nadu Power Ltd. for FY 2018-19.

- The Hon'ble Commission in its RST order dt. 23.03.2022 for FY 2022-23 has approved the following:



**Table 4-15 Power procurement cost from Central Generating Stations for FY 2022-23**

Source	Claimed				Approved			
	Quantu m	Fixed Cost	Variable Cost	Total	Quantu m	Fixed Cost	Variable Cost	Total
	MU	Rs.crore	Rs.crore	Rs.crore	MU	Rs.crore	Rs.crore	Rs.crore
<b>Thermal</b>								
NTPC Ramagundam Stage I & II	2603.01	188.60	690.83	879.22	2710.15	181.22	699.16	880.38
NTPC Ramagundam Stage III	721.42	57.15	162.20	239.35	729.22	53.89	184.17	238.06
NTPC Talcher TPS II	1638.93	117.79	284.28	402.07	1598.29	110.39	277.23	387.62
NTPC Simhadri Stage I	2251.89	478.57	707.56	1186.13	3672.35	356.75	1153.88	1510.63
NTPC Simhadri Stage II	1298.23	230.24	398.51	628.75	1765.35	245.11	541.91	787.02
NTPC Kudgi	1017.12	319.88	348.05	667.92	1751.40	294.24	599.31	893.55
NLC TPS II Stage I	395.60	27.08	104.54	131.63	385.93	28.10	101.99	130.09
NLC TPS II Stage II	710.07	50.12	187.82	237.95	692.64	52.26	183.21	236.47
NNTPP	402.72	68.24	88.03	156.28	392.73	78.22	85.84	164.06
TSTPP Unit 1	3499.63	790.92	794.42	1585.33	3412.84	711.82	774.72	1486.54
NTECL Vallur TPS	834.63	135.00	245.48	380.48	0.00	0.00	0.00	0.00
NLC Tamil Nadu Power Ltd.	1068.80	188.57	283.77	472.34	0.00	0.00	0.00	0.00
<b>Sub Total</b>	<b>16521.83</b>	<b>2652.16</b>	<b>4315.29</b>	<b>6967.45</b>	<b>17116.91</b>	<b>2112.01</b>	<b>4601.41</b>	<b>6713.42</b>
<b>Nuclear</b>								

iv) It is evident from the Hon'ble Commission past directives/methodology that the TS Discoms have not been allowed to procure power from these two specified Power Stations. Despite this, the TS Discoms have procured power from these stations in clear violation of the Hon'ble TSERC's directives. The TS Discoms claim in this regard as per instant filings is represented below for reference:

TSSPDCL	Approved		Claimed PP cost (In Crores)					Total
	Generating Stations	Despatch (MUs)	PP Cost (In Crores)	FY 2019	FY 2020	FY 2021	FY 2022	
NTECL Vallur	-	-	93.70	105.43	117.61	246.00	242.00	804.74
NLC	-	-	-	-	-	269.00	-	269.00

<b>Total</b>	-	-	93.70	105.43	117.61		242.00	<b>1,073.74</b>
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TSNPDCL Generating Stations	Approved		Claimed PP cost (In Crores)					Total
	Despatch (MUs)	PP Cost (In Crores)	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	
NTECL Vallur	-	-	39.00	41.00	49.00	103.00	101.00	<b>333.00</b>
NLC	-	-	-	-	132.00	113.00	-	<b>245.00</b>
<b>Total</b>	-	-	39.00	41.00	181.00	216.00	101.00	<b>101.00</b>

v) The Objector, in line with the Hon'ble Commission's past methodology/ directives, has not considered any capacity allocation from these two generating stations for power purchase computation and disallowed the amount claimed against power purchase cost in regard of these two CGS stations.

*(All figures in Rs. Crores)*

Disallowance in CGS PP cost as per Objector Assessment			
	Claimed	Objector	Disallowance
TSSPDCL	1,073.74	-	1,073.74
TSNPDCL	578.00	-	578.00
<b>Total</b>	<b>1,651.74</b>	-	<b>1,651.74</b>

vi) .It is humbly requested that the Hon'ble Commission may penalise the Discoms for not adhering to the directives specified and may allow the power purchase cost from CGS stations as per Objector's

	Assessment.	
	<p><b>C. Sale of Surplus Power</b></p> <p>i) It is humbly submitted that the sale of surplus power ought to be made at an optimal price as per market conditions in order to earn revenue and/or reduce the Power Purchase.</p>	It is to be noted that the TS Discoms have engaged in sale of surplus power considering the real time situation of the market and only if the market conditions are favorable i.e., only in some time blocks when the cost per unit of power available in the market is higher than the actual cost per unit to be incurred by TS Discoms.
	<p>ii) It is observed that the TS Discoms have sold the surplus power for some financial year at a price lower than the IEX average MCP for that particular year.</p>	In view of the above, it is not correct on the part of objector to consider the average MCP of particular year to arrive at the revenue from sale of surplus power.
	<p>iii) Some instance has been recorded below for reference:</p> <ul style="list-style-type: none"> <li>• TSSPDCL for FY 2018-19 has recorded 1229.35 MUs as surplus power which is sold at a rate of Rs. 3.10/kWh but IEX MCP for FY 2018-19 is on quite higher side i.e. Rs. 3.86/kWh.</li> <li>• TSNPDCL for FY 2016-17 &amp; FY 2018-19 has recorded 44 MUs and 1150 MUs as surplus power which are sold at a rate of Rs. 2.05/kWh and Rs. 3.18/kWh respectively which is again at a lower side as compared to IEX MCP of Rs. 2.41/kWh and Rs. 3.86/kWh respectively.</li> <li>• TSNDPCL for FY 2016-17 has purchased 544 MUs from market at a rate of Rs. 4.69/kWh which is on a higher side to IEX MCP of Rs. 2.41/kWh.</li> </ul>	
	<p>iv) The Objector has estimated actual revenue ought to be generated from the sale of surplus power in accordance to IEX MCP and reduced the same from power purchase cost. It is prayed that the Hon'ble Commission may allow the sale of surplus power as per the Objector's</p>	

computations.									
<b>D. Discom to Discom Sales</b>									
i) As a general regulatory procedure, Discom to Discom power sales ought to be made in accordance to average power purchase price of the respective Discoms.									
ii) Furthermore, it is apparent that the Discoms have deviated from this approach in their instant True Up petition as can be observed from the Petitioner's claims in respect of D-D transactions:									
<b>Summary of D-D sales as per Petitioners:</b>									
<b>As per Petitioners</b>									
<b>FY 2022-23</b>									
<b>Particulars</b>	<b>Energy</b>			<b>Cost</b>			<b>Unit Price</b>		
	<b>MUs</b>			<b>Rs. Crores</b>			<b>Rs/kWh</b>		
Sale to TSSPDCL	1,183.00			451.00			<b>3.81</b>		
Average Power Purchase Cost for TSNPDCL	20,660.00			11,637.00			<b>5.63</b>		
<b>FY 2019-20                      FY 2020-21                      FY 2021-22</b>									
<b>Particulars</b>	<b>Energy</b>			<b>Cost</b>			<b>Unit Price</b>		
	<b>MUs</b>			<b>Rs. Crores</b>			<b>Rs/kWh</b>		
Sale to TSSPDCL	1,183.00			451.00			<b>3.81</b>		
Average Power Purchase Cost for TSNPDCL	20,660.00			11,637.00			<b>5.63</b>		

It is to be noted that the power from generating stations is dispatched based on central dispatch for the entire state and on real time the energy share of one Discom happens to be utilized by another Discom. The cost component of such D-D transactions equals each other i.e., one being positive and another negative with no cost impact for the State as a whole. ii) Furthermore, it is apparent that the Discoms have deviated from this approach in their instant True Up petition as can be observed from the Petitioner's claims.

It is to be observed that the Objector has considered a different per unit cost for such D-D settlements than that claimed by the TS Discoms. In this regard, it is to be noted that irrespective of the per unit cost considered, the overall cost impact on the State should be zero. Considering the same, the Objector's contention of additional revenue generation does not hold good as the additional revenue generation of one Discom is compensated by the additional cost incurred by other Discom.

		es	h		es	h		es	h
Sale to TSNPDCL	2,34 5.21	900.0 7	<b>3.8</b> <b>4</b>	2,17 4.46	846.4 2	<b>3.89</b>	958.0 0	400.0 0	<b>4.18</b>
Average Power Purchase Cost for TSSPDCL	39,7 97.2 5	21,50 1.33	<b>5.4</b> <b>0</b>	38,2 00.0 3	21,5 10.5 1	<b>5.63</b>	45,4 80.0 0	25,03 3.00	<b>5.50</b>

iii) The Objector has re-worked the allowable actual Average Power Purchase Cost for TSSPDCL and TSNPDCL (which has been taken as the price at which power is to be sold from TSSPDCL to TSNPDCL) considering the previous sections of the instant Objections. The same has been shown below:

**Summary of D-D transactions as per Objector's Assessment**

Particulars	FY 2019-20			FY 2020-21			FY 2021-22		
	Ene rgy	Cost	Unit Price	Ene rgy	Cost	Unit Price	Ene rgy	Cost	Unit Price
	Mus	Rs. Crore s	Rs/ kW h	Mus	Rs. Crore s	Rs/ kW h	Mus	Rs. Crore s	Rs/ kW h
Sale to TSNPDCL	2,345 .21	1,267 .05	<b>5.40</b>	2,174 .46	1,224 .44	<b>5.63</b>	958. 00	527. 30	<b>5.50</b>
Average Power Purchase Cost for TSSPDCL	39,79 7.2 5	21,50 1.3 3	<b>5.40</b>	38,20 0.0 3	21,51 0.5 1	<b>5.63</b>	45,48 0.0 0	25,03 3.0 0	<b>5.50</b>

Particulars	As per Objector		
	FY 2022-23		
	Energy	Cost	Unit Price
	Mus	Rs. Crores	Rs/kWh
Sale to TSSPDCL	1,183.00	666.34	5.63
Average Power Purchase Cost for TSNPDCL	20,660.00	11,637.00	5.63

iv) The Objector has computed the amount of Rs. 3685.13 pertaining to revenue generated form D-D Sales @ MCP which is 1087.64 Crores more than the Petitioner’s Claim. The same is tabulated below for reference

*(All figures in Rs. Crores)*

Revenue Generated by D-D sales			
FY	Petitioner (A)	Objector (B)	Excess Revenue Generated (B-A)
FY 2019-20	900.07	1,267.05	366.98
FY 2020-21	846.42	1,224.44	378.02
FY 2021-22	400.00	527.30	127.30
FY 2022-23	451.00	666.34	215.34
<b>Total</b>	<b>2,597.49</b>	<b>3,685.13</b>	<b>1,087.64</b>

**E. Interest on Pension Bonds:**

i) It is a set principle that pension funds must be maintained from the contributions of the management & employees and should be used appropriately to earn interest thereon.

No Comments

The erstwhile APERC in the Order dated 24.03.2003 in O.P.No. 402 of 2002 allowed the liability of additional interest on pension bonds as a passthrough in the tariff on a year to year basis up to the FY 2032-33. The aforementioned Order of the APERC shows that any additional liability due to increase in the amount of pension is recognised as a pass through in the tariff of APGENCO. After the formation of the Telangana State, the pension liability was passed on to TSGENCO.

	ii) It is observed that the both petitioners have claimed the interest on pension bonds for some financial years even greater than the approved amount by Hon'ble Commission in its past RST orders.	The additional interest on pension bonds claimed by the TS Discoms are the amounts as claimed by TS GENCO in line with the aforementioned Order dated 24.03.2003 in O.P.No. 402 of 2002. In this regard, it is to be noted that the amount approved by the
	iii) The escalated amount is claimed without any data backing and documents, even the Objector is unable to verify the same amount from the audited accounts available in public domain.	Hon'ble Commission in the RST Order is provisional in nature and at the end of year, TS Genco raises supplementary bills to TS Discoms with the actual pension liabilities paid by it. For FY 2016-17, the variation of actual amount from the approved amount is on account of adjustment of pension liabilities outstanding for past three years. For the period from FY 2019-20 to FY 2021-22, it is to be noted that TS Discoms could not file the ARR and Tariff Petitions and considering the same, the approved amount was considered as equal to the approved value in RST Order for FY 2018-19. Further, the variation of actual amount from the approved amounts is on account of past liabilities and the supplementary bills raised by TS Genco at the end of the respective year.
	iv) The Hon'ble Commission in its TSGENCO MYT Order dt. 22.03.2022 has also issued following directive in this regard:  <i>"New Directives</i> <i>10. Liabilities on pension bonds</i> <i><u>The Commission directs TS Genco to extract the request of the stakeholder that the Government of Telangana shall bear the additional burden of pension bonds and communicate to the Principal Secretary, Energy, GoTS for favourable consideration."</u></i>	TS Discoms submit that till the time GoTS accepts to bear the additional burden of pension bonds, TS Discoms are required to pay for the claims made by the TS Genco as per the aforementioned Order dated 24.03.2003 in O.P.No. 402 of 2002
	v) As the instant matter is backdated and lacking substantial justification, the Objector for the computation of Power Purchase Cost has limited the interest amount to its approved value.	In view of the above submissions, TS Discoms request the Hon'ble Commission to approve the additional interest on pension bonds as claimed.

Summary of Disallowance in Interest on Pension Bonds				
	Approved	Claimed	Objector	Disallowance
<b>TSSPDCL</b>				
FY 2016-17	227.17	1,311.08	227.17	1,083.91
FY 2019-20	273.08	821.73	273.08	548.65
FY 2020-21	482.77	827.28	482.77	344.51
FY 2021-22	482.77	762.00	482.77	279.23
Total TSSPDCL (A)	1,465.79	3,722.09	1,465.79	2,256.30
<b>TSNPDCL</b>				
FY 2016-17 (B)	95	547	95	452.00
<b>Total (A+B)</b>	<b>1,560.79</b>	<b>4,269.09</b>	<b>1,560.79</b>	<b>2,708.30</b>

<p><b>F. Miscellaneous Charges (Transmission Cost, SLDC Cost &amp; PGCIL &amp; ULDC OR POSOCO Charges)</b></p> <p>i) The TSSPDCL and TSNPDCL have claimed a cumulative amount of Rs. 13,888.89 Crores and Rs. 5,874 Crores respectively towards Transmission Cost, SLDC Cost &amp; PGCIL &amp; ULDC OR POSOCO Charges).</p>	<p>TS Discoms submit that the Transmission Cost, SLDC cost and PGCIL &amp; ULDC or POSOCO Charges are approved along with the power purchase cost in the respective tariff orders.</p>
<p>ii) It is submitted that Hon'ble Commission in its past RST for FY 2016-17, 2017-18, FY 2018-19 &amp; FY 2022-23 orders have not included any of these charges in while approving power purchase cost. But the Petitioners have also shown amount pertaining to these charges under approved values for calculating Power Purchase deviation.</p>	<p>It is an established fact that the cost of power purchase from the perspective of a distribution licensee includes all the cost incurred in such procurement and it includes the cost incurred for transmission of power till its distribution network.</p>
<p>iii) In line with the same methodology as followed by the Hon'ble Commission in its past RST for FY 2016-17, 2017-18, FY 2018-19 &amp; FY 2022-23 orders, the objector has computed the power purchase cost without</p>	<p>It is to be noted that as per Clause 11 of Regulation No. 4 of 2005, the ARR items under Retail Supply Business include both cost of power procurement and Transmission charges and the Regulation No. 1 of 2014 i.e, first amendment to Regulation No. 4 of 2005 provides for true up for Retail Supply Business implying the true up of both cost of power procurement and</p>



considering any true-up in these charges. The summary of charges considered by the Petitioner in Power Purchase True up claim is summarized below:

**Charges Claimed by Petitioners for FY 2016-17 to FY 2022-23:**

**(All Figures in Crores)**

<b>Both Discoms</b>	<b>FY 17</b>	<b>FY 18</b>	<b>FY 19</b>	<b>FY 20</b>	<b>FY 21</b>	<b>FY 22</b>	<b>FY 23</b>	<b>Total</b>
Transmission Cost	1,790.12	1,024.00	1,409.00	1,410.53	2,317.07	2,857.00	-	10,807.72
SLDC Cost	28.86	33.00	35.00	34.84	49.60	51.00	-	232.30
PGCIL Charges	735.77	1,096.00	1,577.00	2,232.00	1,511.30	1,569.00	-	8,721.07
ULDC or POSOCO Charges	1.60	-	-	-	-	-	-	1.60
<b>Total</b>	<b>2,556.35</b>	<b>2,153.00</b>	<b>3,021.00</b>	<b>3,677.37</b>	<b>3,877.97</b>	<b>4,477.00</b>	<b>-</b>	<b>19,762.69</b>

**Charges shown by Petitioners in approved PP cost for FY 2016-17 to FY 2022-23:**

**(All Figures in Crores)**

transmission charges and considering the same TS Discoms have filed the instant true up filings including the Transmission Cost, SLDC cost and PGCIL & ULDC or POSOCO Charges

In view of the above, the objection that the cost incurred for transmission shall not be included in true up is not valid and lacks proper justification.

	Both Discoms	FY 17	FY 18	FY 19	FY 20	FY 21	FY 22	FY 23	Total
	Transmission Cost	1,702.09	1,024.00	1,408.57	1,410.53	2,317.07	2,857.00	-	10,719.26
	SLDC Cost	28.86	33.00	34.50	34.84	49.60	51.00	-	231.80
	PGCIL Charges	521.90	1,174.00	922.98	922.98	922.98	922.98	-	5,387.82
	ULDC or POSOCO Charges	6.14	-	-	-	-	-	-	6.14
	<b>Total</b>	<b>2,258.99</b>	<b>2,231.00</b>	<b>2,366.05</b>	<b>2,368.35</b>	<b>3,289.64</b>	<b>3,830.98</b>	<b>-</b>	<b>16,345.01</b>

5	<p><b>SUMMARY OF OBJECTOR'S ASSESSMENT OF ALLOWABLE TRUE UP CLAIM FOR FY 2016-17 TO FY 2022-23:</b></p> <p>i) On accumulating the above discussed parameters, the true up amount as per Objector's assessment vs Petitioner's submission are provided below:</p> <p><b>Summary of True Up claim for TSSPDCL and TSNPDCL for FY 2016-17 to FY 2022-23</b></p> <p><i>(All figures in Rs. Crores)</i></p> <table border="1"> <thead> <tr> <th colspan="4">PP Cost True up claimed by TS Discoms</th> <th colspan="3">As per Objector Assessment</th> </tr> <tr> <th>FY</th> <th>TSSPD CL</th> <th>TSNPD CL</th> <th>Total</th> <th>TSSPD CL</th> <th>TSNPD CL</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>FY 2016-</td> <td>-230.59</td> <td>-38.78</td> <td><b>-269.37</b></td> <td>-</td> <td>-703.58</td> <td><b>-2,249.24</b></td> </tr> </tbody> </table>	PP Cost True up claimed by TS Discoms				As per Objector Assessment			FY	TSSPD CL	TSNPD CL	Total	TSSPD CL	TSNPD CL	Total	FY 2016-	-230.59	-38.78	<b>-269.37</b>	-	-703.58	<b>-2,249.24</b>	<p>TS Discoms appreciate the intention and efforts put in by the objector, behind the analysis undertaken on the true up claims for the period from FY 2016-17 to FY 2022-23. However, TS Discoms feel that the approach followed is intended only towards the reduction of the claims made by the TS Discoms.</p> <p>TS Discoms have responded to the item-wise objections/ suggestions proposed by the objector, in the above mentioned sections, and would request the Hon'ble Commission to consider the projections shared by Discoms, considering the justifications shared on the same.</p>
PP Cost True up claimed by TS Discoms				As per Objector Assessment																			
FY	TSSPD CL	TSNPD CL	Total	TSSPD CL	TSNPD CL	Total																	
FY 2016-	-230.59	-38.78	<b>-269.37</b>	-	-703.58	<b>-2,249.24</b>																	

17				1,545.66		
FY 2017-18	-365.23	126.73	<b>-238.50</b>	-628.99	-16.14	<b>-645.14</b>
FY 2018-19	877.23	-266.31	<b>610.92</b>	-646.87	-960.00	<b>-1,606.87</b>
FY 2019-20	30.20	593.87	<b>624.07</b>	-1,965.87	218.85	<b>-1,747.02</b>
FY 2020-21	1,106.80	490.25	<b>1,597.05</b>	-148.67	136.82	<b>-11.85</b>
FY 2021-22	6,372.00	2,417.81	<b>8,789.81</b>	4,994.45	2,012.00	<b>7,006.45</b>
FY 2022-23*	1,270.39	-369.10	<b>901.29</b>	580.31	-886.93	<b>-306.62</b>
<b>Total True up/(True Down)</b>	<b>9,060.80</b>	<b>2,954.47</b>	<b>12,015.27</b>	<b>638.70</b>	<b>-198.99</b>	<b>439.71</b>

\*Note: Detailed computation of Power Purchase True Up/ (True Down) as per Objecter's Assessment is attached herewith as **Annexure A**.

ii) The detailed summary of Objecter's Assessment Vs Petitioner's Claim of True up claim for FY 2016-17 to FY 2022-23 is provided below:

*(All figures in Rs. Crores)*

TSSPDCL	FY 2016-17		FY 2017-18		FY 2018-19		FY 2019-20	
	Petitioner	Objector	Petitioner	Objector	Petitioner	Objector	Petitioner	Objector
PP True up/ (True Down)	1,588.32	273.18	936.04	672.28	3,799.05	2,274.95	3,900.32	1,904.25
Additional Support by GoTS	1,583.83	1,583.83	908.79	908.79	1,680.00	1,680.00	1,400.00	1,400.00
Loss Funding	235.01	235.01	392.48	392.48	1,241.82	1,241.82	2,470.12	2,470.12
<b>Net True Up/(True Down)</b>	<b>-230.52</b>	<b>-1,545.6</b>	<b>-365.23</b>	<b>-628.99</b>	<b>877.23</b>	<b>-646.87</b>	<b>30.20</b>	<b>-1,965.87</b>

*(All figures in Rs. Crores)*

FY 2020-21		FY 2021-22		FY 2022-23		Total TSSPDCL	
Petitioner	Objector	Petitioner	Objector	Petitioner	Objector	Petitioner	Objector
3,230.80	1,975.33	6,372.00	4,994.45	1,270.39	580.31	21,096.92	12,674.75
-	-	-	-	-	-	5,572.62	5,572.62
2,124.00	2,124.00	-	-	-	-	6,463.43	6,463.43

*(All figures in Rs. Crores)*

TSNPDCCL	FY 2016-17		FY 2017-18		FY 2018-19		FY 2019-20	
	Petitioner	Objector	Petitioner	Objector	Petitioner	Objector	Petitioner	Objector
PP True up/ (True Down)	715.91	50.63	672.26	529.39	1,216.55	522.86	1,752.02	1,377.00
Additional Support by GoTS	678.79	678.79	389.48	389.48	720.00	720.00	600.00	600.00
Loss Funding	75.42	75.42	156.05	156.05	762.86	762.86	558.15	558.15
<b>Net True Up/(True Down)</b>	<b>-38.30</b>	<b>-703.58</b>	<b>126.73</b>	<b>-16.14</b>	<b>-266.31</b>	<b>-960.00</b>	<b>593.87</b>	<b>218.85</b>

*(All figures in Rs. Crores)*

FY 2020-21		FY 2021-22		FY 2022-23		Total TSNPDCL	
Petitioner	Objector	Petitioner	Objector	Petitioner	Objector	Petitioner	Objector
1,710.43	1,357.00	2,417.81	2,012.00	-369.10	-886.93	8,115.88	4,961.94
-	-	-	-	-	-	2,388.27	2,388.27
1,220.18	1,220.18	-	-	-	-	2,772.66	2,772.66
<b>490.25</b>	<b>136.82</b>	<b>2,417.81</b>	<b>2,012.00</b>	<b>-369.10</b>	<b>-886.93</b>	<b>2,954.95</b>	<b>-198.99</b>

6

**PRAYERS:**

The Objector most respectfully prays that this Hon'ble Commission may be pleased to:

- A. Consider the above Objection Statement filed by the Objector;

TS Discoms have responded to the item-wise objections/ suggestions proposed by the objector, in the abovementioned sections, and would request the Hon'ble Commission to consider the projections shared by Discoms, considering the justifications shared on the same.

	<ul style="list-style-type: none"> <li>B. Disallow the Discoms their true up claims for the year 2019-20, 2020-21 and 2021-22 in the face of non-filing of ARR and Tariff Proposals for the relevant years and set an authority for utilities to operate within the stipulated timelines and not on its own whims to unnecessarily burden the consumers.</li> <li>C. Notwithstanding Prayer B, allow the following Prayers:</li> <li>D. Direct the Discoms to submit supporting documents against claiming escalation in Variable charge;</li> <li>E. Direct the Discoms to strictly adhere to Market MCP in order to determine the rate for transaction of power in the power exchange market;</li> <li>F. Direct Discoms to strictly adhere to Hon'ble Commission past directives;</li> <li>G. Disallow the power purchase cost as per the Objector's Assessment and in cases where the purchase has been projected at exorbitantly high price not relatable to the incumbent market situations;</li> <li>H. Pass necessary orders as may be deemed appropriate in the facts and circumstances of the case in the interest of justice;</li> <li>I. Permit the Objector to participate and make additional submission and produce additional details and documentations during the course of the online Public Hearings in the interest of justice and equity.</li> </ul>	
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