Southern Power Distribution Company of Telangana Ltd

Responses to Objections
On

Matters related to Afresh Determination of Cross Subsidy Surcharge

For

FY 2015-16

Index

Response to M/s Navadurga Billets Private Limited	3
Response to M/s Devashree ISPAT (P) LTD.	(
Response to M/s MMG Steels (P) LTD.	7
Response to M/s Dilip Re-Rolling PVT. LTD.	8
Response to M/s Salasar Iron and Steels PVT LTD.	9
Response to M/s Jai Raj Steel	10
Response to M/s Vinayak Steels Limited	11
Response to M/s Scan Energy Power LTD.	13
Response to M/s Radha Smelters Private Limited	14
Response to M/s Keshree Metalurgies Pvt Ltd	15
Response to M/s Signode India Limited	16
Response to M/s JK Fenner(India) Ltd	17
Response to M/s Jeevaka Industries Pvt Ltd	18
Response to M/s Shikhara Steels Pvt Ltd	19
Response to M/s GTN Engineering (INDIA) Ltd	20
Response to M/s GTN Industries Ltd	21
Response to M/s The Federation of Telangana Chambers of Commerce and Industry.	22
Response to M/s Agarwal Foundries Private Limited	27
Response to Ms Nishtha	32
Response to M/s Rama Spinners Private Limited	37
Response to M/s Aryam Steels Private Limited	42
Response to M/s KDA Ispat Pvt Ltd	47

Respon	Response to M/s Navadurga Billets Private Limited	
SI. No.	Summary of Objections	Response of the Licensee
1.	"i) That there are no communication from the Honourable Commission pursuant to the requests made by some of the consumers seeking some information."	Filings of TS Discoms, orders of the Hon'ble Supreme Court, detailed CSS Orders and order relevant documents are available through the 'relevant documents' link of the CSS public hearing section on the ARR filings page of the TSERC website. Refer the following link for these documents – CSS Documents (tserc.gov.in)
2.	"ii) That as could be seen from the notice dated 2nd February, 2024, new proposal are emanated from the Honourable Commission but not T.S.S.P.D.C.L. iii) That when the matter is remanded back by the Apex Court, denova enquiry has to be conducted by the Commission basing on the records available by them, but, however, new proposals cannot be made in deviation of the earlier proposals iv) Under the statutory scheme of Electricity Act, 2003, the Honourable Commission has no power and authority to submit proposals on its own in the absence of submission of proposals by the concerned distribution companies. v) That the Honourable Commission cannot traverse beyond the figures mentioned by the T.S.S.P.D.C.L. in its proposal dated 07.02.2015, inasmuch as all	The Commission has the discretion to revise the projections of the Licensees and compute parameters such as sales projections, energy requirement, power purchased quantity, power purchase cost etc., which will determine the retail tariff and cross subsidy surcharge. Therefore, there is a likely possibility of change in the value of the CSS based on the approved figures of the commission. TSSPDCL and TSNPDCL submitted CSS calculations based on the proposed figures for FY 2015-16 in their filings dated 7.02.2015. Based on the filings from TS Discoms, the commission has revised the CSS calculations considering the same formula as adopted by TS Discoms, with the approved figures of FY 2015-16 in the order dated 24.01.2024. (Reference for approved figures - Retail Supply Tariff Order for FY 2015-16 dated 27.03.2015)

within the power and scope of the distribution company to work out their economics in the matter of recovery of any charge. The T.S.S.P.D.C.L. has rightly relied on the formula mentioned in National Tariff Policy for the purpose of calculating the Cross Subsidy Surcharge with that audited figures

vii) That making proposals to levy Cross Subsidy Surcharge by the Regulatory Commission is alien to the scheme of the Act inasmuch as none of the Provisions of 2003 Act empowers the Regulatory Commission to make such an exercise" "11. Based on the filings of the licensees in O.P.Nos.076 & 077 of 2015, the Commission has now proposed the CSS considering the same formula as adopted by the licensees in their filings viz., as specified in Tariff Policy, 2006 [applicable during the period FY 2015-16] to different categories of consumers availing open access in Transmission and Distribution system at different voltages during FY 2015-16"

TS Discoms support the commissions revision of using the approved figures from RST Order FY 2015-16.

Hence, TS Discoms request the Hon'ble Commission to consider this and approve the Cross Subsidy Surcharge for FY 2015-16 as per the revised order dated 24.01.2024.

3. "vi) That as could be seen from the contents of the notice dated 02.02.2014, the T.S.S.P.D.C.L. never approached the Honourable Commission, after the matters are remitted back, which obviously shows that it does not want to burden the consumers any further in view of the recent change in the State Government."

viii) That before the Honourable High Court, counter affidavit was not filed on behalf of the Commission. However, interestingly the T.S.S.P.D.C.L. filed counter affidavit trying to explain to the court that the relevant data as contained in the proposals of T.S.S.P.D.C.L. were changed at the instance of the

No fresh proposals are required to be filed by the TS Discoms before the Hon'ble Commission, as per the operative portion of the relevant order of the Hon'ble Supreme Court dated 07.11.2023.

"Accordingly, we allow these appeals, set aside the impugned order(s) passed by the High Court as also the Commission and remit the matters back to the Regulatory Commission to decide the issue of CSS afresh after following due procedure prescribed under law and affording due opportunities to the parties concerned." State Government. It is relevant to state here that the role of the State Government in the matter of fixation orf Cross Subsidy Surcharge or tariff as the case maybe is also alien to the statutory scheme of the Act. Further, the State Government cannot substitute or sub-plant any data, which is mentioned in the proposals of the distribution company, which are finalised scientifically on any grounds what so ever."

The Hon'ble Supreme Court directed the commission to determine the CSS afresh duly providing paper publication, inviting comments, and providing opportunities to the petitioners / objectors in the public hearing. As per the direction of the Hon'ble Supreme Court and the powers vested in it, the commission has recomputed the CSS afresh based on the approved figures.

"as per the directions of the Hon'ble Supreme Court in the above said order dated 07.11.2023 the Commission has decided to take up the matter afresh in the matter of determination of Cross Subsidy Surcharge for FY 2015-16 duly following the procedure prescribed under law i.e., as per the provisions of the Electricity Act 2003, Tariff Policy 2006 [applicable during the period of FY 2015-16] and affording due opportunities to the parties concerned."

4. "ix) That it also mentioned by the T.S.S.P.D.C.L. that the Regulatory Commission conducted a meeting on 04.03.2015 with the State Advisory Committee. But, however, the minutes of the said meeting are not formed part of the order dated 27.03.2015. The said minutes are also not put to the notice of the public during the public hearing conducted on 12.03.2015 and 13 03 2015"

The minutes of the 1st meeting of the state advisory committee, held on 04.03.2015, in the commission's office are available at the following link – 1stSACminutes.pdf (tserc.gov.in)

Which is available on the TSERCs website under State Advisory Committee section.

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		The Hon'ble Supreme Court directed the commission to determine the CSS afresh duly providing paper publication, inviting comments, and providing opportunities to the petitioners / objectors in the public hearing. As per the direction of the Hon'ble Supreme Court and the powers vested in it, the commission has

	recomputed the CSS afresh based on the approved figures.

Filings of TS Discoms, orders of the Hon'ble Supreme Court, detailed CSS Orders and order relevant documents are available through the 'relevant documents' link of the CSS public hearing section on the ARR filings page of the TSERC website.
Refer the following link for these documents – CSS Documents (tserc.gov.in) No fresh proposals are required to be filed by the TS Discoms before the Hon'ble Commission, as per the operative portion of the relevant order of the Hon'ble Supreme Court dated 07.11.2023. "Accordingly, we allow these appeals, set aside the impugned order(s) passed by the High Court as also the Commission and remit the matters back to the Regulatory Commission to decide the issue of CSS afresh after following due procedure prescribed under law and affording due opportunities to the parties concerned." The Hon'ble Supreme Court directed the commission to

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The Hon'ble Supreme Court directed the commission to determine the CSS afresh duly providing paper publication, inviting comments, and providing opportunities to the petitioners / objectors in the public hearing. As per the direction of the Hon'ble Supreme Court and the powers vested in it, the commission has recomputed the CSS afresh based on the approved figures.

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	2. The present proposals submitted by the	CSS Documents (tserc.gov.in)
	T.S.S.P.D.C.L. seeking to enhance the Cross	
	Subsidy Surcharge for the year 2015-16 and	

subsequent orders of the Honourable Supreme Court."	No fresh proposals are required to be filed by the TS Discoms before the Hon'ble Commission, as per the operative portion of the relevant order of the Hon'ble Supreme Court dated 07.11.2023.
	"Accordingly, we allow these appeals, set aside the impugned order(s) passed by the High Court as also the Commission and remit the matters back to the Regulatory Commission to decide the issue of CSS afresh after following due procedure prescribed under law and affording due opportunities to the parties concerned."
	The Hon'ble Supreme Court directed the commission to determine the CSS afresh duly providing paper publication, inviting comments, and providing opportunities to the petitioners / objectors in the public hearing. As per the direction of the Hon'ble Supreme Court and the powers vested in it, the commission has recomputed the CSS afresh based on the approved figures.

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1.	"1. The Original Proposal submitted by the	Filings of TS Discoms, orders of the Hon'ble Supreme	
	T.S.S.P.D.C.L. seeking permission of the Regulatory	Court, detailed CSS Orders and order relevant	
	Commission to collect 30 Paise per unit in respect of	documents are available through the 'relevant documents'	

- 33 KV Voltage Consumers and 11 Paise per unit in respect of 132 KV Voltage Consumers.
- 2. The present proposals submitted by the T.S.S.P.D.C.L. seeking to enhance the Cross Subsidy Surcharge for the year 2015-16 and subsequent orders of the Honourable Supreme Court."

link of the CSS public hearing section on the ARR filings page of the TSERC website.

Refer the following link for these documents – CSS Documents (tserc.gov.in)

No fresh proposals are required to be filed by the TS Discoms before the Hon'ble Commission, as per the operative portion of the relevant order of the Hon'ble Supreme Court dated 07.11.2023.

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1.	"1. The Original Proposal submitted by the T.S.S.P.D.C.L. seeking permission of the Regulatory Commission to collect 30 Paise per unit in respect of 33 KV Voltage Consumers and 11 Paise per unit in respect of 132 KV Voltage Consumers. 2. The present proposals submitted by the T.S.S.P.D.C.L. seeking to enhance the Cross Subsidy Surcharge for the year 2015-16 and subsequent orders of the Honourable Supreme Court."	Filings of TS Discoms, orders of the Hon'ble Supreme Court, detailed CSS Orders and order relevant documents are available through the 'relevant documents' link of the CSS public hearing section on the ARR filings page of the TSERC website. Refer the following link for these documents – CSS Documents (tserc.gov.in) No fresh proposals are required to be filed by the TS Discoms before the Hon'ble Commission, as per the operative portion of the relevant order of the Hon'ble Supreme Court dated 07.11.2023. "Accordingly, we allow these appeals, set aside the impugned order(s) passed by the High Court as also the Commission and remit the matters back to the Regulatory Commission to decide the issue of CSS afresh after following due procedure prescribed under law and affording due opportunities to the parties concerned." The Hon'ble Supreme Court directed the commission to determine the CSS afresh duly providing paper publication, inviting comments, and providing opportunities to the petitioners / objectors in the public hearing. As per the direction of the Hon'ble Supreme Court and the powers vested in it, the commission has recomputed the CSS afresh based on the approved

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1.	"Inconsistency in the CSS currently proposed vs CSS approved as per the Order dated 27.03.2015 It may be noted that neither any fresh filing/ submissions has been undertaken by the utilities nor had it been directed by the Ld. TSERC. Despite of no fresh filing being undertaken, neither any change of methodology being proposed, there is an inconsistency in the CSS values provided in the Public Notice dated 24.01.2024 vis-a-vis CSS approved vide Order dated 27.03.2015."	No fresh proposals are required to be filed by the TS Discoms before the Hon'ble Commission, as per the operative portion of the relevant order of the Hon'ble Supreme Court dated 07.11.2023. "Accordingly, we allow these appeals, set aside the impugned order(s) passed by the High Court as also the Commission and remit the matters back to the Regulatory Commission to decide the issue of CSS afresh after following due procedure prescribed under law and affording due opportunities to the parties concerned." The Hon'ble Supreme Court directed the commission to determine the CSS afresh duly providing paper publication, inviting comments, and providing opportunities to the petitioners / objectors in the public hearing. As per the direction of the Hon'ble Supreme Court and the powers vested in it, the commission has recomputed the CSS afresh based on the approved figures. In the order dated 27.03.2015, the CSS calculations for 132kV, 33kV, 11kV were done by grossing up the average PP cost with transmission losses at 132 kV, 33 kV, 11kV respectively (Refer to Annexure 4 of CSS Ordedated 27.03.2015).

In the CSS determination dated 24.01.2024, the calculations were done using the same formula adopted by TS Discoms (as outlined in the National Tariff Policy 2006) and the CSS has been computed using system losses up to each voltage level which are calculated based on the wheeling losses and transmission losses approved in Wheeling MYT order for 3rd control period, dated 27.03.2015 and Transmission Tariff Order for 3rd control period, dated 09.05.2014 (Refer to Annexure 3 of CSS Order dated 24.01.2024).

Hence TS Discoms request the Hon'ble Commission to consider the same and approve the Cross Subsidy Surcharge for FY 2015-16 as per the revised order dated 24.01.2024.

2. "Cross subsidy surcharge computation in consonance with the audited accounts

It is submitted that despite the direction of the apex court as to a fresh determination of CSS in accordance with the principles stipulated in the NTP 2006, the Hon'ble TSERC has relied on the erstwhile filings of the TSSPDCL and TSNPOCL in O.P. Nos. 076 & 077 of 2015

In accordance with the above, it is humbly submitted before the Hon'ble Commission to kindly consider the actuals (in reference to the Audited Accounts) to determine the CSS for the FY 2015-16. The same is The audited accounts cannot be used for the computation of CSS, as the retail tariff is fixed by the approved values. If it's to be considered, the retail tariff considered should also be revised based on the audited accounts, which is not feasible. This is because not just Open Access consumers, but all other consumers have made payments as per the retail tariff fixed by the approved values.

also in accordance with the CSS formula as prescribed in the NTP 2006 which is as hereunder: "Surcharge formula: S = T - [C(1 + L/100) + D]Where. S is the Surcharge. T is the Tariff payable by the relevant category of consumers. C is the Weighted average cost of power purchase of top 5% at the margin excluding liquid fuel based generation and renewable power. D is the Wheeling charge. L is the system Losses for the applicable voltage level, expressed as a percentage." "Consideration of wheeling charges The objection is specifically to the Hon'ble Commission, 3. there is no comment from the TS Discoms. It is submitted that the Hon'ble Commission has incorrectly considered 'D' (Wheeling Charges) i.r.o distribution wheeling charges. As per the Public Notice for the re-determination of C5.5 for the FY 2015-16, wheeling charges in respect of a consumer connected at 11 kV would include wheeling charges limited to 33kV, 11kV voltage levels only. The Hon'ble Commission has completely disregarded the voltage levels of 132 kV and above which is also being utilized for wheeling of electricity fromgenerating source to a consumption point."

- 4. "Consideration of T i.e., Tariff Payable by the relevant category of consumers
 - **40.** The Hon'ble Commission has approved 'T' based on the expected revenue from a relevant category of consumers by considering in the Retail Tariff applicable to the said category. The Tariff proposed by the Hon'ble Commission for a 132 kV Industrial consumer (HT-I Industry General) is Rs.6.31/unit and Rs.6.21/unit, for TS5PDCL and TSNPDCL, respectively.
 - **41.** As per the Objector's assessment, the Tariff 'T' for HT-1 category (132 kV) for different levels of load factor is as follows:

Considerations:

Fixed/Demand Charges: Rs. 370/ KV A/ month Energy Charge (Rs. /Unit): Rs. 5.10/ kVah Contract Demand: 10 MV A (10,000 KV A)

Load factor (%)	60%	70%	75%	85%
Demand Charges (Rs. Crores)	4.44	4.44	4.44	4.44
Energy Charges (Rs. Crores)	26.81	31.27	33.51	37.97
Tariff 'T' (Rs. /unit)	5.94	5.82	5.78	5.70

The average revenue realization is considered as 'T' for computing the uniform CSS for the consumer category as a whole (irrespective of the load factor), as the revenue under each category is dependent on the proposed tariffs and actual energy utilized by that category.

The same approach is being followed by other SERCs for calculation of CSS (Reference - Orders of KERC, APERC, MERC).

	It is observed that the Tariff 'T' varies between Rs. 5.70 / unit to Rs. 5.94 / unit for different values of Load factors as indicated above. However, Industries operating at 132 KV levels are heavy industries which usually operate with the load factor ranging from 75 % to 85 % 42. For Load factor of 75%, the Tariff (T) as per Objector's assessment works out to be Rs.5.78/unit, per contra, which is Rs. 0.53/unit and Rs.0.43/unit higher than the Tariff projected by this Hon'ble Commission for TSSPDCL and TSNPDCL, respectively"	
5.	45. The Objector further apprehends that the Hon'ble Commission has projected the Tariff 'T' on a consolidated basis by merging all the sub-categories under HT-I Industry namely- General, Industrial Colonies, Seasonal and Ferro Alloy Industries. It is mentioned that since the Retail Tariff schedule for one sub-category of consumer is different from another sub-category, the Tariff 'T' as per NTP 2006 formula would result into different levels of Cross subsidy surcharge among sub-categories	TS Discoms have computed the Average Revenue Realization (ARR) based on the voltage level consumer categories excluding subcategories viz. seasonal industries, industrial colonies, where such subcategories are not permitted for open access, and have used the ARR as Tariff 'T' for computation of CSS as per NTP 2006
	46. This has been a practice across other SERCs as well wherein CSS is approved for all Tariff categories and subcategories. Extracts of the Orders from SERCs is provided as under for the kind reference of the Hon'ble Commission:	

Andhra Pradesh Electricity Regulatory Commission-Order dated 19.11.2016, in the matter of redetermination of CSS for FY 2005-06 to FY 2015-16 (O.P. Nos. 16/2005~ 13/2006; 5/2007; 73-77 of ~012 and 8/2015)

Maharashtra Electricity Regulatory Commission: Order dated 29.10.2013 for determination of Cross Subsidy Surcharge in accordance (Case -No. 107 of 2013)"

SI. No.	Summary of Objections	Response of the Licensee
1.	"It is respectfully submitted that as prescribed in Section 42 (2) of the said Act the Hon'ble State Commission conferred with the powers to introduce open access facility in phase manner subject to payment of Surcharge by the open access consumer to the extent to meet the cross subsidy of the area of such Distribution Licensee. Further, empowered to reduce the surcharge as well as cross subsidies progressively."	The Cross Subsidy Surcharge (CSS) is determined by the formula prescribed by the National Tariff Policy 2006. The cost of power purchase is uncontrollable factor, which will have significant impact in the computation of Cross Subsidy Surcharge (CSS). Therefore, reduction of CSS progressively is not under the scope of the licensees.
	"It is to be noted that as prescribed in Section 42 (2) of Electricity Act, 2003 " such surcharge and cross subsidy shall be progressively reduced in	

	the manner as may be specified by the State Commission." It is also to be noted that the Hon'ble Ministry of Power in its tariff policy dated 6.1.2006 directed that "The cross-subsidy surcharge should be brought down progressively and, as far as possible, at a linear rate to a maximum of 20% of its opening level by the year 2010-11." But in the current case surcharges are being continuously increasing and have never seen the face of reduction.	
2.	"It is respectfully submitted that the Hon'ble Ministry of Power vide its proceeding dated 6.1.2006 prescribed the formula for determination of CSS as follows: -	Tariff payable by the relevant category of consumers includes both fixed and energy charges. For HT-I 132 kV & above, tariff rate includes energy charge of Rs. 5.10 /kVAh and fixed charge of Rs. 370 /kVA /month.
	S = T - [C (1 + L / 100) + D] Where, S is the Surcharge T is the Tariff payable by the relevant category of consumers C is the Weighted average cost of power purchase of top 5% at the margin excluding liquid fuel based generation and renewable power L is the system loss for the applicable voltage level, expressed as a percentage D is the wheeling charges	The average revenue realization is considered as 'T' for computing the uniform CSS for the consumer category as a whole, as the revenue under each category is dependent on the proposed tariffs and actual energy utilized by that category. Same approach is being followed by other SERCs for the calculation of CSS (Reference - Orders of KERC, APERC, MERC). As per the surcharge formula stated in the National Tariff Policy 2006, 'D' is defined as wheeling charges. In reference to this, the Hon'ble Commission has utilized

The Hon'ble Commission in the present case considered provision prescribed in Tariff Policy dated 6.1.2006 to determine afresh Cross Subsidy Surcharge for FY 2015-16. A copy of page No. 18 to 20 of Tariff Policy dated 6.1,2006 are enclosed as **Annexure I (Page No.1-3)**.

The calculation for category of 132 KV and 33 KV proposed by this Hon'ble Commission and the discrepancies found by this Respondent pertaining to TSSPCL are furnished hereunder for kind consideration with a request to rectify the same in the interest of justice.

132 KV CATEGORY

AS PROPOSED BY THE HON BLE COMMISSION

Rs. 0.94 per KVAH = Rs. 6.3079 - [Rs. 5.0578 (1+4.02% OF 5.0578 i.e., 0.2033) +0.1065]

Rs. 0.94 per KVAH = Rs. 6.3079 - 5.3676

AS PER TARIFF RATES PAYABLE BY THE 132 KV CATEGORY OF CONSUMER AS APPROVED IN THE TARIFF ORDER DATED 27.3.2015

Rs. -0.1611 per KVAH = Rs. 5.10 - [Rs. 5.0578 (1 +4.02% OF 5.0578 i.e., 0.2033) + 0.00]

Rs. - 0.1611 per KVAH - Rs. 5.10 - 5.2611

transmission wheeling charges for 132 kV and distribution wheeling charges for 33kV, 11kV.

Hence TS Discoms request the Hon'ble Commission to consider the same and approve the Cross Subsidy Surcharge for FY 2015-16 as per the revised order dated 24.01.2024.

In the above two calculations the difference is between (T) Tariff Rates and (D) wheeling charges amounts i.e., this Hon'ble Commission considered average realization amount of Rs. 6.3079 per KVAH whereas as per tariff policy it should be Rs. 5.10 per KVAH i.e., tariff payable and no wheeling charges are payable by 132 KV category consumers as approved by this Hon'ble Commission in Tariff Order dated 27.3.2015 even though Rs. 0.1065 has taken. Hence, the same need to be corrected / revised. A copy of Page No. 56 of Wheeling Tariff dated 27.3.2015 is enclosed as Annexure II (Page No. 4 - 4).

33 KY CATEGORY

AS PROPOSED BY THE HON'BLE COMMISSION

Rs. 1.33 per **KVAH** = Rs. 6.8019 - [Rs. 5.0578 (1+7.85% OF 5.0578 i.e., 0.3970) + 0.0207]

Rs. 1.33 per KVAH = Rs. 6.8019 - 5.4755

AS PER TARIFE RATES PAYABLE BY THE 33 KY CATEGORY OF CONSUMER AS APPROVED IN THE TARIFE ORDER DATED 27-3.2015

Rs. -0.12 per KVAH = Rs. 5.60 - [Rs. 5.0578 (1+7.85% OF 5.0578 i.e., 0.3970) + 0.0207]

RS. - 0.12 - Rs. 5.60 - 5.4755

In the above two calculations the difference is between (T) Tariff Rates amounts. This Hon'ble Commission taken average realization amount of Rs. 6.8019 per KVAH whereas as per tariff policy it should be Rs. 5.60 per KVAH i.e., tariff payable as approved by this Hon'ble Commission in Tariff Order dated 27.3.2015. Hence, the same need to be corrected / revised. A copy of Page No. 227 of Tariff Order dated 27.3.2015 of PY 2015-16 is enclosed as **Annexure III (Page No. 5=5)**."

3. "In the present proposal the details of cross subsidies of Financial Year 2015-16 pertaining to the TSSPDCL area are not furnished even though the Financial Year 2015-16 is completed and Annual Report also available hence, we are not able to give our suggestions.

However, we pray to this Hon'ble Commission to consider the same before finalizing the surcharge for open access consumer for FY 2015-16 in the interest of justice keeping in view the fact that the Financial Year 2015-16 is already over and the audited figures are available with the TSSPDCL. The said details may be provided with audited figures i.e., cross subsidy provided during FY 2015-16, the quantum of open access energy transmitted (category of consumer wise) and proportionate surcharge leviable on them in the interest of justice."

The audited accounts cannot be used for the computation of CSS, as the retail tariff is fixed by the approved values. If it's to be considered, the retail tariff considered should also be revised based on the audited accounts, which is not feasible. This is because not just Open Access consumers, but all other consumers have made payments as per the retail tariff fixed by the approved values.

No fresh proposals are required to be filed by the TS Discoms before the Hon'ble Commission, as per the operative portion of the relevant order of the Hon'ble Supreme Court dated 07.11.2023.

"Accordingly, we allow these appeals, set aside the impugned order(s) passed by the High Court as also the Commission and remit the matters back to the Regulatory Commission to decide the issue of CSS afresh after following due procedure prescribed under law and affording due opportunities to the parties concerned."

	The Hon'ble Supreme Court directed the commission to determine the CSS afresh duly providing paper publication, inviting comments, and providing opportunities to the petitioners / objectors in the public hearing. As per the direction of the Hon'ble Supreme Court and the powers vested in it, the commission has recomputed the CSS afresh based on the approved figures.
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Respon	Response to Ms Nishtha				
SI. No.	Summary of Objections	Response of the Licensee			
1.	"The Electricity Act, 2003 was enacted with effect from 10.6.2023. As prescribed in Section 42 (2) of the said Act the Hon'ble State Commission conferred with the powers to introduce open access facility in phase manner subject to payment of Surcharge by the open access consumer to the extent to meet the cross subsidy of the area of such Distribution Licensee. Further, empowered to reduce the surcharge as well as cross subsidies progressively."	The Cross Subsidy Surcharge (CSS) is determined by the formula prescribed by the National Tariff Policy 2006. The cost of power purchase is uncontrollable factor, which will have significant impact in the computation of Cross Subsidy Surcharge (CSS). Therefore, reduction of CSS progressively is not under the scope of the licensees.			
	"It is to be noted that as prescribed in Section 42 (2) of Electricity Act, 2003 " such surcharge and cross subsidy shall be progressively reduced in the manner as may be specified by the State Commission."				

	It is also to be noted that the Hon'ble Ministry of Power in its tariff policy dated 6.1.2006 directed that "The cross-subsidy surcharge should be brought down progressively and, as far as possible, at a linear rate to a maximum of 20% of its opening level by the year 2010-11."" But in the current case surcharges are being continuously increasing and have never seen the face of reduction.	
2.	"It is respectfully submitted that the Hon'ble Ministry of Power vide its proceeding dated 6.1.2006 prescribed the formula for determination of CSS as follows: - S = T - [C (1 + L / 100) + D] Where, S is the Surcharge T is the Tariff payable by the relevant category of consumers C is the Weighted average cost of power purchase of top 5% at the margin excluding liquid fuel based generation and renewable power L is the system loss for the applicable voltage level, expressed as a percentage D is the wheeling charges	Tariff payable by the relevant category of consumers includes both fixed and energy charges. For HT-I 132 kV & above, tariff rate includes energy charge of Rs. 5.10 /kVAh and fixed charge of Rs. 370 /kVA /month. The average revenue realization is considered as 'T' for computing the uniform CSS for the consumer category as a whole, as the revenue under each category is dependent on the proposed tariffs and actual energy utilized by that category. Same approach is being followed by other SERCs for the calculation of CSS (Reference - Orders of KERC, APERC, MERC). As per the surcharge formula stated in the National Tariff Policy 2006, 'D' is defined as wheeling charges. In reference to this, the Hon'ble Commission has utilized

The Hon'ble Commission in the present case considered provision prescribed in Tariff Policy dated 6.1.2006 to determine afresh Cross Subsidy Surcharge for FY 2015-16. A copy of page No. 18 to 20 of Tariff Policy dated 6.1,2006 are enclosed as **Annexure I (Page No.1-3)**.

The calculation for category of 132 KV and 33 KV proposed by this Hon'ble Commission and the discrepancies found by this Respondent pertaining to TSSPCL are furnished hereunder for kind consideration with a request to rectify the same in the interest of justice.

132 KV CATEGORY

AS PROPOSED BY THE HON BLE COMMISSION

Rs. 0.94 per KVAH = Rs. 6.3079 - [Rs. 5.0578 (1+4.02% OF 5.0578 i.e., 0.2033) +0.1065]

Rs. 0.94 per KVAH = Rs. 6.3079 - 5.3676

AS PER TARIFF RATES PAYABLE BY THE 132 KV CATEGORY OF CONSUMER AS APPROVED IN THE TARIFF ORDER DATED 27.3.2015

Rs. -0.1611 per KVAH = Rs. 5.10 - [Rs. 5.0578 (1 +4.02% OF 5.0578 i.e., 0.2033) + 0.00]

Rs. - 0.1611 per KVAH - Rs. 5.10 - 5.2611

transmission wheeling charges for 132 kV and distribution wheeling charges for 33kV, 11kV.

Hence TS Discoms request the Hon'ble Commission to consider the same and approve the Cross Subsidy Surcharge for FY 2015-16 as per the revised order dated 24.01.2024.

In the above two calculations the difference is between (T) Tariff Rates and (D) wheeling charges amounts i.e., this Hon'ble Commission considered average realization amount of Rs. 6.3079 per KVAH whereas as per tariff policy it should be Rs. 5.10 per KVAH i.e., tariff payable and no wheeling charges are payable by 132 KV category consumers as approved by this Hon'ble Commission in Tariff Order dated 27.3.2015 even though Rs. 0.1065 has taken. Hence, the same need to be corrected / revised. A copy of Page No. 56 of Wheeling Tariff dated 27.3.2015 is enclosed as Annexure II (Page No. 4 - 4).

33 KY CATEGORY

AS PROPOSED BY THE HON'BLE COMMISSION

Rs. 1.33 per **KVAH** = Rs. 6.8019 - [Rs. 5.0578 (1+7.85% OF 5.0578 i.e., 0.3970) + 0.0207]

Rs. 1.33 per KVAH = Rs. 6.8019 - 5.4755

AS PER TARIFE RATES PAYABLE BY THE 33 KY CATEGORY OF CONSUMER AS APPROVED IN THE TARIFE ORDER DATED 27-3.2015

Rs. -0.12 per KVAH = Rs. 5.60 - [Rs. 5.0578 (1+7.85% OF 5.0578 i.e., 0.3970) + 0.0207]

RS. - 0.12 - Rs. 5.60 - 5.4755

In the above two calculations the difference is between (T) Tariff Rates amounts. This Hon'ble Commission taken average realization amount of Rs. 6.8019 per KVAH whereas as per tariff policy it should be Rs. 5.60 per KVAH i.e., tariff payable as approved by this Hon'ble Commission in Tariff Order dated 27.3.2015. Hence, the same need to be corrected / revised. A copy of Page No. 227 of Tariff Order dated 27.3.2015 of PY 2015-16 is enclosed as **Annexure III (Page No. 5=5)**."

3. "In the present proposal the details of cross subsidies of Financial Year 2015-16 pertaining to the TSSPDCL area are not furnished even though the Financial Year 2015-16 is completed and Annual Report also available hence, we are not able to give our suggestions.

However, we pray to this Hon'ble Commission to consider the same before finalizing the surcharge for open access consumer for FY 2015-16 in the interest of justice keeping in view the fact that the Financial Year 2015-16 is already over and the audited figures are available with the TSSPDCL. The said details may be provided with audited figures i.e., cross subsidy provided during FY 2015-16, the quantum of open access energy transmitted (category of consumer wise) and proportionate surcharge leviable on them in the interest of justice."

The audited accounts cannot be used for the computation of CSS, as the retail tariff is fixed by the approved values. If it's to be considered, the retail tariff considered should also be revised based on the audited accounts, which is not feasible. This is because not just Open Access consumers, but all other consumers have made payments as per the retail tariff fixed by the approved values.

No fresh proposals are required to be filed by the TS Discoms before the Hon'ble Commission, as per the operative portion of the relevant order of the Hon'ble Supreme Court dated 07.11.2023.

"Accordingly, we allow these appeals, set aside the impugned order(s) passed by the High Court as also the Commission and remit the matters back to the Regulatory Commission to decide the issue of CSS afresh after following due procedure prescribed under law and affording due opportunities to the parties concerned."

	The Hon'ble Supreme Court directed the commission to determine the CSS afresh duly providing paper publication, inviting comments, and providing opportunities to the petitioners / objectors in the public hearing. As per the direction of the Hon'ble Supreme Court and the powers vested in it, the commission has recomputed the CSS afresh based on the approved figures.
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1.	"The Electricity Act, 2003 was enacted with effect from 10.6.2023. As prescribed in Section 42 (2) of the said Act the Hon'ble State Commission conferred with the powers to introduce open access facility in phase manner subject to payment of Surcharge by the open access consumer to the extent to meet the cross subsidy of the area of such Distribution Licensee. Further, empowered to reduce the surcharge as well as cross subsidies progressively."	The Cross Subsidy Surcharge (CSS) is determined by the formula prescribed by the National Tariff Policy 2006. The cost of power purchase is uncontrollable factor, which will have significant impact in the computation of Cross Subsidy Surcharge (CSS). Therefore, reduction of CSS progressively is not under the scope of the licensees.
	"It is to be noted that as prescribed in Section 42 (2) of Electricity Act, 2003 " such surcharge and cross subsidy shall be progressively reduced in	

	the manner as may be specified by the State Commission."	
	It is also to be noted that the Hon'ble Ministry of Power in its tariff policy dated 6.1.2006 directed that "The cross-subsidy surcharge should be brought down progressively and, as far as possible, at a linear rate to a maximum of 20% of its opening level by the year 2010-11."" But in the current case surcharges are being	
	continuously increasing and have never seen the face of reduction.	
2.	"It is respectfully submitted that the Hon'ble Ministry of Power vide its proceeding dated 6.1.2006 prescribed the formula for determination of CSS as follows: -	Tariff payable by the relevant category of consumers includes both fixed and energy charges. For HT-I 132 kV & above, tariff rate includes energy charge of Rs. 5.10 /kVAh and fixed charge of Rs. 370 /kVA /month.
	S = T - [C(1 + L/100) + D]	The average revenue realization is considered as 'T' for

Where,

S is the Surcharge

T is the Tariff payable by the relevant category of consumers

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Same approach is being followed by other SERCs for the calculation of CSS (Reference - Orders of KERC, APERC, MERC).

As per the surcharge formula stated in the National Tariff Policy 2006, 'D' is defined as wheeling charges. In

L is the system loss for the applicable voltage level, expressed as a percentage D is the wheeling charges

The Hon'ble Commission in the present case considered provision prescribed in Tariff Policy dated 6.1.2006 to determine afresh Cross Subsidy Surcharge for FY 2015-16. A copy of page No. 18 to 20 of Tariff Policy dated 6.1,2006 are enclosed as **Annexure I (Page No.1-3)**.

The calculation for category of 132 KV and 33 KV proposed by this Hon'ble Commission and the discrepancies found by this Respondent pertaining to TSSPCL are furnished hereunder for kind consideration with a request to rectify the same in the interest of justice.

132 KV CATEGORY

AS PROPOSED BY THE HON BLE COMMISSION

Rs. 0.94 per KVAH = Rs. 6.3079 - [Rs. 5.0578 (1+4.02% OF 5.0578 i.e., 0.2033) +0.1065]

Rs. 0.94 per KVAH = Rs. 6.3079 - 5.3676

AS PER TARIFF RATES PAYABLE BY THE 132 KV CATEGORY OF CONSUMER AS APPROVED IN THE TARIFF ORDER DATED 27.3.2015

Rs. -0.1611 per KVAH = Rs. 5.10 - [Rs. 5.0578 (1 +4.02% OF 5.0578 i.e., 0.2033) + 0.00]

reference to this, the Hon'ble Commission has utilized transmission wheeling charges for 132 kV and distribution wheeling charges for 33kV, 11kV.

Hence TS Discoms request the Hon'ble Commission to consider the same and approve the Cross Subsidy Surcharge for FY 2015-16 as per the revised order dated 24.01.2024.

Rs. - 0.1611 per KVAH - Rs. 5.10 - 5.2611

In the above two calculations the difference is between (T) Tariff Rates and (D) wheeling charges amounts i.e., this Hon'ble Commission considered average realization amount of Rs. 6.3079 per KVAH whereas as per tariff policy it should be Rs. 5.10 per KVAH i.e., tariff payable and no wheeling charges are payable by 132 KV category consumers as approved by this Hon'ble Commission in Tariff Order dated 27.3.2015 even though Rs. 0.1065 has taken. Hence, the same need to be corrected / revised. A copy of Page No. 56 of Wheeling Tariff dated 27.3.2015 is enclosed as Annexure II (Page No. 4 - 4).

33 KY CATEGORY

AS PROPOSED BY THE HON'BLE COMMISSION

Rs. 1.33 per KVAH = Rs. 6.8019 - [Rs. 5.0578 (1+7.85% OF 5.0578 i.e., 0.3970) + 0.0207]

Rs. 1.33 per KVAH = Rs. 6.8019 - 5.4755

AS PER TARIFE RATES PAYABLE BY THE 33 KY CATEGORY OF CONSUMER AS APPROVED IN THE TARIFE ORDER DATED 27-3.2015

Rs. -0.12 per KVAH = Rs. 5.60 - [Rs. 5.0578 (1+7.85% OF 5.0578 i.e., 0.3970) + 0.0207]

RS. - 0.12 - Rs. 5.60 - 5.4755

In the above two calculations the difference is between (T) Tariff Rates amounts. This Hon'ble Commission taken average realization amount of Rs. 6.8019 per KVAH whereas as per tariff policy it should be Rs. 5.60 per KVAH i.e., tariff payable as approved by this Hon'ble Commission in Tariff Order dated 27.3.2015. Hence, the same need to be corrected / revised. A copy of Page No. 227 of Tariff Order dated 27.3.2015 of PY 2015-16 is enclosed as Annexure III (Page No. 5=5)."

3. "In the present proposal the details of cross subsidies of Financial Year 2015-16 pertaining to the TSSPDCL area are not furnished even though the Financial Year 2015-16 is completed and Annual Report also available hence, we are not able to give our suggestions.

However, we pray to this Hon'ble Commission to consider the same before finalizing the surcharge for open access consumer for FY 2015-16 in the interest of justice keeping in view the fact that the Financial Year 2015-16 is already over and the audited figures are available with the TSSPDCL. The said details may be provided with audited figures i.e., cross subsidy provided during FY 2015-16, the quantum of open access energy transmitted (category of consumer wise) and proportionate surcharge leviable on them in the interest of justice."

The audited accounts cannot be used for the computation of CSS, as the retail tariff is fixed by the approved values. If it's to be considered, the retail tariff considered should also be revised based on the audited accounts, which is not feasible. This is because not just Open Access consumers, but all other consumers have made payments as per the retail tariff fixed by the approved values.

No fresh proposals are required to be filed by the TS Discoms before the Hon'ble Commission, as per the operative portion of the relevant order of the Hon'ble Supreme Court dated 07.11.2023.

"Accordingly, we allow these appeals, set aside the impugned order(s) passed by the High Court as also the Commission and remit the matters back to the Regulatory Commission to decide the issue of CSS afresh after following due procedure prescribed under law and affording due opportunities to the parties concerned."

The Hon'ble Supreme Court directed the commission to determine the CSS afresh duly providing paper publication, inviting comments, and providing opportunities to the petitioners / objectors in the public hearing. As per the direction of the Hon'ble Supreme Court and the powers vested in it, the commission has

recomputed the CSS afresh based on the approved

SI. No.	Summary of Objections	Response of the Licensee
1.	"1. The Original Proposal submitted by the T.S.S.P.D.C.L. seeking permission of the Regulatory Commission to collect 30 Paise per unit in respect of 33 KV Voltage Consumers and 11 Paise per unit in respect of 132 KV Voltage Consumers.	Filings of TS Discoms, orders of the Hon'ble Supreme Court, detailed CSS Orders and order relevant documents are available through the 'relevant documents' link of the CSS public hearing section on the ARR filings page of the TSERC website. Refer the following link for these documents –
	2. The present proposals submitted by the T.S.S.P.D.C.L. seeking to enhance the Cross Subsidy Surcharge for the year 2015-16 and subsequent orders of the Honourable Supreme Court."	CSS Documents (tserc.gov.in) No fresh proposals are required to be filed by the TS Discoms before the Hon'ble Commission, as per the operative portion of the relevant order of the Hon'ble Supreme Court dated 07.11.2023.
	"Please refer to our request letter 4th cited, where in we have sought for some information as regards	

figures.

your proposal to pass orders with regard to Cross Subsidy Surcharge for the year 2015-16. However, we have not received any information from you regarding our request. However, as the hearing is fixed on 28.02.2024 by the Commission, we are submitting our tentative explanations reserving our right to file additional explanation after receipt of the information as sought by us"

"Accordingly, we allow these appeals, set aside the impugned order(s) passed by the High Court as also the Commission and remit the matters back to the Regulatory Commission to decide the issue of CSS afresh after following due procedure prescribed under law and affording due opportunities to the parties concerned."

The Hon'ble Supreme Court directed the commission to determine the CSS afresh duly providing paper publication, inviting comments, and providing opportunities to the petitioners / objectors in the public hearing. As per the direction of the Hon'ble Supreme Court and the powers vested in it, the commission has recomputed the CSS afresh based on the approved figures.

2. "2. We are H.T. consumer of T.S.S.P.D.C.L. availing power at 33 KV voltage level. We are also open access consumers purchasing power through Indian Electricity Exchange. Hitherto, the T.S.S.P.D.C.L. submitted proposals as per statutory audited data for approval of Cross Subsidy Surcharge for the financial year 2015-16 in respect of T.S.S.P.D.C.L. Open Access consumers. The said proposals were submitted basing on the revenue requirement of the T.S.S.P.D.C.L. by duly taking into consideration the average utilization, original power purchase, wheeling charges and applicable loss Accordingly. the T.S.S.P.D.C.L. sought permission of the Regulatory Commission to collect 30 paise per unit from H.T. Category 33 KV consumers with industrial

The Commission has the discretion to revise the projections of the Licensees and compute parameters such as sales projections, energy requirement, power purchased quantity, power purchase cost etc., which will determine the retail tariff and cross subsidy surcharge. Therefore, there is a likely possibility of change in the value of the CSS based on the approved figures of the commission.

TSSPDCL and TSNPDCL submitted CSS calculations based on the proposed figures for FY 2015-16 in their filings dated 7.02.2015.

Based on the filings from TS Discoms, the commission has revised the CSS calculations considering the same

- segregated load. The proposals were submitted in accordance with the formula enunciated in National Tariff Policy, 2006.
- 3. However, in deviation of the proposals submitted by the T.S.S.P.D.C.L.. the Telangana State Electricity Regulatory Commission fixed the Cross Subsidy Surcharge for the year 2015-16 are based on the very National Tariff Policy Formula specified in Par 8.5 of the National Tariff Policy application to the year 2006. The reasons stated in the order of the Commission that the erstwhile A.P.E.R.C. adopted embedded cost methodology for determination of Cross Subsidy Surcharge for the financial year 206-07 The said fixation was challenged in an appellate tribunal for electricity by M/s R.V.K. Energies Private Limited and others. The Appellate Tribunal passed orders to the effect that the Cross Subsidy Surcharge shall be calculated as per the formula mentioned in the National Tariff Policy
- 4. Before High Court, the honorable Commission has not filed any counter The T.S.S.P.D.C.L. filed counter justifying the action of the Commission, deviation from the audited figures of T.S.S.P.D.C L. are at the instance of the State Government. The State Government does not have any power to meddle with the power of the Regulatory Commission to fix the Cross Subsidy Surcharge by sub-planting the audited figures submitted by the Distribution Companies under the scheme of the Act.

- formula as adopted by TS Discoms, with the approved figures of FY 2015-16 in the order dated 24.01.2024. (Reference for approved figures Retail Supply Tariff Order for FY 2015-16 dated 27.03.2015)
 - "11. Based on the filings of the licensees in O.P.Nos.076 & 077 of 2015, the Commission has now proposed the CSS considering the same formula as adopted by the licensees in their filings viz., as specified in Tariff Policy, 2006 [applicable during the period FY 2015-16] to different categories of consumers availing open access in Transmission and Distribution system at different voltages during FY 2015-16"

- 5. The A.P.E.R.C. and also licensees of undivided State of Andhra Pradesh to which T.S.S.P.D.C.L. is a successor licensee, one such licensee field Civil appeal No. 4936-4041/2007. Further that the Honourable Supreme Court passed interim order dated 05.05.2008 stating that the operation of all the appellate tribunal and also that the interim order of the Honourable Supreme Court is operational and the same is sub-judice
- 6. The Honourable Commission proceeded on the premise that the calculation of the Cross Subsidy Surcharge on the embedded cost methodology is higher than the Cross Subsidy Surcharge fixed basing on the National Tariff Policy Formula. In this regard, we wish to bring to your notice that if the T.S.S.P.D.C.L. asked the Honourable Commission to fix the Cross Subsidy Surcharge basing on the embedded cost methodology, the above situation would have arisen. But it is not so in the present case. It is a specific proposal of the T.S.S.P.D.C.L. that as per National Tariff Policy formula the rate comes to 30 paise per unit for consumers like us. Further, it is well within the power and ambit of the concerned distribution company to work out the leviable charges to meet its budgetary requirement, since it has to compete with the private generating companies in the matter of supply of power."

- 3. "9. Further, it is surprising to note that in its order dated 27.03.2015, the Honourable Commissioned fixed the Cross Subsidy Surcharge payable by the consumers like us at Rs. 1.29 Ps. per unit. But, however, in the notice it is mentioned by you that the Honourable Commission wants to fix the Cross Subsidy Surcharge at Rs. 1.32 Ps. per unit. It is relevant to mention here that in the absence of any proposal by the Distribution Companies, the Honourable Commission lacks power any jurisdiction to proceed any further in the matter Unless once again the State Government change the figures the above situation does not arise. The Electricity Act, 2003 is a consumer friendly enactment and it specifically obligates the Commission to see that the Cross Subsidy Surcharge is reduced"
- 4. "7. We duly bring to your notice that the Honourable Commission is bereft of any power to fix the Cross Subsidy Surcharge more than computed and sought by the concerned distribution companies. Such an exercise of power surely goes beyond the scope and object of powers conferred on the Commission under the A.P. (Electricity) Reforms Act, 1998 and Electricity Act. 2003
 - 8. More so, the. Commission cannot act upon the adjusted figures as furnished by the State Government for the purpose of deviating figures submitted by the T.S.S.P.D.C.L. It is rather surprising to note that after disposal of the matter by

No fresh proposals are required to be filed by the TS Discoms before the Hon'ble Commission, as per the operative portion of the relevant order of the Hon'ble Supreme Court dated 07.11.2023.

"Accordingly, we allow these appeals, set aside the impugned order(s) passed by the High Court as also the Commission and remit the matters back to the Regulatory Commission to decide the issue of CSS afresh after following due procedure prescribed under law and affording due opportunities to the parties concerned."

The Hon'ble Supreme Court directed the commission to determine the CSS afresh duly providing paper publication, inviting comments, and providing opportunities to the petitioners / objectors in the public hearing. As per the direction of the Hon'ble Supreme Court and the powers vested in it, the commission has recomputed the CSS afresh based on the approved figures.

the Honourable Supreme Court. the T.S.S.P.D C.L. never approached the Regulatory Commission seeking to revise the Cross Subsidy Surcharge in contravention it is proposals. Obviously it shows that the T.S.S.P.D.C.L. does not any more want to burden its consumers."

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