



TELANGANA STATE ELECTRICITY REGULATORY COMMISSION
5th Floor, Singareni Bhavan, Red Hills, Hyderabad-500 004

O. P. No. 22 of 2016

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Dated: 22.12.2017

Present

Sri. Ismail Ali Khan, Chairman

Sri. H. Srinivasulu, Member

In the matter of amendment to the order issued on Cross Subsidy Surcharge

Southern Power Distribution Company of Telangana Limited (TSSPDCL)

Northern Power Distribution Company of Telangna Limited (TSNPDCL)

... Petitioners.

AMENDMENT ORDER

The Commission, upon filing of the retail supply tariff proposals by the TSDISCOMs for the year 2017-18, requiring determination of retail supply tariff and cross subsidy surcharge, determined the retail supply tariffs and cross subsidy surcharge for the year 2017-18 by orders dated 26.08.2017 and they have come into effect on 01.09.2017.

2. Now a few of the generators including the association of industries have sent letters to the Commission stating that the distribution companies are levying CSS on the solar generators and consumers drawing solar generation by availing open access. The contents of the respective letters of the generators and association are extracted below.

FICCI

“We congratulate the Commission (TSERC) in taking great strides towards entering continuous and good quality power and the encouragement of solar power in the State of Telangana. This has resulted in making Telangana one of the fastest growing states in the country in terms of addition of solar power

generation capacity. However, we want to direct your immediate attention on the burning challenges being faced by solar open access developers in the state.

The Commission (TSERC) vide its order dated: 31.12.2016 in O. P. No. 6 of 2016 & O. P. No. 7 of 2016, passed an amendment order to the retail supply tariff order for the year 2016-17, duly exempting solar projects from levy of CSS in line with the government solar policies. But from this month (Nov'17) we are being charged CSS supposedly being due from the month of Sep-2017 in a single bill. This understand non-reimbursement from Government. As industry is not responsible for this it should not be put to hardship and is not in a position to take this burden. We request you to take immediate action to ensure that irreparable damage is not done to industry.”

Surana Solar Systems Pvt. Ltd., M/s. Arhyama Solar Power Private Ltd., M/s. Telangana Solar Open Access Developers Association, M/s. Bhagyanagar India Limited.

“At the outset, we commend the Commission (TSERC) in taking great strides towards encouragement of solar power in the state of Telangana. This has resulted in making Telangana one of the fastest growing states in the country in terms of addition of solar power generation capacity. However, we want to direct your immediate attention on the burning challenges being faced by solar open access developers in the state.

The Commission (TSERC) vide its order dated: 31.12.2016 in O. P. No. 6 of 2016 & O. P. No. 7 of 2016, passed an amendment order to the retail supply tariff order for the year 2016-17, duly exempting solar projects from levy of CSS in line with the government solar policies. But from this month (Nov'17) we are being charged CSS supposedly being due from the month of Sep-2017 in a single bill and thereon TSSPDCL contends that lack of mentioning of exemption clause again, in the current order of “Determination of Cross Subsidy Surcharge for FY 2017-18” as the reason for levying of CSS on solar O.A. developers.

This hefty CSS levy is compounding to our already existing heavy burden emanating from all other outstanding issues in open access power supply which is making our life miserable and we are sure we cannot survive any further. We are unable to honor our bank debt obligations and operate our

organization smoothly in the current environment. And we are running from pillar to post every year on the same issue. While, EASE OF DOING Business provisions are hardly being manifested by the utilities as the enabling provisions are hardly been proactively implemented. Investment climate in our newly born state has been greatly being jeopardized.

We humbly request you to kindly take immediate permanent measures to alleviate this distress. And looking forward to receiving your favourable response at the soonest.”

3. In view of the request made by the industries and consumers in the State of Telangana, who are availing open access and drawing solar energy, the Commission after careful consideration of the matter, decided to amend the order passed by it on 26.08.2017 and to exempt the industries and consumers generating and consuming solar power by availing open access from payment of CSS under the A. P. Solar Power Policy, 2012 and the Telangana Solar Power Policy, 2015.

4. Therefore, the order dated: 26.08.2016 is hereby amended to the extent given below:

After table in paragraph 3.19 the following paragraph shall be added, namely:
“Provided that this Cross Subsidy Surcharge shall not be applicable to the Solar Power Projects as per the policy directive of the Govt. of Telangana as given below:

Sl.No.	A.P. Solar Power Policy, 2012	Telangana Solar Power Policy, 2015
1	Cross Subsidy Surcharge	
	<i>Cross subsidy surcharge shall not be applicable for Open Access obtained for third party sale within the state subject to the industries maintaining their demand within its contracted demand with the DISCOMs. It is not applicable for captive use.</i>	<i>For SPP located within the state and selling power to third parties within the state, 100% exemption shall be provided on the cross subsidy surcharge as determined by TSERC for five years from the date of commissioning of the SPP.”</i>

Provided further that the Government of Telangana shall reimburse the TSDISCOMs, the sum of money foregone by them due to the exemption of the Cross Subsidy Surcharge to the solar power projects as determined in the paragraph 3.19. In the event of non-reimbursement by the Government of Telangana of the Cross Subsidy Surcharge so exempted, the TSDISCOMs shall continue to levy the Cross Subsidy Surcharge as applicable before this amendment plus the sum accrued as arrears from such consumers who are exempted under this amended order.”

5. The rest of the order dated: 26.08.2016, remains unaltered.

This order is corrected and signed on this the 22nd day of December, 2017.

**Sd/-
(H. SRINIVASULU)
MEMBER**

**Sd/-
(ISMAIL ALI KHAN)
CHAIRMAN**

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