



TAMIL NADU ELECTRICITY CONSUMERS' ASSOCIATION

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TECA:2021-22/CIR/006
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To

All Members
Dear Sir,

Sub: Comments on the order of TNERC in M.P. No. 18 of 2020 dated 15.04.2021, in the matter of levy and collect Additional Surcharge @ 70 paise / Unit from OA consumers sourcing power from IEX / Third Party from 16.04.2021 onwards-

Ref: TNERC Order in M.P. No. 18 of 2020 dated 15.04.2021

Further to our communication through WhatsApp, those members sourcing power from IEX, Bilateral either directly or through collective transactions and Third Party Sources, by paying all other OA charges including the CSS of Rs.1.67/Unit, are informed that, the Hon'ble TNERC has permitted the TANGEDCO to levy and collect Additional Surcharge of 70 paise / Unit from 16.04.2021 onwards, on such units sourced from the above sources. This will lead to the following repercussions immediately.

1. The system of sourcing power from IEX will hereafter totally diminish from the State of Tamil Nadu, due to the new levy introduced, making the IEX power totally unviable, because of the additional increase of cost on power to the extent of 70 paise / unit.
2. Those who are getting Bilateral Power also, through Inter State Route from Statkraft through collective transactions and others, would also face the same difficulty, as they face when they buy power from IEX/Third Party.
3. For some of the members who are getting the Third Party Wind Power by paying CSS of 60% (now revised as 50% by APTEL's order dated 28.01.2021) would also face the impact of 35 paise / unit, when they buy such Third Party Power. However, a clarity is required in this regard whether additional surcharge would also be eligible for 50% or it has to be paid 100%.

4. This new levy makes the consumers to source power either from TANGEDCO alone or to move to Group Captive suppliers of power, both Wind / Thermal. Unless the generators of Group Captive Power suppliers, structure the Group Captive methods properly and demonstrate their status fully, it will have always the threat of paying CSS in future, when the Group Captive CGP fails to demonstrate its status.
5. As TANGEDCO is making unreasonable restrictions in granting OA approvals, how the Group Captive CGPs are going to manage to get the OA approvals would be a situation to be wait and seen.
6. Due to all consumers likely to go for Group Captive method of sourcing power, the revenue so far received through CSS, would be a great loss to TANGEDCO, which fact has not been anyway considered in the order dated 15.04.2021 in any manner.
7. Normally, such orders on Additional Surcharge, would be part of a Tariff Order and therefore, having issued it as an independent order and not being a part of a Tariff Order, the order provides much scope for appeal before Hon'ble APTEL under Section 111 of the Electricity Act 2003 and more particularly the TANGEDCO has not even filed the ARR / True Up Petitions for last several years.
8. Further, the stranded capacity of the TANGEDCO has never been clearly demonstrated so far, while the petition in M.P. No. 18 of 2020 is heard by the Hon'ble Commission.
9. The objections raised by TECA and others were not properly considered and no speaking replies have been found provided by the petitioner CFC Regulatory Cell and also not discussed properly in the impugned order dated 15.04.2021.
10. Those members therefore sourcing the power from the following sources, are requested to take it in their minds about the additional cost involved by the levy of 70 paise / unit from 16.04.2021 onwards and accordingly, the existing agreements if any, needs to be either cancelled or renegotiated wherever possible
11. Even though the additional surcharge is applicable only to the below sources of power only, due to ambiguous use of the term "The Open Access consumers" as found in Para 8.22 (Item 2), the order is confusing, over whom such additional surcharge could be levied as it gives a meaning that all Open Access Consumers are liable for Additional Surcharge.
12. According to TECA, only the following sources of power would be liable for levy of additional surcharge over and above the CSS.
 - o IEX Power
 - o Power through collective transactions

- o Bilateral Power
- o Third Party Power

Members are advised to take the above points in mind and accordingly, they can regulate their power requirements from 16.04.2021 onwards, suitably.

With Warm Regards

Dr. CB Senthilkumar
Secretary