ANDHRA PRADESH CENTRAL POWER DISTRIBUTION CORPORATION LIMITED
Dr. Y.S.R Vidyuth Soudha, Corporate office, ITI Road, Vijayawada-520 008
సదా మీసేవలో...

From
The Chief General Manager/RAC,
Corporate office,
APCPDCL, Vijayawada

To
Sri B. Raja Sekhar
General Secretary,
Andhra Pradesh Chambers of
Commerce and Industry Federation,
40-1-144, 3RD FLOOR, Corporate Centre,
M.G Road, Vijayawada - 520010

Lr.No.CGM/RAC/GM/PP&RAC/CP/VJA/F.No.76/D.No. 371 /24, Dt: 18.01.2024

Sir,

Sub: APCPDCL - Replies to further objections raised by Sri B.Raja Sekhar,General Secretary, Andhra Pradesh Chambers of Commerce and Industry Federation, on ARR & Tariff Proposals of Retail Supply Business for the FY 2024-25 - Reg.

Ref: Party's representation, dt.05.01.2024.

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Referring to the further objections raised by Sri B.Raja Sekhar,General Secretary, Andhra Pradesh Chambers of Commerce and Industry Federation, on ARR & Tariff Proposals of Retail Supply Business for the FY 2024-25, the reply is furnished as hereunder.

Objections & Replies:

1.0 PRELIMINARY NOTINGS

The above three petitions of the three APDISCOMS are together 680 pages of reading material, tables and RSF Formats. And yet regrettably short of information in spite of a lot of formats, for meaningful analysis and is not conforming to the requirements of Regulation 4 of 2005.

1.1 CLAUSE 5 of the Regulation states about "Segregation of Accounts into Distribution and Retail Supply "The Honorable Commission in several of previous T.O.'s have given directions to separate accounts and confirm. It's not understandable why, 18 years after the Regulation, this is not being adhered to or enforced. We Industrial consumers apprehend that we are carrying the burden of disproportionate fixed cost in our two-part tariff in the form of Demand charges. We request that Commission in fixing the MYT for 5TH Control period for distribution direct the DISCOMs suitably.

Reply: The licensee incurs fixed costs on account of transmission, PGCIL, SLDC, ULDC, Distribution cost & fixed costs to be paid to the generators. For FY 2024-25, the fixed cost incidence is around Rs.6579 Crs. whereas recovery through demand charges is Rs.1227 Crs. Hence the objectors apprehension that industrial consumers are carrying the burden of disproportionate fixed cost in the form of demand charges is not warranted

1.2 CLAUSE 6.4 (a) &6.4(b) stipulates that '.....The power purchase costs shall also include the transfer price of own generation for the supply business in line with the power procurement Plan approved by the commission as part of the Distribution Licensee's Resource plan ." The DISCOMS have it appears presumed approval to their Petition on "Load forecasts, Resource plans, and Investment plans and State Electricity Plan". THERE IS NO APPROVAL FROM THIS COMMISSION for this primary BASIS for arriving at the ARR FY 2024-25.

Reply: The licensee has filed the load forecast, resource plan & investment plan before the Honourable APERC on 29.4.2023 and approval is under consideration of the Honourable APERC.

1.3 CLAUSE 11 lays down "The principles for computation of Aggregate Revenue Requirement (ARR).

MAIN ITEMS OF ARR

- a. Cost of power procurement.
- b. Transmission charges
- c. SLDC cost.
- d. Distribution cost.
- e. PGIL AND ULDC Costs.

(b to e are the Network costs)

We pray and submit the Network costs are only the opening balance figures of the DISCOMS which have NOT BEEN TRUED UP as these costs are based on 4TH CP & NOT TRUED UP.

The power purchase costs are based on the Load forecasts, based on IN CORRECT AND UNSATISFACTORY SALES FORECASTING METHODS and for reasons cited in paragraph 1.2 and also the basis suffers from a presumption of approval of this COMMISSION.

CLAUSE 16.1 AND 16.2 INVESTMENT PLAN requirements have not been met in this petition by the DISCOMS, thus the basis of cost of capital, capitalization, depreciation costs are at best a presumption.

Reply: The licensee has filed the load forecast, resource plan & investment plan before the Honourable APERC on 29-04-2023 and approval is under consideration of the Honourable APERC. The true-up of distribution business is to be filed after the end of the control period only. Hence, the objectors contention regarding requirements not being met is incorrect.

1.4 CLAUSES 21. PERIODIC REVIEW. The clause highlights its need and read with CLAUSE 10; the purpose is clearly for Performance review and efficiency drive. We are unaware of any such compliance and we request the DISCOMS to present in their website any such report.

1.5 CLAUSE 22.END OF THE PERIOD REVIEW.

We have raised this matter of LACK of review of PREVIOUS PERIOD /PLANS in our submissions on LOAD FORECASTS, SALES FORECASTING and we PRAY AND HOPE that this matter is getting the necessary attention of this HONORABLE COMMISION.

We submit that these ARR PETITIONS in OP 71,72,73 suffers the vice of non compliance of REGULATION 4 of 2005 AND THUS Vitiating the essential requirements and we PRAY that this commission would order the DISCOMs to submit their 4th CP TRUE-UP and the STATUS OF 4TH CP INVESTMENT PLAN AND APPROVED PROJECT WISE STATUS AS PER CLAUSE 22.1 AND 22.2. AND SUBSEQUENTLY THE ARR for FY 2024-25 & MYTs for 5th CP MAY BE HEARD. This we pray would serve the interests of justice to the consumers at large.

We are handicapped to make meaningful analysis of the data submitted as they all are infirm, for reasons cited.

We shall submit a few observations which are not clear and seem questionable to us.

Reply: As per Regulation No.4 of 2005, the true-up of distribution business is to be filed after the end of the control period only. Hence, the contention of the objector regarding non compliance of regulation no.4 of 2005 is incorrect.

2.0 AGRICULTURAL SALES IN THE STATE

We submit that there is cause for AGRICULTURE SALES TO BE MANAGED by a separate DISCOM, call it AGRI-DISCOM. Our arguments are

- Our submissions herein are with respect to LT Agriculture Sales or consumption. We submit that, as per the DISCOMs revised estimate of sales for FY2023-24, LT Agricultural sales for all the DISCOMs is 12457 MU ,17.67% of the total sales of 70,491 MU.
- It will be stating the obvious that at Agriculture Sales is the best, an estimate, OR PERHAPS A GUESS WORK. We have noted that each of the DISCOM have adopted different method to estimate the quantum of LT-V Agriculture sales. We request this Honorable Commission to direct the DISCOMs adopt a uniform methodology. In- fact As the DISCOMs will agree that the directive of THIS COMMISSION FOR 100% METERING IS LONG OVERDUE.
- More so now since the government policy of DBT to Farmers, metering is mandatory.
- Further as can be seen in the tables in the next page, LT –V Sales are skewed across the state with 65% (8048 MU) of the total of 12,457 MU is in SPDCL, the other two DISCOMS sharing the balance almost equally. Consequently, it appears that the distribution losses is disproportionately high in SPDCL at 2317 MU (42.9%) of the total 5398 MU COLLECTIVELY AMONGST THE DISCOMs. As IS STATED ELSEWHERE IN THIS DOCUMENT AGRICULTURE SALES IS NOT 100% Metered and thus at best a guess, a situation where inefficiency of technical and commercial losses (an euphemism for theft? Pardon me) can be swept and hidden under the corporate carpet.
- Presently the Distribution losses for FY 2023-24 are estimated at 7.1% of the input at the DISCOM periphery. For efficiency and transparency besides DBT policy, there is urgency for 100% metering. For every 500 MU losses reduced by close measured monitoring, saving are Rs350 CR and consequential CO2 emissions OF 0.82 KGS/KWH. Thus 500 MU of energy saved thus not generated means 410 Million KGS of CO2 not emitted into the atmosphere, thereby avoiding Ozone layer depletion to that extent.

➢ One of the major objectives of electricity reforms was/is enabling regulation conducive for a competitive environment.

One major outcome of separating metered sales and unmetered sales into separate DISCOMS, will creating be a uniform level playing field for the metered sales DISCOMs. Thus, DISCOMs can be subject to scrutiny for performance on same indexation, an efficiency driver.

Energy Sales as estimated by DISCOMs for FY2023-24 in OP 71,72,73 of 2023

Sales category	SPDCL	% Of Sales category	EPDCL	% Of Sales category	CPDCL	% Of Sales category	Total Sales Of state	%
Metered sales In MU	19504	65	25550	86	12980	79	58034	76.5
Unmetered Sales Agriculture LT-V in MU	8048	27	2314	8	2095	13	12457	16.4
Total Sales In MU	27552	92	27864	94	15075	92	70491	92.9
DISCOM Losses In MU	2317	8	1771	6	1310	8	5398	7.1
Input energy at DISCOM periphery	29869	100	29635	100	16335	100	75889	100
% input of total Input energy of the State	39.4		39		21.6		100	

A comparative study of Metered sales, Agriculture sales and distribution losses DISCOM WISE

DISCOM	Metered Sales MU	% DISCOM Wise	Agriculture LT-V Category Sales in MU	% DISCOM Wise	DISCOM Distribution Losses in MU	% DISCOM Wise
SPDCL	19504	33.6	8048	64.6	2317	42.9
EPDCL	25550	44	2314	18.6	1771	32.9
CPDCL	12980	22.4	2095	16.8	1310	24.2
TOTAL	58034	100	12457	100	5398	100

REMARKS

1. Both the tables have extracted from the data in the OPS 71, 72 AND 73 OF 2023.
2. For comparison the losses % is inclusive of EHT sales.
3. SPDCL has 64.6% of the sales to the LT-V CATEGORY.
4. At the state level LT-V is 16.4% sales of the input whereas it is 27% for SPDCL.

Reply: It is to submit that vide Lr.No:APERC/Secy /Tariff/F:35/D. No. 1520/2023, Dt:10.10.2023, Hon'ble APERC has directed the Discoms to assess the unmetered sales to subsidized consumers (free power consumers in Agl category) as per the methodology stipulated in para 2.2 of SOP issued by MoP, GoI from the FY 2024-25. Accordingly, APSPDCL in consultation with APCPDCL has proposed methodology for assessing the free Agricultural consumption based on meters provided to dedicated and mixed Agl feeders.

Measurement of Agriculture sales in case of Dedicated feeders:

Agriculture sales = (Total energy measured under the feeder) *{(100-Normative T&D losses as determined by SERC)}/100

Measurement of Agriculture sales in case of Mixed feeders:

Agriculture sales = {(Total Energy measured under the feeder - energy consumed by non-agl consumers) *(100- Normative T&D losses as determined by SERC)}/100

The normative T&D loss is distribution loss up to the 11KV voltage level (i.e., losses 11 KV and below) approved by Hon'ble APERC. Metering is available for 11KV feeders in the purview of APCPDCL and if Hon'ble APERC approves the above proposed methodology, same will be followed for assessing agriculture consumption from the FY 2024-25. Further, the metering of agricultural services for implementation of DBT to farmers is being done under YSR Vyavasaya Uchita Vidyut Scheme.

3.0 The mystery of Constant tariff but ever increasing power purchase cost and network costs

We are showing a table given by APSPDCL in page vi of their petition tabled as "Average Revenue Realized VS Average CoS break up for APSPDCL in FY2023-24.

This Table is specific for APSPDCL, BUT equally applicable for all DISCOMs with inexplicable burgeoning CoS.

Particulars	FY 2023-24 Approved Rs/unit	FY 2023-24 Projected Rs/unit	FY2024-25 Projected Rs/unit
Power purchase Cost	4.32	5.13	4.69
T&D Loss cost	0.45	0.62	0.57
Network cost	2.50	2.28	2.39
Other cost	0.26	0.27	0.32
COST OF SERVICE (Cos)	7.53	8.29	7.97

- The Power purchase cost is projected (or is it estimated?) to increase from the approved Rs4.32 to Rs 5.13, a 18.75% increase. There is no explanation for this. Is this FPPCA or some other factor? Even the PP for FY2024-25 at Rs 4.69 per unit appears high.
- The T&D cost increase of 37.77% is an increase in "controllable cost" and but should consumers be victimized despite even increasing asset creation and increasing O&M. This requires scrutiny and without a TRUEUP PETION for 4th CP, WE SUBMIT, SHOULD BE REJECTED.
- Even the proposed T&D cost at Rs 0.57 is a claim that requires scrutiny and on the face of it appears exaggerated.
- We had pointed that the Network costs are too high even last year. We are trying to make sense of no data, no true-up and will try to reason our objections with facts in our additional submissions.

- The mystery of CoS Going up but no Tariff hike in the Tariff order continues, but not surprised as we know hikes in Tariff from FPPCA and disproportionately high demand charges are being foisted on the INDUSTRIAL CONSUMERS.

Reply: Due to adverse weather conditions, the demand is very high during this year and the generation from committed sources is insufficient to meet the demand. The availability of Hydel sources is also less than the approved. Due to non-availability of gas, the generation from GGPP is also NIL. Due to these factors, the licensees have resorted to market purchases for which the cost is high. Further the fuel cost has increased for coal power plants. Further, reasons for increase in power purchase costs along with the FPPCA computations for FY 2023-24 month wise are placed in the website of APCPDCL.

As ascertained by APGENCO, the Hon'ble Commission has determined variable costs of APGENCO stations with the 2019 coal Landed cost. However, the notified coal base price has been increased several times by the coal companies. Due to this the landed cost of coal has been increased abnormally. FCA claims for the FY 2018-19 to 2023 was already filed before the Hon'ble Commission and also requested to revise the base rate of variable costs for the FY 2023-24 with revised coal landed cost. Considering the above facts, the power purchase cost projected for FY 2023-24 & FY 2024-25 are reasonable.

4.0 <u>Petitioners proposal gives an impression to overlook the compliance requirement of MYT for the 5TH Control period for RST</u>

- The very purpose of MYT Regulation is to provide a certain degree of predictability and regulatory certainty in Tariff. However, over the years the DISCOMs have avoided the multiyear tariff principles for reasons of uncertainty of power purchase cost, demand and several other reasons.
- The Honorable have given the permission to file ARR for RST yearly which is in their powers to do so. But the purpose of Multiyear Tariff regulation was defeated.
- We have pleaded even last year that at least from 5TH CP including RST, ARR Should be under multiyear tariff principles as provided for under the Regulation 4 of 2005.
- But it have quoted previous years permissions' and say that as per proceedings No8/T-100/2023 DATED 10-10-2023 they filing the ARR & FPT filing for retail supply for FY 2024-25.
- If indeed such a permission was granted, it is extremely regrettable and to the Honorable we can only express our anguish that again a regulatory requirement is being condoned. We request that this be reconsidered.

Reply: In view of the uncertainties involved in projection of quantum of power purchase and costs and sales forecast, the APDISCOMs requested the Honourable APERC for permission to file ARR and Tariff for Retail Supply Business for FY 2024-25 on annual basis instead of control period. The Honourable APERC has accorded permission for filing the ARR & FPT for Retail Supply Business for FY 2024-25 on annual basis on or before 30th November, 2023. Hence the DISCOM has filed the ARR & FPT for retail supply business for FY 2024-25 on annual basis on 30-11-2023.

5.0 We some more objections for which we request permission to file our detailed objection in next few days as the data provided is not in EXCEL but PDF, so requires some data tracing from the voluminous data.

Reply: The Excel data is available in APCPDCL & APERC websites.

Further, it is to inform that, the Honorable APERC is conducting public hearings on ARR filings for FY 2024-25 & Distribution Business for 5th control period through video conference from Conference Hall, APEPDCL, Visakapatnam. The hearings will be held in respect of all the three DISCOMs on 29-01-2024, 30-01-2024 and 31-01-2024 from 10.30 AM to 1.00 PM and from 2.00 PM to 4.30 PM. APCPDCL has facilitated Video Conference at all offices of Superintending Engineer / Operation at district headquarters and at all remaining offices of Executive Engineer / Operation. Specification of the date and time for objector is under the purview of Honourable Commission.

Yours faithfully

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Chief General Manager /RAC
APCPDCL::Vijayawada

Copy submitted to
The Secretary, APERC, 11-4-660, 4th Floor, Singareni Bhavan, Red Hills, Hyderabad.