ANDHRA PRADESH CENTRAL POWER DISTRIBUTION CORPORATION LIMITED
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From
The Chief General Manager/RAC,
Corporate office,
APCPDCL, Vijayawada

To
Sri M. Venugopala Rao,
Senior Journalist & Convener,
Centre for Power Studies,
H.No.1-100/MP/101, Monarch Prestige,
Journalists' Colony,
Serilingampally Mandal,
Hyderabad – 500 032.

Lr.No.CGM/RAC/GM/PP&RAC/CP/VJA/F.No.76/D.No. 378 /24, Dt: /8.01.2024

Sir,

Sub: APCPDCL - Replies to objections raised by Sri M. Venugopala Rao, Senior Journalist on ARR & Tariff Proposals of Retail Supply Business for the FY 2024-25 in OP No. 72 of 2023 - Reg.

Ref: Objections raised by Sri M. Venugopala Rao, dt.19.12.2023.

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Referring to the objections raised by Sri M. Venugopala Rao, Senior Journalist on ARR and FPT filings for Retail Sale of Electricity for FY 2024-25, the reply is furnished as hereunder.

Objections & Replies:

1. The Hon'ble Commission has proposed to conduct public hearings on the subject petitions of the DISCOMS, their petitions for MYT for distribution business, and of APTRANSCO and SLDC for the 5th control period together for three days from 29th to 31st January, 2024, extending it by one more day, if necessary. MYT orders for transmission business, distribution business and SLDC charges for the 5th control period need to be issued by the Hon'ble Commission. The financial impact of MYTs for the first FY of the 5th control period and true-up/true-down for the 4th control period needs to be factored in the RSTO for the year 2024-25. As such, public hearings should be conducted separately for MYTs well before considering and finalising ARR and tariffs of the DISCOMs for the FY 2024-25. It is elementary that in order to facilitate such factoring, the licensees and SLDC should have submitted their true-up/true-down petitions for the 4th control period and MYT petitions for the 5th control period sufficiently in advance before submitting their ARR and tariff proposals for the next financial year. The Hon'ble Commission should have directed them accordingly and taken up those petitions well in advance for public hearing and issuing orders. However, public notices, inviting objections and suggestions on ARR and tariff proposals for 2024-25, MYT petitions for 5th control period for distribution business, and for transmission business and SLDC, without petitions for true-up/true-down for the 4th control period, are issued on the 10th and 11th of December, 2023, respectively. The last date for filing submissions on all these petitions is fixed as the 8th January, 2024.

Needless to say, for any serious study of all these petitions in eight volumes, analysis of the contents therein and preparation of reasoned submissions, a period of just a little less than one month is insufficient. As the Hon'ble Commission and the licensees are fully aware, public hearings are being conducted for three consecutive days on ARR and tariff proposals every year. Holding public hearings simultaneously for ARR and tariff proposals for 2024-25 and the said MYT petitions during the same three days, i.e., from 29th to 31st January, 2024, would force serious objectors to make their submissions on eight petitions at a time, taking considerably longer time than what is required for making submissions on ARR petitions alone. Extension of public hearings by one more day, as proposed by the Hon'ble Commission, may not be sufficient. Knowing full well the practice of submitting petitions and conducting public hearings on all these issues - ARR, MYT for distribution business and MYT for transmission business and SLDC – separately, not simultaneously, and time required for submissions of interested public and holding public hearings and issuing orders by the Hon'ble Commission, the DISCOMs, TRANSCO and SLDC have submitted all these petitions simultaneously based on applicable regulations. Similarly, another pubic notice is published on 18,11,2023, inviting suggestions and objections on the MYT petition of APGENCO in two volumes for the 5th control period, giving time for filing submissions up to 18.1.2023. Whatever be the intention in doing so, it will deny sufficient time to make a serious study and analysis of all these petitions and prepare reasoned submissions within the time limits fixed by the Commission. This kind of coincidence may be quinquennial. Considering all these petitions and issuing orders in time so that they come into force from the 1st April, 2024, is a stupendous task for the Hon'ble Commission also. In view of that requirement, it may be irksome to give sufficient gap for filing submissions and holding public hearings on each set of petitions now. Nevertheless, we request the Hon'ble Commission to hold public hearings on ARR and tariff proposal for 2024-25 from the 29th to 31st January, on MYT petitions for distribution business on the 1st February, and on MYT petitions for transmission business and SLDC on 2nd February or any other day the Commission feels is convenient. I request the Hon'ble Commission to re-examine and amend the applicable regulations in such a way that sufficient gap is provided for filing submissions by interested public and holding public hearings, both physically and in virtual mode, and factoring of MYT in annual ARR and tariffs of the DISCOMs, in future.

Reply: The ARR & Tariff proposals for FY 2024-25 and MYT for distribution business 5th control period are filed in accordance with the Regulations. True up/True down petition for 4th control period will be filed after completion of 4th control period as per regulations. Separate hearing for MYT will cause time loss for the objectors as they have to appear before the Hon'ble Commission twice. However, the issue is under the purview of the Honourable APERC.

2. In their ARR petitions, the three APDISCOMs have projected a total revenue gap of Rs.13887.28 crore for the year 2024-25 as hereunder:

SPDCL	Rs.7683.49 crore
EPDCL	Rs.3207.26 crore
CPDCL	Rs.2996.53 crore

This is after taking into account the revenue that would accrue to them on account of increase in tariffs and withdrawing of discount to some categories of consumers to the tune of Rs.251.33 crore - Rs.100.16 crore for SPDCL, Rs.50.73 crore for CPDCL and Rs.100.44 crore for EPDCL - besides revenue that would accrue to them as per current tariffs, non-tariff income, etc. The DISCOMs have proposed creation of a separate sub-category in HT III (c) for energy intensive industries for solar PV module manufacturing industry, withdrawal of 10% discount in tariff being given to station maintenance under HT-II(C), increase of tariff to Railway traction under HT-IV(D) by Re/1/- per unit and increasing green energy tariff premium from Re.0.75 to Re.1.0 per unit. That the DISCOMs have not proposed any tariff hike for other categories of consumers is welcome. However, the DISCOMs have continued to claim that there is no revenue deficit or surplus as per the whimsical directions in Go.Rt.No.161 dated 15.11.2021 and avoided to give their proposals to bridge the huge revenue gap, indicating, by implication, that there are no other avenues for them to bridge the projected revenue gap except subsidy the GoAP agrees to provide.

Reply: APDISCOMs has filed ARR proposals in accordance with directions issued by the GoAP vide Go.Rt.No.161 dated 15.11.2021 according to which DISCOMs are directed to file proposals without taking subsidy into account. The same procedure is being continued from previous ARR filings without any problems

3. Going by the ARR petitions filed by the DISCOMs, there is no uniformity in giving details pertaining to their performance during 2022-23 and 2023-24. Apart from the details given or not given by the DISCOMs, their filings running into 191 pages by EPDCL, 137 pages by SPDCL and 156 pages by CPDCL indicate comparative deficiencies. Several formats are left simply blank. While uncertainty on bridging the projected revenue gap for 2024-25 continues, burdens in the form of fuel and power purchase cost adjustment (FPPCA) charges are being imposed on the consumers for the current financial year @ Re.0.40 per unit per month, with the Commission giving approval to DISCOMs to collect the same without its prior approval and holding of public hearings. APEPDCL has shown that under FPPCA it has collected Rs.576.2631 crore against Rs.1664.0726 crore for the first six months of 2023-24, with a balance of Rs.1087.8095 crore remaining. For the second half of the current financial year, it has estimated that it has to collect Rs.538.32 crore under FPPCA @ Re.0.40 per unit per month. The other two DISCOMs have not given details of amounts collected and to be collected under FPPCA @ Re.0.40 per unit during the FY 2023-24.

Reply: The details of FPPCA expected to be collected @Rs.0.40/unit/month is shown at Page No.8 and Form No.9 (Page No.123) as Rs.603 Crs. There are no comparative deficiencies in the filings as stated by the objector.

4. For FY 2022-23, EPDCL has filed claims of true-up under FPPCA to the tune of Rs.3547.31 crore, while CPDCL has filed its claims for Rs.1295.86 crore. SPDCL has not given any details of filing true-up claims accordingly, even while showing a net revenue gap of Rs.2291.74 crore for 2022-23. However, it is reliably confirmed that for FY 2022-23, the APDISCOMs have filed their true-up claims under FPPCA to the tune of Rs.7200 crore more than four months back. Going by that, the true-up claims of SPDCL would work out to Rs.4843 crore. A hefty amount of Rs.1234 crore the DISCOMs paid to HNPCL at the behest of the GoAP, violating the stipulations imposed by the Commission in its order on final tariff for power to be generated and supplied by the

Hinduja project in Visakhapatnam, also must have been included in the true-up claims under FPPCA. When we raised this issue repeatedly during public hearings on ARR, the Commission took the stand that it would consider the issue when it comes before it. The Hon'ble Commission has not yet taken up these true-up claims for its consideration and public hearing.

Reply: APDISCOMs have filed FPPCA for FY2022-23 before Hon'ble APERC. The same is under scrutiny by Hon'ble APERC.

5. For the FY 2023-24, while EPDCL has shown a revised revenue gap of Rs.2629.26 crore, SPDCL and CPDCL have shown revenue gap of Rs.2291.74 crore and Rs. 1295.86 crore, respectively. Whether the projected revenue gaps are inclusive or exclusive of FPPCA amounts being and to be collected @ Re,0.40 per unit every month during the current financial year needs to be clarified by the DISCOMs. Excluding amounts collected under FPPCA, without prior approval of the Commission, the balance amount would be considered for true-up during the next financial year.

Reply: The revenue gap projected for FY 2023-24 is including expected FPPCA claim of Rs.603.00 Crs.

6. For distribution business during the 4th control period, CPDCL has shown a sum of RS.402.05 Crore towards true down for the three years from 2020-21 to 2022-23. SPDCL has shown a sum of Rs.310.04 crore for true-up for 2022-23. EPDCL has not shown any such details. The DISCOMs have to show true-up/true-down claims for their distribution business for the 4th control period.

Reply: APCPDCL has mentioned the variations in ARR items of Distribution Business of the previous year in the ARR for Retail Supply Business of ensuing year for 4th control period as per Clause 10 of Regulation No.4 of 2005. True-up/True-down claims for each year of the control period will be filed after the end of the control period as per Regulation.

7. For the year 2024-25, the three DISCOMs have shown energy availability, requirement and surplus in MU as hereunder:

DISCOM	**AVAILABILITY**	**REQUIREMENT**	**SURPLUS**
SPDCL	34242.54	32167	2075.54
EPDCL	35108.32	32945.65	2162.67
CPDCL	19157.54	18005.48	1152.06
TOTAL	**88507.20**	**83117.65**	**5389.55**

Against the projected surplus of 5389.55 MU, the DISCOMs have not proposed any sale of power and its projected cost. The DISCOMs have explained that "when there is surplus power available, the same can be sold if the price in the market at that point of time would cover up the cost of generation of power with some margin. Otherwise, it is better not to generate and backdown the plant. In the instances of deficit power, the same needs to be procured at the prevailing market conditions." Experience confirms that the DISCOMs have not been able to sell surplus power, which is invariably with highest variable cost, over the years. On the contrary, they have projected need for short-term purchase to the tune of 421.09 MU for 2024-25. While SPDCL and EPDCL have shown a variable cost of Rs.5.16 per unit for short-term purchases, EPDCL has projected Rs.4.88 per unit. Since the DISCOMs have not projected any sale of surplus power, by implication, they would back down the

projected surplus and pay fixed charges therefor. With substantial variation in the projected costs of short-term purchases for 2024-25, the basis for the projected costs per unit and variations between those costs per unit projected need to be explained by the DISCOMs. Since the DISCOMs are not showing payment of fixed charges separately for the power to be backed down, it implies that they have factored the fixed charges to be paid for backing down in the fixed charges projected to be paid for power purchase projected by them. This practice is objectionable. They should show fixed costs to be paid for backing down the projected surplus power. Despite projection, materialisation of the surplus power may vary and as such, backing down it and paying fixed charges for the same may vary. Therefore, based on actual surplus power and its backing down only, the DISCOMs have to pay fixed charges, but not factor fixed charges for backing down in advance in their projections of power purchase cost during 2024-25. Similarly, projection of payment of fixed charges proportionate to actual declaration of availability of power should be shown.

Reply: It is to inform that after exhaustion of declared availability from all committed sources, if there is any shortfall to meet the Grid demand, the DISCOMs are resorting to short term purchases in accordance with Regulation 1 of 2022 issued by the Hon'ble APERC. Accordingly, APDISCOMs have projected the short term power requirement to the tune of 421.09 MU for FY2024-25 at a provisional rate of Rs.4.88/kwh. The projected rate of Rs.4.88/kwh is the rate of last dispatched source of energy on running the merit order dispatch among all the available energy sources to meet the APDISCOMs demand requirement for FY2024-25. In this regard, it is to submit that APEPDCL has projected short term power requirement to the tune of 165.53MU @ Rs.4.88 per Kwh. Further, APSPDCL and APCPDCL have projected short term power requirement to the tune of 162.03MU and 93.53MU respectively. However, they have projected the rate as Rs.5.16 per kwh due to typographical error as against the actual projected cost of Rs.4.88 per Kwh for all Discoms.

The peculiar situation APDISCOMs face is that AP State is a surplus in terms of energy generation but not in terms of constant and reliable power generation in order to meet required grid demand on RTC basis. This is because of larger penetration of RE-generation in the state, which result in wide variation in RE generation pattern on day to day, season to season and even on time block to time block during a day. Hence, Surplus power projected in the ARR is the potential to generate surplus power but actual surplus is depend on prevailing grid demand and supply conditions on real time basis.

Keeping all these factors under consideration, APDISCOMs are resorting to best possible efforts in selling surplus power on a Day-Ahead basis (GDAM & DAM), PuShP portal or in Real-Time Market. While selling such surplus power in the market, APDISCOMs are considering all the financial implications due to backing down of generating stations and considerable realization of revenue on selling in the real time market prices. Further, it is to submit that the fixed Charges are paid in strict compliance with the normative availability conditions as per the certification by APSLDC in respect of state generating stations and as per certification by SRPC/SRLDC in respect of Central Generating Stations. Fixed Charges are proportionately reduced if the Generator fails to achieve the target/normative Plant Availability Factor. Fixed costs are projected as per the projected availability

only which are to be paid as per the PPAs. All the costs are on projection basis and hence fixed costs are also to be taken into consideration based on projected availability. Hence the contention of the objector that based on actual surplus power and its baking down only, the DISCOMs have to pay fixed charges but not factor fixed charges for backing down in advance in their projections for power purchase cost during TY 2024-25 is not justified.

8. For the year 2023-24, the DISCOMs have estimated short-term purchases and their costs as hereunder:

	Purchases MU	**Total amount Rs.crore**	**Average cost Rs. per unit**
SPDCL	2118.77		
EPDCL	2596.30	2609.06	8.02
CPDCL	1506.37	1207.78	8.01
TOTAL	**6221.44**		

SPDCL has not given the projected total cost for short-term purchases and the average cost per unit.

Reply: Pertains to APSPDCL

9. The average cost of service and revised CoS for the year 2023-24 and projected CoS for 2024-25 the DISCOMs have shown as hereunder (Rs. per unit):

	Approved	**Estimated for 2023-24**	**Projected for 2024-25**
SPDCL	7.53	8.29	7.07
EPDCL	6.81	7.72	7.09
CPDCL		8.52	7.86

Compared to the average costs of service approved by the Commission for 2023-24, the revised costs are higher mainly due to short-term purchases to the tune of 6221 MU at an average cost of Rs.8.01 per unit. Compared to the estimated (revised) costs of service for 2023-24, the projected costs of service for 2024-25 are lesser, but higher than the costs of service originally approved by the Commission for 2023-24. Compared to the huge quantum of short-term purchase of power of 6221 MU for 2023-24, the projected short-term purchase of 421 MU naturally leads to projection of relatively lesser cost of service. Against the projected availability of surplus power for 2023-24 of 12792 MU, the DISCOMs have revised short-term purchases to an abnormal quantum of 6221 MU. Now, against the projected availability of surplus power of 5389.55 MU for 2024-25, the DISCOMs have projected requirement of short-term purchases of just 421 MU. Going by the current FY's trend, if short-term purchases increase abnormally for 2024-25, power purchase costs, costs of service and revenue gaps of the DISCOMs would follow suit, leading to collection of Re.0.40 per unit per month under FPPCA and further true-up claims for the same FY later.

Reply: The peculiar situation APDISCOMs face is that AP State is a surplus in terms of energy generation but not in terms of constant and reliable power generation in order to meet required grid demand on RTC basis. This is because of larger penetration of RE-generation in the state, which result in wide variation in RE generation pattern on day to day, season to season and even on time block to time block during a day. Hence, Surplus power projected in the ARR is the potential to generate surplus

power but actual surplus is depend on prevailing grid demand and supply conditions on real time basis. During real time, the forecasted grid demand varies due to weather conditions and the forecasted generation vary due to outages of Thermal Generation or variation in RE generation. In order to balance the load-generation on real time basis, the APDISCOMs overdraw/under draw from the grid. If there is shortfall in Declared availability vis a vis the Grid Demand, APDiscoms are resorting to short-term purchases in accordance with the Regulation 1 of 2022 issued by the Hon'ble APERC, after exhaustion of declared availability from all committed sources in order to provide 24X7 uninterrupted supply to consumers. Short-term purchases are made duly following the procedures and at the most possible competitive rates prevailing at that point of time. The reasons for increase in short term power purchase during FY 2023-24 is prevalence of adverse weather conditions driving demand higher causing changes in load generation balance.

10. The three DISCOMS have shown subsidy due up to September, 2023, from the GoAP as hereunder :

SPDCL	Rs.15802.37 crore
EPDCL	Rs. 3856.56 crore
CPDCL	Rs.2575.67 crore
TOTAL	**Rs.22,234.60 crore**

We once against request the Hon'ble Commission to get commitment of GoAP on providing subsidy in a legally binding and irrevocable way, with a stipulation that, for delay in providing the agreed subsidy in time, it should also pay reasonable interest to the DISCOMS for period delayed. Otherwise, the DISCOMs have to take loans for working capital and bear the burden of interest thereon and incur losses. If the burden of interest on working capital is allowed as pass through to be collected the consumers, it would be tantamount to penalizing them for the failure of commission or omission of the GoAP.

Reply: Under the Purview of Hon'ble APERC

11. The DISCOMs have shown arrears of consumers over Rs.50,000/- as on 30.9.2023 as hereunder:

APEPDCL	Rs.3237.32 crore
APCPDCL	Rs.1295.51 crore

These arrears are nearly three times higher than the arrears involved in the cases pending in courts of law, as shown by the two DISCOMs. SPDCL has stated that details of such arrears are displayed in its website, as if such details need not be incorporated in their ARR filings, as if the Commission and interested public were to search for such information in the DISCOM's website and as if such details of the other two DISCOMs were not available in their websites. The DISCOMs have not explained the reasons for not collecting arrears, excluding those involved in court cases, from the consumers and the efforts being made by them to collect the same. Have the DISCOMs taken action as per the directions given by the Hon'ble Commission to promptly disconnect service connections of those consumers, especially of the governments and local bodies, who failed, and continue to fail, to clear their dues in time? If not, what are the reasons for the failure of the DISCOMs to comply with the directions of the Hon'ble Commission?

Reply: The DISCOM have been taking all efforts for collection of outstanding CC charges arrears. In respect of live services, effective disconnections are being done immediate after date of disconnection. For UDC services, one month notices have been issued and dismantlement of service after expiry of date of notice. For billing stopped services, adjustment of security deposit against outstanding arrears and implementation of RR Act. For Govt and Local bodies service arrears, letters have been addressed to concerned principal secretaries every month for arranging payments. It is also informed that pre-paid smart meters will be proposed for fixing against all Govt & Local bodies services during next six months. Further the Hon'ble Commission is also pursuing with the Govt Departments in realisation of outstanding arrears from GoAP.

12. What are the accumulated dues the DISCOMs have to pay to generation companies under PPAs in force for supply of power? What are the dues of accumulated short-term loans the DISCOMs have taken? A number of cases filed by private generators, seeking payment of dues for the supply of power they made to the DISCOMs, with penalty as per the terms and conditions in the PPAs, are going on. On several occasions, the Hon'ble Commission has been expressing concern for the financial distress of the DISCOMs and persuading the petitioners to give up their claims for interest on dues. The stated purpose of allowing the DISCOMs to collect a maximum of Re.0.40 per unit every month under FPPCA, without the prior consent of the Commission, is to improve the financial position of the DISCOMs. When such is the position, there does not to be any justification in not taking up the petitions filed several months back by the DISCOMs relating to their claims for true-up under FPPCA for 2022-23 for consideration, public hearing and issuing its orders by the Hon'ble Commission. Delaying this process is not in the interest of either the DISCOMs or the consumers. It goes against the spirit, not procedure being adopted, behind FPPCA. Avoidable delay in completing the regulatory process would affect the interest of the DISCOMs and consumers, if carrying cost is imposed on the consumers from the date of filing the petitions for these true-up claims and interests of the DISCOMS, if carrying cost is allowed from the date of issuing orders by the Commission. Accumulation of several true-up claims and allowing them within a short period or a year would lead to imposition of accumulated burdens on the consumers simultaneously. In the pre-election period, if orders on true-up claims for such a huge amount are issued, and if the GoAP does not agree to bear that burden by providing required subsidy, it would lead to resentment of the consumers at large and may affect electoral prospects of the party-in-power. Before the Hon'ble Commission completes its regulatory process on true-up claims and ARR and tariff proposals of the DISCOMs, if election schedule for the legislative Assembly and/or the Lok Sabha is announced and election code of conduct comes into force, issuance of orders of the Commission may be delayed. What kind of decisions GoAP would take in the pre-election period or post-election period is anybody's guess. Likely electoral prospects of the party-in-power seem to have overtaken need for issuing orders in time on true-up claims of the DISCOMs and their financial distress.

13. In addition to the continuing burdens of tariff hike for 2023-24 and FPPCA being collected every month, the following additional burdens, among others, are in store for the consumers of power during 2024-25:

a) Impact, directly and indirectly, of tariff hike and withdrawing of incentive to the proposed categories

b) True-up claims for retail supply business of the DISCOMs for 2022-23

c) True-up claims under FPPCA for 2023-24

d) Accumulated true-up claims of DISCOMs for their distribution business for the 4th control period, i.e., for a period of five years ending 2023-24

e) True-up claims of APTRANSCO and SLDC for the 4th control period.

f) Collection of FPPCA @ Re.0.40 per unit per month during 2024-25

g) If need for market purchases of power and the prices projected by the DISCOMs for the same during 2024-25 turns out to be much higher, as has been the case in 2023-24, additional burdens on consumers would increase.

h) The DISCOMs have informed that, in addition to fixed charges and variable charges, they are paying ten types of charges additionally to the central generating stations. As and when such charges are claimed by the CGSs and admitted by the DISCOMs, the latter have pointed out that they are being claimed by them under concerned heads in FPPCA.

i) Depending on the decision GoAP would take, in the pre-election or post-election period, on providing subsidy for 2024-25 to bridge the revenue gap to be determined by the Commission, the impact of additional burden on consumers would be known.

j) A spree of anti-consumer directions being issued by the GoI and increase in burdens in various forms relating to factors showing impact on power tariffs would lead to higher revenue requirement by the DISCOMs and the resultant revenue gap would lead to imposition of additional burdens on the consumers.

Reply(12&13) : True up claims and FPPCA charges are being collected as per the approval of the Hon'ble APERC.

14. EPDCL has explained that in G.O.Ms.No.112 dated 9.1.2023, that GoAP directed for creation of a separate sub-category under HT-III(C)(b) and under G.O.Ms.No.66 dated 15.9.2022 to extend power incentives to vertically integrated PV Solar modules manufacturing facilities allocated under PLO at a fixed tariff of Rs.4/- per unit on the power consumed from the DISCOMs. How many such units are in Andhra Pradesh and what is their contracted capacity for power and how much power they consume per annum? What is the cost of service for the new category to be created? What would be the requirement of subsidy to extend the proposed "power incentives" to those manufacturing units? Has the GoAP proposed in the respective G.Os. that it would provide subsidy required for the proposed "power incentives"?

Reply: At present, vertically integrated PV Solar modules manufacturing units are not existing in the APCPDCL Jurisdiction.

15. The DISCOMs have proposed that the additional load may be arrived based on the RMD, instead of the sanctioned contracted load for all categories, except agriculture. They have stated that they have filed petitions before the Commission, seeking its approval for procedure for pre-paid meters, along with tariff determination to be

followed by them. Since such arrangements are linked with tariff determination, the DISCOMs should have included their petitions in the ARR proposals. Or, the Commission should have made them public, inviting suggestions, objections and comments from the consumers, for holding public hearings on the same. Earlier, the Hon'ble Commission pointed out that "APSPDCL has already approached the Commission for approval of the investment proposal to provide smart meters for all the agriculture services in its area. The Commission has examined the proposal in depth and identified certain short falls in the implementation of the scheme like whether the smart meter technology is mature enough for wider deployment, recent news on the technical problems experienced with the integration of smart meters, etc., and accordingly sought some clarifications from APSPDCL and directed it not to proceed further meanwhile" (pp 244-245: RSTO for 2022-23). This was in response to objections raised on the issue during public hearings on the ARR and tariff proposals of the DISCOMs for the year 2022-23. What has happened subsequently is not made public. During the public hearings on the ARR and tariff proposals of AP DISCOMs we have raised detailed and serious objections to the initiatives of the GoAP and DISCOMs, at the behest of the GoI, for installing meters to agricultural services and pre-paid smart meters to other categories of consumers. The Hon'ble Commission has pointed out that "with regards to the concerns raised by one of the stakeholders on investments being made by the DISCOMS under RDSS and cost of material procurement, as the objection was received by the Commission after the due date specified for calling objections on the filings, the DISCOMs's views could not be received. After careful examination, the Commission approved RDSS Schemes with necessary modifications" (page 122 of RSTO for 2023-24). What are the proposals of the DISCOMs to the Hon'ble Commission and what "necessary modifications" the latter has made are not made public.

Reply: APCPDCL submitted investment proposal to the Hon'ble Commission for smart metering works including agricultural services sanctioned under RDSS with a project cost of Rs. 1,513.27 Cr including PMA. The Commission has issued approval for smart metering works excluding agricultural services with project cost of Rs.1,247.26 Cr.

As GoAP issued GoMs.No 22 Dt 01.09.2022 to bear the cost of providing metering to Agricultural services under DBT scheme and as no burden is passed on to the consumers. APERC has communicated that no further investment proposals need to be submitted.

16. Regarding purchase of pre-paid meters, the DISCOMs have maintained, in their replies given to our submissions on long-term load forecast, procurement plan, etc., for the 5th and 6th control periods, that the Hon'ble judge of judicial preview has issued proceedings duly considering the objections and suggestions from the public and prospective bidders. The so-called judicial preview cannot sanctify the bidding process. A.P. Green Energy Corporation Ltd. went through the same judicial preview process when it floated tenders for 6400 MW of solar power. The Hon'ble High Court set aside that bidding process on the grounds raised by another private corporate house. On the direction of the GoAP, APGECL withdrew its appeal before the division bench of the High Court, may be, due to the apprehension that the appeal would be set aside. It shows how ineffective the so-called judicial preview was. When Hon'ble APERC is the appropriate authority for seeking approval for any changes in the

process of bidding and its terms and conditions, the arrangement of so-called judicial preview, bypassing the Hon'ble Commission, is questionable and superfluous. The so-called judicial preview cannot come in the way of the Hon'ble Commission for exercising its legitimate authority to examine the whole issue of purchasing pre-paid meters thoroughly, making the details public, holding public hearings on the same and taking appropriate decisions and issuing directions.

Reply: Government of Andhra Pradesh has passed Act namely Andhra Pradesh Infrastructure (Transparency through Judicial Preview) Act, 2019 through Act No. 34 of 2019 dated 20th August 2019, with an intention to bring transparency in the infrastructure bidding process in the state through judicial preview thereby to ensure optimum utilization of public resources and for matters connected therewith and incidental thereto. The Judicial Preview will also ensure the conformity in procedure, rules and guidelines prescribed by State and Central Governments from time to time. With due diligence APCPDCL followed standard Bidding Document (SBD) issued by Ministry of Power, Government of India during the entire bidding process.

The Investment proposal of installing prepaid meters under RDSS is approved by the Hon'ble Commission.

17. APSPDCL has informed that for 11 lakh agriculture services under the direct benefit transfer (DBT) scheme, the GoAP has accorded administrative sanction for Rs.3369 crore on 5.12.2022. After floating open tenders on 22.12.2022, the GoAP has revised the administrative sanction to Rs.4068.08 crore for the same scheme on 21.6.2023. SPDCL has informed that it concluded agreements for AMISP (Advanced metering infrastructure service provider – smart metering works) under RDSS for supply, configuration and integration of smart meters with operation and maintenance period of 93 months. Pre-paid smart meters will be fixed for Govt. Services, commercial, industrial and domestic service connections in a phased manner under RDSS scheme accordingly, it has explained. Similarly, APCPDCL has informed that for 5 lakh agriculture services under DBT scheme, the GoP has accorded administrative sanction for Rs.1531.36 crore on 5.12.2022 and revised it to Rs.1864.54 crore on 21.6.2023, i..e, enhanced by Rs.333.18 crore, i.e., by 21.75%. In its replies to our submissions, APEPDCL has informed that for 2.58 lakh agricultural pump sets, GoAP has accorded administrative sanction on 5.12.2022, but it has avoided to reveal the amount for which the said sanction is accorded. GoAP has accorded revised administrative sanction on 21.6.2023 for a sum of RS.956.41 crore for the same. The DISCOMs have not explained as to what warranted revision of the administrative sanction to enhance it by Rs.699.08 crore, i.e., by 20.75%, in the case of SPDCL and by Rs.333.18 crore, i.e., by 21.75%, in the case of CPDCL within a span of six months. EPDCL has to reveal the amount for which the first administrative sanction was accorded by the GoAP.

Reply: The Government of Andhra Pradesh has issued orders vide GO.MS. No.22 dt 01.09.2020, for implementation of "YSR Uchita Vyavasaya Vidyut Pathakam" by installation of Smart Energy Meters to all the Agriculture Services in the APCPDCL. Based on the monthly consumption, agriculture subsidy amount will be credited to the farmer's bank accounts and intern the same amount will be transferred automatically to DISCOM's Account under Direct Beneficiary Transfer (DBT) Scheme.

The cost of the project will be borne by the GoAP in the form of subsidy along with electricity bills and there will be no burden on the farmers.

The GoAP has issued administrative sanction vide GO.RT.No.148, dt. 05.12.2022 for providing of smart meters along with allied materials to all Agl services in the DISCOM with a maintenance period of 60 Months. APCPDCL has invited open tenders and after floating of tenders, the operation and maintenance period was enhanced from 60 Months to 93 Months in line with RDSS Smart Metering Guidelines. Accordingly, APCPDCL has requested to GoAP for revised administrative sanction for discovered price in the tendering process with enhanced maintenance period of 93 Months. Accordingly, the GoAP has issued revised administrative sanction vide G.O.Rt.No.67, dt.21.06.2023.

Sl.No	Description	Administration Sanction	
		05.12.2022	21.06.2023
1	DBT Scheme - Allied Materials (in Rs. Crs)	615.04	681.16
2	DBT Scheme - Smart Meters (in Rs. Crs)	916.32	1,182.38
	Total (in Rs. Crs)	1,531.36	1,863.54

18. Neither the governments, nor the Central Electricity Authority, nor the DISCOMs, nor ERCs have any power to direct installation of pre-paid meters, without willingness of the consumers concerned to take the same. Section 47(5) of the Electricity Act, 2003, says, "A distribution licensee shall not be entitled to require security in pursuance of clause (a) of sub-section (1) if the person requiring the supply is prepared to take the supply through a pre-payment meter." Directions or orders of the authorities cannot override the applicable law. When the Hon'ble Commission had given its approval to the DISCOMs for procurement of pre-paid meters, was it given with any conditions? If consumers do not opt for pre-paid meters, what will the DISCOMs do with the pre-paid meters purchased by them? EPDCL has replied that the cost to be collected from the consumers will be determined by the Hon'ble Commission on submission of proposal of meters, implying that no such proposal was submitted by the DISCOMs and that the Commission had given its approval for procurement of pre-paid meters and related materials without considering that point. CMD of APCPDCL has reportedly said that a charge of Rs.86 per month for 93 months would be collected from each consumer for installing these meters (The Hindu: August 26, 2023).

Reply: The Smart Metering works (AMISP) is being taken up in APCPDCL is as per the guidelines issued under RDSS by the Ministry of Power, Government of India.

Hon'ble Commission has approved the Investment plan for Smart Metering works in APCPDCL under RDSS.

19. The DISCOMs have been failing in disconnecting services of offices of the government, its instrumentalities and local bodies, when they fail to pay power bills promptly under the post-paid arrangement, despite the directions given by the Hon'ble Commission to disconnect service connections of such defaulters. Are the DISCOMs stopping supply of power to the consumers to whose service connections pre-paid meters are installed, especially offices of the government, its instrumentalities and local bodies, if they do not make further pre-payment after the earlier balance exhausts? Have the DSCOMs collected the accumulated dues pending from such consumers?

Reply: APCPDCL shall adhere to the directions of the Hon'ble Commission in case of pre-paid smart metering to Government bodies.

20. As per the information furnished by the DISCOMs, only three companies -1. Shirdi Sai Electricals, Ltd., YSR Kadapa district, 2 Genus Power Solutions Private Ltd., Noida, UP, and 3. Adani Transmission Ltd., Ahmedabad, Gujarat, participated in the bidding for supply of pre-paid and other smart meters. They have not furnished the information as to how many companies participated in the pre-bid meetings. As per information furnished by EPDCL, Only Shirdi Sai and Adani were qualified in the technical bid opened on 17.1.2023. In the price bid opened on 28.2.2023, Adani Transmission emerged L-1 bid quoting a contract value of Rs.1807.009 crore. After reverse bidding, Adani quoted Rs.1526.92 crore and after negotiations, the contract value was Rs.1045.34 crore. In other words, Adani reduced the contracted value by Rs.761.669 crore compared to the amount quoted in the price bid, i.e., reduced it by 41.15%.

Reply: Not pertains to APCPDCL

21. As per the information furnished by APSPDCL, Adani quoted Rs.2288.25 crore in the price bid. After reverse tendering, it quoted Rs.1990.78 crore. After negotiations, contracted value was Rs.1386.93 crore. In other words, Adani reduced the contracted value by Rs.901.32 crore compared to the amount quoted in the price bid, i.e., reduced it by 45.27%.

Reply: Pertains to APSPDCL

22. APCPDCL has not provided details of price bid values, values after reverse tendering and values for which contract was awarded. It has simply sent cost analysis report of a private consultant. Neither the DISCOMs, nor the reports of their private consultant, have made it clear whether the contracts for purchase of pre-paid meters and their maintenance are already awarded or not and if awarded at what price per meter for each category of meter and annual maintenance charges per meter.

Reply: The following companies participated for pre bid meeting conducted on 19.12.2022 in respect of AMISP for smart metering project tender in APCPDCL under RDSS

Sl.No	Firm
1	M/s Linkwel Telelinks (P) Ltd
2	M/s Elsource
3	M/s Monte Carlo Pvt Ltd
4	M/s Elsource
5	M/s Intellismart
6	M/s JIO
7	M/s Genus Power

The details of the tender are given below

i.Tender Number – CGM/Proj/APCPDCL/VJA/RDSS-AMISP/Sip.No.06/2022-23

ii.ECV – 793Crores

iii.Number of Participants – 4 No's

- M/s Shirdi Sai Electricals, YSR District, Ap.
- M/s Genus power Solutions Pvt Ltd, Noida, UP.
- M/s Adani Transmission limited, Ahmedabad, Gujarat.
- M/s Fluent Grid Limited, Vishakhapatnam, AP.

iv.Technical Bid was opened on 17.01.2023.

Pre-Qualified Bidders – 2 No's

- M/s Shirdi Sai Electricals, YSR District, Ap.
- M/s Adani Transmission limited, Ahmedabad, Gujarat.

v.Price Bid was opened on 28.02.2023

- L1 Bidder - M/s Adani Transmission limited, Ahmedabad, Gujarat.

vi.Quoted Contract value - Rs. 2205.3 Crores

vii.Reverse Tender Date – 01.03.2023

viii.Quoted price by L1 Bidder after reverse Tendering – Rs. 1896.55 Crores

- L1 Bidder - M/s Adani Transmission limited, Ahmedabad, Gujarat.

ix.Awarded Contract value after negotiations – Rs. 1280.73 Crores.

23. The above details show how exorbitant the contract values quoted by Adani in the price bids are. They also indicate that the awarded contract value includes profit. By implication, it is evident that Shirdi Sai quoted contract values in the price bids more than what were quoted by Adani. It indicates that the bidding process was manipulated to show apparently that there was competitive bidding and that the DISCOMs negotiated efficiently to get the quoted contract value reduced by 41.15% by L-1 bidder. In the process a crony capitalist group is favored.

Reply: The smart metering tenders were floated through AP-e procurement as per the guidelines of RDSS. The tendering process is a systematic procedure adopted by the AP-e procurement portal. DISOCM negotiated the lowest quoted price by the L1 bidder to get the competitive price. The discovered lowest price by the L1 bidder is already communicated to the M/s PFC Ltd, New Delhi (Nodal Agency).

The Cost Analysis was done by comparing the Awarded price of APCPDCL with awarded rates of DISCOMs of other states across India under RDSS Scheme.

S. No.	DISCOM	1-Ph Meters (Nos.)	1-Ph Meters (INR per meter per month)	3-Ph Meters (Nos.)	3-Ph Meters (INR per meter per month)	DT Meters (Nos.)	DT Meters (INR per meter per month)
APCPDCL final Negotiated offer from M/s Adani transmission		7,23,131	**95.99**	**1,09,220**	**185.87**	**1,13,650**	**265.62**
1	APDCL Package-1, Assam	6,73,000	96.14	7,400	123.26	11,353	563.5
2	APDCL Package-2, Assam	6,83,000	96.54	8,000	129.34	11,872	640.04
3	APDCL Package-3, Assam	7,00,000	94.53	11,200	126.8	11,740	637.49
4	APDCL Package-4, Assam	7,21,000	97.08	12,800	129.34	18,044	640.04
5	APDCL Package-5, Assam	7,34,000	94.53	15,300	126.8	11,134	637.49
6	APDCL Package-6, Assam	7,45,000	108.43	12,700	164.8	13,404	475.06
7	PVVNL, Uttar Pradesh	58.32,464	90.48	2,97,290	127.93	5,31,164	329.06
8	TSECL, Tripura	4,02,686	109.48	10,328	150.46	10,893	279.2
9	PGVCL, Gujarat	20,01,895	92.59	2,28,041	117.58	1,09,130	264.28
10	DGVCL, Gujarat	14,77,850	93.45	1,81,833	122.51	82,336	264.06
11	CSPDCL-Package 1, Chhattisgarh	25,01,113	90.26	1,67,704	126.84	-	-
12	CSPDCL-Package 2, Chhattisgarh	15,73,545	87.28	2,05,818	130.25	-	-
13	13 DVVNL (Agra-1, Agra-2 & Aligarh)	24,09,789	81.26	34,649	127.09	99,932	349.8
14	PuVVNL (Prayagraj & Mirzapur)	20,40,005	78.58	66,375	122.96	1,70,995	332.1
15	PuVVNL (Varanasi & Azamgarh)	25,15,516	81.28	53,469	126.5	1,53,788	335.64
16	Mizoram PD	272866.0	158.44	16,517	202.84	2,270	511.91
17	BEST, Maharashtra	901212.0	126.32	1,68,419	183.81	3,398	191.02

The majority quantities are Single Phase Prepaid Smart meters which cover almost 74% of the Entire project quantities. The awarded rates of Single-phase prepaid meters are almost comparable to DISCOMs of other States. For DT Metering (covering 11% of the project quantities) awarded rate is less when compared to other states.

From the above comparative table of the awarded rates of DISCOM of other states it is evident that the negotiated awarded price for APCPDCL is less than most of the DISCOMs of other states for almost 85% of the awarded quantities.

Thus, the claim that bidding process was manipulated to show competitive bidding is not true.

24. The reports of cost analysis made by a private consultant "Advisor" engaged by the DISCOMs show that a number of companies participated in the biddings relating to purchase of pre-paid meters by several other states. They are: Apraava Energy Private Limited, Genus Power Infra Limited, Hi-Print Metering Solutions Pvt. Ltd. (Genus), Adani Transmission Limited, Intellismart Infra Private Limited, Tata Power Company Limited, GMR Mining & Energy Private Limited, NCC Ltd., and Secure Meters. Shirdi Sai Electricals Ltd. did not figure in the list of companies who participated in the biddings floated by other states. It can be presumed that Shirdi Sai is not a serious bidder in the tenders floated by AP DISCOMs in view of the fact that it must have quoted much higher contract value exceeding the very high contract value quoted by L I in the price bid. That Shirdi Sai did not participate in reverse tendering and later in negotiations with the DISCOMs underlines need for examining what those terms and conditions were. Even if they participated, those details are not furnished by the DISCOMs. It is intriguing as to why only three companies participated in the bidding floated by AP DISCOMs. What were the terms and conditions for bidding that went through the so-called judicial preview and whether any changes have been made later before floating the tenders need to be examined. That several other companies in the country did not participate in the bidding indicates that the terms and conditions and the process of bidding were skewed to avoid their participation. Or, is it that the situation in the state is not conducive in politico-corporate-bureaucratic terms to other companies to participate in the bidding, but conducive only to crony capitalists being pampered by the governments at the centre and in the state? Needless to say that terms and conditions of bidding should give scope for wider participation of bidders in the country to ensure real competition and the benefit of competitive prices and charges.

Reply: APCPDCL has invited open tenders through AP-e procurement portal for providing smart meters to system metering and pre-paid smart meters to consumer metering as per the guidelines issued by the MoP/GoI under RDSS. Prior to floating of the tender, the bidding document was prepared in line with Standard Bidding Document (SBD) published by REC and obtained clearance from Judicial preview without making any changes. As such the claim that terms and conditions were skewed is not correct.

Further, tender notice was published in newspapers (Regional & National) for giving wide publicity for participation of a greater number of bidders for competitive prices. The list of participants mentioned have liberty to participate in open tendering. Also, APCPDCL conducted pre bid meeting with following list of companies.

Sl.No	Firm
1	M/s Linkwel Telelinks (P) Ltd
2	M/s Elsource
3	M/s Monte Carlo Pvt Ltd
4	M/s Elsource
5	M/s Intellismart
6	M/s JIO
7	M/s Genus Power

25. The total consumers in the state are 1,96,78,976, as per the information furnished by the DISCOMs. Under phases I and II, the DISCOMs are installing pre-paid meters to 38,63,537 service connections. As per the report of the private consultant, the weighted average cost of pre-paid meters in A.P. works out to R.13,578 to Rs14319, whereas the same works out for other states to Rs.12047 to Rs.12713. Prices worked out under three methods are different. Going by the three methods based on which the prices are worked out in the said report are higher than the weighted average cost discovered in other states. What are the rates for which the DISCOMs are awarding the contract is not mentioned specifically.

Reply: Under Phase-1, APCPDCL has programmed to roll out 9.78 lakh of pre-paid smart meters to all Government, Commercial & Industrial Consumers, (excluding Agriculture) and to all the 11 KV Feeders & Distribution transformers with 25 KVA and above rating. The total single phase pre-paid smart meters being provided for 7.23 lakh of consumers (74%) @ Rs. 8,927. The remaining meters are 3-Phase meters of CT meters, HT meters, Feeder meters & DT meters, whose meter cost includes cost of CTs, PTs, cables & sundries.

26. The charges for maintenance per meter per month are higher. No comparison with the present expenditure for maintenance of post-paid meters is shown. Under the present post-paid arrangement, meter reading is being taken every month and bills are being issued. For D-list operations, that is, disconnecting service connections for delay in paying bills and reconnecting them, the DISCOMs have been collecting applicable charges from the consumers. Therefore, under the pre-paid system, the question of saving to the DISCOMs does not arise, because the DSCOMs are not bearing any expenditure, excepting collecting charges applicable from the consumers. Under the post-paid arrangement, the DISCOMs are collecting security deposits from the consumers equivalent to billing for two to three months and collecting additional security deposit as and when the consumption exceeds the contracted capacity. At the same time, interest on security deposits is being paid to consumers. The assumption that under the pre-paid arrangement, there will be saving of interest to the DISCOMs implies that no interest will be paid to the consumers for the amounts pre-paid, while the DISCOMs get rebate for paying bills before due date to generators for power supplied. Under the prepaid arrangement, the DISCOMs get benefit at the cost of consumers. The grant being given by the GoI under RDSS for installing pre-paid meters is a one-time affair. After useful life span of the pre-paid meters expires, apart from bearing higher burden for their maintenance during the proposed 93 months, the consumers will be compelled to bear repetitive burdens for replacing old meters with new meters periodically. The proposed pre-paid arrangement would impose additional burdens on the consumers. Regarding computation of corporate overheads, installation charges and O&M expenses to be

paid to AMISP, it is made clear in the report of the private consultant that "while the actual compensation for the above may vary across the levels, we have considered only allocated cost for computations." In other words, the maintenance charges estimated are not final and may increase further.

Reply: With regard to the provisions of security deposit, disconnection, treatment of arrears and billing, will adhere with the directions issued by the Hon'ble Commission. AMISP charges are fixed for entire life cycle of 93 months. Cost of replacing the smart meter after the O&M period will not be passed to the consumer.

27. Since the entire maintenance of the system of pre-paid arrangement will be entrusted to a private company, they will have access to all the information relating to various categories of consumers. As proposed by the GoI, when private companies are allowed to take up power distribution in areas of their choice, the information available with the private company which operates and maintains the entire pre-paid system will help the private DISCOMs for cherry-picking. Adani group has already entered into the distribution and transmission business also elsewhere in the country and will continue to do so. Adani Transmission Limited and Bosch Global Software Technologies Private Limited, Bangalore, have entered into a consortium agreement on 8.12.2022 and this consortium is the "selected bidder". As per available information, not furnished by the DISCOMs, the latter are entering into agreements for appointment of Advanced Metering Infrastructure (AMI) Service Provider (AMISP) for smart pre-paid metering by replacing the existing meters to all government, domestic (confining to Amrut Cities), commercial and industrial consumers(excluding agriculture) and to all the 33 KV& 11 KV feeders and distribution transformers with 25 KVA and above rating in the districts within the jurisdiction of the DISCOM concerned in TOTEX mode on DBFOOT basis. Adani Transmission Step Seven Limited is the AMISP for the purpose of this agreement. The DISCOMs have not made it clear whether they have entered into the said agreement and not revealed the terms and conditions therein.

Reply: APCPDCL submits that M/s Adani Transmission Limited, Ahmadabad has been selected for "Appointment of Advanced Metering Infrastructure Service Provider (AMISP) for Smart Prepaid Metering and System metering by replacing the existing meters to all Govt., Commercial, Industrial & Domestic (>200 U) Consumers (excluding Agriculture) and to all the 33KV & 11KV Feeders and Distribution Transformers with 25KVA and above rating , in the erstwhile revenue districts of Krishna, Guntur & Prakasam within the Jurisdiction of the APCPDCL in TOTEX mode on DBFOOT basis" under RDSS Scheme.

Accordingly, APCPDCL has entered into agreement for providing of smart meters/pre-paid smart meters for system metering/consumer metering including O&M period of 93 months as per the terms and conditions therein.

28. We would like to remind the Hon'ble Commission that, in our submissions dated January 31, 2022 on the ARR and tariff proposals of the DISCOMs for the year 2022-23, we submitted the following:

"1. The Discoms have replied that they have submitted ARR filings to the Hon'ble Commission as per the direction of the GoAP given in GO Rt.No.161 dated 15.11.2021. However, the Discoms have not explained the purpose for which the GoAP has given the direction to them to submit tariff proposals to the Hon'ble Commission without

taking into account any Government subsidy; nor have they responded to the points raised by me. When I have pointed out that the real purpose of that direction of the GoAP is to implement the direct benefit transfer (DBT) scheme being advocated by the Modi Government at the Centre, the Hon'ble Chairman, Justice C V Nagarjuna Reddy garu, has asked me as to why the DBT system is objectionable. As submitted during the public hearing, I am giving my views on the issue hereunder:

a) It is proposed by the GoI in the amendments to the Electricity Act, 2003, that consumption of electricity by the consumer shall be metered and charges shall be paid in accordance with the tariff determined by the appropriate Commission and that where the State Government or any other agency (and the Central Government also) proposes to provide any subsidy to any category of consumer, it shall be through direct benefit transfer. This kind of arrangement would affect the interests of the hitherto subsidized consumers.

b) In States like Andhra Pradesh and Telangana where the scheme of free supply of power to agriculture, without metering pump sets, is being implemented, the proposed change of collecting charges from them and paying subsidy through direct transfer to their Bank accounts would invite strong resistance from the farmers, leading to social turmoil. The consequences of such social unrest will have to be faced by the State Government, with the Government of India taking no responsibility and accountability for the same.

c) It will complicate the entire process and increase the work burden of the distribution licensees and the State Government. For DBT, the Government has to make arrangements for opening bank accounts of the subsidized consumers in the entire State and collecting and maintaining that information. They have to verify the power bills issued by the Discoms every month and work out the amount of subsidy to be provided to every subsidized consumer based on his/her consumption shown in the power bill. Compared to the present arrangement of paying agreed subsidy in twelve equal monthly instalments in advance to the Discoms directly by the Government, the DBT will be problematic, saddling the Govt., the subsidized consumers and the Discoms with avoidable work and risks. Instead of providing the subsidy amount directly to the Discoms, as has been the standard practice over the years, what benefit is going to accrue either to the Government, or the Discoms, or the agricultural and other subsidized consumers, through this circuitous arrangement of depositing subsidy amount in the individual accounts of the farmers and other subsidized consumers and then transferring that amount to the Discoms by the Government is inexplicable.

d) If more power is supplied to agricultural consumers, exceeding the quantum determined by the Commission for a particular financial year, the Govt. is providing additional subsidy. In the case of other subsidized consumers, if their consumption exceeds, for the excess consumption, with no provision of cross subsidy and Government subsidy, additional burdens are being imposed on them in the form of true-up claims of the Discoms on par with subsidizing consumers. If subsidy is provided under the DBT, the Government will have to provide additional subsidy to the subsidized consumers, even for their excess consumption based on their monthly bills. If such is the lofty purpose with which the Government wants to implement the DBT, it can provide additional subsidy to additional consumption of subsidized consumers by dispensing with the system of true-up/true-down and

permitting the Discoms to include their variations in expenditures and resultant revenue gap of a financial year in the ARR of the next financial year. We have already submitted this proposal to the Hon'ble Commission, giving detailed reasons therefor.

e) The very purpose of free supply of power to agriculture and some categories of consumers and subsidized supply of power to some other consumers like the lower slabs in the LT domestic and commercial categories is that, as a part and parcel of redistributive social justice, and as the said consumers cannot afford to pay power tariffs without subsidies, the present arrangement is being implemented. That is the purpose why cross subsidy also is being provided to the subsidized consumers. If cross subsidy is discontinued as is being proposed by the GoI, for free supply of power to agriculture, the entire cost will have to be borne by the GoAP as subsidy either under the present arrangement or the proposed DBT, or tariffs will have to be determined and imposed.

f) If agricultural consumers of power and other subsidized consumers have to pay power bills every month as per cost of service, which is more than Rs.7 per kwh, it will be very difficult for them to pay such higher amounts. In such a situation, if the State Government does not transfer subsidy in time to the accounts of the subsidized consumers, the latter will continue to be saddled with the burden of higher power tariffs. If such consumers cannot pay higher tariffs, will their services be disconnected by the Discoms? If the Discoms won't disconnect such services, the dues will get accumulated, forcing the Discoms into financial problems. If they disconnect such services, the consumers will face difficulties.

g) The Discoms have submitted that they are receiving tariff subsidy amount regularly from the Govt. of A.P for the current financial year 2021-22. They have also informed that they are trying to get the old dues of subsidy from the GoAP. If the GoAP provides the subsidy it agrees to provide regularly and in time, there will be no problem to the Discoms. If GoAP does not provide the agreed subsidy accordingly, the Discoms face financial problems. Under the DBT, if the GoAP does not provide the agreed subsidy to the consumers concerned directly, the latter will face problems. Therefore, the root cause of the problem is in not providing the agreed subsidy by the Government, whether it is to the Discoms or to the consumers concerned. If the Govt. honours its commitment to provide subsidy as agreed by it, under the present arrangement of factoring the same in the tariffs and providing to the Discoms directly, there will be no problem and there will be no need for the DBT scheme. If the Govt. does not honor its commitment to provide subsidy to the consumers directly, the proposed DBT system cannot prevent or resolve the problem arising from the failure of the Government.

h) As already noted, the Discoms have to receive thousands of crores of Rupees from the GoAP towards subsidy and the dues include subsidy to be provided to SC and ST consumers also. In other words, where DBT system is already being implemented by the Government to certain categories of consumers, dues of subsidies are continuing. The Government is flouting its own decisions and commitments with impunity. There is no guarantee that such a situation will not recur and continue in the case of other consumers for whom the Government proposes to implement the DBT system.

i) If the Government does not provide the subsidy it agrees to provide to consumers of its choice directly to the Discoms under the present arrangement, the Discoms will be in trouble for delay in getting the subsidy amount. Under DBT, if the Government does not provide the subsidy it agrees to provide to consumers of its choice – it need not even convey the same to the Commission – the subsidized consumers will be in trouble; it will be difficult for them to continue to pay full cost recovery tariffs to be determined by the Commission. In other words, the burden and problems that may be created due to failure of the Government to provide the subsidy it agrees to will be shifted from the Discoms to the subsidized consumers under the DBT system.

j) After factoring cross subsidy, the Hon'ble Commission is determining the tariffs for different categories of consumers and getting a written commitment from the Government on subsidy it agrees to provide to consumers of its choice and based on that final tariffs are being determined in the retail supply tariff order. Despite the direction of the Commission to provide the agreed subsidy in twelve equal monthly instalments in advance to the Discoms, dues of subsidies are getting accumulated. Since its inception, APERC has been consistently taking the stand that, if the Government does not provide the subsidy it agreed to provide, the Discoms have to collect that subsidy component also from the subsidized consumers concerned. Such a stand of the Commission indicates, directly or indirectly, that the Government can flout its commitment on providing subsidy given to the Commission in writing and that nothing can be done about such dishonoring of the commitment of the Government. If such is the position, even when the Government flouts its commitment on subsidy given to the Commission, under the DBT system, even without any such commitment, what would be the approach of the Government is anybody's guess. That is the reason why we have already suggested to the Hon'ble Commission to get the written commitment of the Government on providing subsidy to consumers of its choice in a legally binding manner.

k) In G.O. Rt. No.161, dated 15.11.2021, the GoAP requested APERC "to notify the unit wise Government subsidy for different consumer categories as part of annual tariff order from the next financial year i.e. FY 2022-23 onwards." Unless the GoAP conveys its commitment to provide subsidy to consumers of its choice, the question of the Hon'ble Commission taking the same on record and into account for the purpose of determining tariffs and notifying unit-wise Government subsidy to the consumers concerned in the annual tariff order does not arise. If the Government wants to implement the DBT system, there will be no need to convey to the Commission the quantum of subsidy it wants to provide to consumers of its choice. Based on the monthly power bills of the subsidized consumers, the Government will have to transfer the subsidy amount to their bank accounts directly. In other words, under the DBT system, the Hon'ble Commission will have no role to play as far as subsidy to be provided by the Government to consumers of its choice is concerned. If the pros and cons of the DBT system are analyzed carefully, the demerits of the system outweigh its merits. For these reasons, among others, being gung-ho and going in for the DBT system is unwarranted."

Our submissions made in response to the question of the Hon'ble Chairman were not incorporated in the tariff order for 2022-23. However, the Hon'ble Commission responded in the RSTO for 2022-23 thus: "As regards the metering of the agricultural services, it is the policy of the GoAP to channel the agriculture subsidy through Direct Benefit Scheme (DBT) mode by metering all the agriculture services. In this regard, the government has committed itself to bear all the costs associated with the metering. APSPDCL has already approached the Commission for approval of the investment proposal to provide smart meters for all the agriculture services in its area. The Commission has examined the proposal in depth and identified certain short falls in the implementation of the scheme like whether the smart meter technology is mature enough for wider deployment, recent news on the technical problems experienced with the integration of smart meters, etc., and accordingly sought some clarifications from APSPDCL and directed it to proceed further meanwhile" (pp 244-245).

Reply: APCPDCL submits that, the Energy Department, Government of Andhra Pradesh (GoAP) vide GO.MS. No.22 dt 01.09.2020, has launched an innovative scheme, "YSR Uchita Vyavasaya Vidyut Pathakam", to implement Direct Benefit Transfer (DBT) to all agriculture.

Based on the monthly consumption, agriculture subsidy amount will be credited to the farmer's bank accounts and intern the same amount will be transferred automatically to DISCOM's Account under Direct Beneficiary Transfer (DBT) Scheme. The cost of the project will be borne by the GoAP in the form of subsidy along with electricity bills and there will be no burden on the farmers.

The Government vide G.O.Rt.No.67, dt.21.06.2023, has issued revised Administrative Sanction for Rs. 1,863.54 Crores for installation of Smart Meters and allied materials to the 5 Lakh Agriculture pump sets in APCPDCL. The agriculture service wise actual consumption will be arrived by installing smart meters to agriculture services for retrieving data through online as per the direction of the GoAP.

The Investment proposal for the same was submitted to the Hon'ble commission for approval and the commission informed that as the entire cost will be borne by the Government and as no burden is passed on to the consumer. Commission's approval is not required.

The government is releasing subsidy with regular intervals and also committed for clearing of all previous subsidy dues. As per the commitment by the government, all subsidies must be paid to DISCOMs. There is no possibility to avoid the subsidy payment to DISCOMs as per the government decisions without any concurrence from the Hon'ble APERC

29. In our submissions dated January 3, 2023, on the ARR and tariff proposals of the DISCOMs for the year 2023-24, we have made the following points:

"1. It is reported that the GoAP has decided to install pre-paid smart meters to about 1.89 crore power consumer services in the state in a phased manner and complete the process by March, 2025, under revamped distribution sector scheme (RDSS). The special chief secretary, department of energy, has announced (2.1.2023) that the cost of the pre-paid meters would be collected from the consumers and that works worth Rs.13,252 crore would be taken up under RDSS out of which around Rs.5480 crore would be given as grant by the government of India, subject to installation of

pre-paid meters. There is no explanation as to what benefit would accrue to the consumers on account of installing pre-paid meters. Moreover, the cost of smart meters would be collected from the consumers, the special CS has announced. In other words, with its usual approach of being more loyal than the king to whatever the GoI dictates, the Jaganmohan Reddy government is implementing this programme, unmindful or irrespective of its implications. We request the Hon'ble Commission to consider the following points, among others:

1. This move is to be seen in the background of the so-called reforms being imposed on the states by the Modi government for privatizing power sector, and in conjunction especially with privatization of power distribution and implementation of the direct benefit transfer (DBT) scheme. Implementation of RDSS, including installation of pre-paid meters, is to benefit the private operators, who will be permitted to take up power distribution in areas of their choice, as proposed by the GoI.

2. It is obvious that, the purpose of installing pre-paid meters is to force the consumers of power to pay in advance for power to be consumed by them, contrary to the standard practice over the decades of paying power bills monthly/bi-monthly for the power consumed by them. What is wrong with the present post-paid arrangement and what is the benefit and to whom with pre-paid arrangement under the proposed smart meters is left unexplained by its sponsors.

Reply: The prepaid metering works are taken up as per the directions and guidelines issued under the Revamped Distribution sector Scheme (RDSS) by the Ministry of Power, Government of India.

As per the Guidance note issued for the Smart Metering works (AMISP) SBD. The government has directed as per Sl.No. IX Accounting process of AMISP payment

"Regulatory Treatment: DISCOM to consider AMISP payments (AMISP service charge along with the lumpsum payment per meter) as operational expenditure while filing ARR and tariff review petition to the state ERC".

3. As proposed by the GoI, private operators will be permitted to use the existing transmission and distribution networks of the DISCOMs of the government, paying some nominal rentals for carrying on their distribution business. In other words, they need not invest the amounts required for establishing their own distribution network, make arrangements for its maintenance, etc.

4. Allowing private operators to use distribution network of the DISCOMs or rather, forcing the DISCOMs to allow private operators to use their network on lease, with DISCOMs themselves maintaining the network, is nothing but forcing the latter to lose a considerable part of their business, especially cross-subsidizing component, to private operators, who get the opportunity to cherry-picking. Will the GoI apply this Tuglaquian approach to allow utilization of such networks of private companies in this manner, for example, utilizing the network of private telecom companies by others?

5. The protagonists of pre-paid meters are arguing that pre-paid arrangement is there for cell phones. Then, why not similar arrangement for power consumption

also, they ask. First, there is post-paid arrangement for cell phones and landlines. Second, under pre-paid arrangement for a specific period, there is no limit on number of calls that can be made. In the case of power consumption, consumers have to pay for the entire power they consume in a month; they are not allowed to consume any number of units of power during a specified period, pre-paying a specified amount.

Reply: APCPDCL submits that electricity consumption is entirely different from the tele communication calls. The generated/purchased power are consumed by the various category of consumers and being accounted are compared with respect to input energy (generated/purchased) every month. Accordingly, DISCOMs will prepare Energy accounting and conduct Energy Audit every month. The power utilisation depends on consumer load pattern and seasonal basis. The Govt., of India has launched RDSS for roll out of Prepaid smart meters for consumers to ensure better energy accountability, transparency and monitoring of supply parameters thereby improving the quality of power (voltage, interruptions) supplied to consumers.

6. The DISCOMs have a grace period of one month to pay bills to generators/suppliers of power for the power supplied by them and even rebate if they pay before the grace period. Under the existing arrangement, consumers are being given a period of 14 days from the date of issuing the bill for paying their bills for power consumed by them in a month. If payment of monthly bill is delayed, exceeding the due date, penalty is being collected by the DISCOMs, besides disconnecting the service. Moreover, all the permissible expenditure and return on equity for supplying power to consumers from the point of generation to end point is being passed through in the form of tariffs to be paid by the consumers. When such is the case, why should the consumers be forced to pay in advance for power to be consumed by them under the arrangement of pre-paid meters?

Reply: The prepaid metering works are taken up as per the directions and guidelines issued under the Revamped Distribution sector Scheme (RDSS) by the Ministry of Power, Government of India.

7. As per Regulation 6 of 2004 of APERC, "security deposit amount shall be two months charges in case of monthly billing and 3 months charges for bi-monthly billing." In addition to collecting such a security deposit from the consumers, the DISCOMs also are collecting additional security deposit whenever the consumers exceed their contracted load. Then why should the consumers be forced to pay in advance for power to be consumed by them under the arrangement of pre-paid meters?

Reply: The prepaid metering works are taken up as per the directions and guidelines issued under the Revamped Distribution sector Scheme (RDSS) by the Ministry of Power, Government of India.

8. Payment in advance for power to be consumed by the consumers is nothing but providing investment for private distribution company to purchase of power. Private distribution companies need not take loans for their working capital and they can retain the amount paid in advance by the consumers and use as they

like till they have to pay for power purchased by them from generators/suppliers. In other words, private operators of distribution need not invest any amounts for developing and maintaining distribution network and for purchasing power. Arrangement of pre-paid meters is intended for bestowing this undue benefit to private operators.

Reply: The prepaid metering works are taken up as per the directions and guidelines issued under the Revamped Distribution sector Scheme (RDSS) by the Ministry of Power, Government of India.

9. The works proposed to be taken up under RDSS need to be, and are being, taken up by the DISCOMs as a part and parcel of expanding, strengthening and maintaining their distribution network. For that no conditionalities, as imposed under RDSS, are required. The grant component under RDSS is a ruse to impose conditionalities like installation of pre-paid meters to ensure undue benefits to private operators of distribution of power.

Reply: APCPDCL submits that, Ministry of Power has launched Revamped Distribution Sector Scheme- a Reforms-based and Results-linked Scheme with the objective to improve the quality, reliability and affordability of power supply to consumers through a financially sustainable and operationally efficient distribution sector. This scheme includes Pre-paid Smart Metering, System Metering and Distribution infrastructure works for loss reduction and modernisation. Implementation of the Scheme would lead to consumer empowerment by way of prepaid Smart metering. The Scheme has a major focus on improving electricity supply for the farmers through separation of agriculture feeders and for providing electricity during daytime.

10. Whatever money the DISCOMs spend for purchasing and installing pre-paid meters is nothing but squandering public money, whether it is collected from the consumers concerned or spent from the grant under RDSS. The consumers have already spent their money for their existing meters. Forcing them to pay for pre-paid meters is nothing but imposing additional burden on them without any benefit to them.

Reply: The prepaid metering works are taken up as per the directions and guidelines issued under the Revamped Distribution sector Scheme (RDSS) by the Ministry of Power, Government of India.

11. The scheme of pre-paid meters benefits their manufacturers. Experience in power sector, as elsewhere in other sectors, shows that terms and conditions of bidding can be manipulated to select bidders of their choice by the powers-that-be. Bidding procedures and terms and conditions issued by the GoI have been found to be wanting in ensuring transparency and fair play, going by the way crony capitalism is being promoted and pampered. It is reported that crony capitalists, who have been promoted and pampered by the GoI, are entering into manufacturing of pre-paid meters.

Reply: APCPDCL submits that roll out of Pre-paid smart meters programme launched by MoP, GoI through RDSS to improve financial sustainability and Operational efficiency of the DISCOMs. The selection of bidders was carried through open and transparency tendering procedure as per the guidelines issued by MoP,

GoI. The Pre-paid smart meters are already installed in various states of the country and also their performance has been duly considered while evaluating the bids. APCPDCL followed standard Bidding Document (SBD) for appointing Advance Metering Infrastructure Service Provider (AMISP). The AMISP has to be empanelled in the list communicated by the Nodal agency (M/s REC Ltd, New Delhi) which is mandatory for participation of the bid.

12. Though it is announced that pre-paid meters would be installed for the service connections of consumers whose monthly consumption is more than 200 units, it will be extended to all the consumers gradually.

Reply: The prepaid metering works are taken up as per the directions and guidelines issued under the Revamped Distribution sector Scheme (RDSS) by the Ministry of Power, Government of India.

13. There will be practical problems to consumers for paying in advance for power to be consumed by them under the system of pre-paid meters. How much amount and how many times they have to pay in a month, keeping track of their consumption recorded in the pre-paid meter to avoid disconnection and mode of such payment will be problematic to the consumers.

14. Under smart pre-paid meter, if a consumer does not pay after the existing balance exhausts, his service connection will be disconnected automatically. If a consumer does not pay power bill before due date under the existing post-paid arrangement, his service will be disconnected. The DISCOMs are unable to disconnect service connections of offices of the government and its instrumentalities and local bodies, whatever be the reasons. Even under pre-paid meter system, there is no guarantee that the DISCOMs would not come under pressure not to disconnect services of offices of the government, its instrumentalities and local bodies for their default in paying power bills. It is ironical that the GoAP, which is failing in getting power bills paid by its offices, its instrumentalities and local bodies in time and itself failing in paying the committed subsidy to the DISCOMs in time, has decided to install pre-paid meters to service connections of power consumers. Though the Hon'ble Commission has directed the DISCOMs to disconnect service connections of the offices of the government, etc., when they fail to pay the bills in time, the DISCOMs have not been in a position to comply with the direction. The DISCOMs have replied that "the financial losses are mainly due to the non-receipt of the Govt. dues. That disconnection notices have been issued to all the Govt. department offices & local body offices for collecting the C.C. Charges arrears from them (pp 233-234 of RSTO for 2022-23). Only notices and no further action!"

These submissions also are not incorporated in the retail supply tariff order for 2023-24. However, the Hon'ble Commission has stated in the RSTO for 2023-24 that "the merits/demerits of the DBT scheme formulated by the Government are not part of this proceeding while on the other hand the Government and the DISCOMs are clarifying that there will not be any burden on the DISCOMs or farmers because of the implementation of DBT" (page 134). In which proceedings will they become a part?

Reply: After installation of pre-paid meters, the supply automatically disconnect when no balance in their wallet and automatically reconnected immediate after re-charge.

Hence, non disconnection of supply dose not arises. How ever after installation / Implementation of pre-paid meters, the prescribed regulation as determined by the Hon'ble APERC will be followed.

30. If expenditure relating to installation of smart meters to agricultural service connections is not going to be collected from the consumers, as is being contended by the DISCOMs and reiterated by the Hon'ble Commission, implying that it is not within the purview of the Commission as far as the said expenditure is concerned, there is no point in showing the estimated expenditure for that purpose in the investment plans of the DISCOMs. There is no need to consider that expenditure as a part and parcel of the capital expenditure to be approved by the Hon'ble Commission for the control period concerned.

Reply: APCPDCL submits that the cost of the DBT Scheme will be borne by the GoAP in the form of subsidy along with electricity bills and there will be no burden on the farmers.

31. Whatever be the views expressed by GoI, GoAP, the DISCOMs and the Hon'ble Commission, the subject initiatives would facilitate implementation of the DBT scheme, along with metering of agricultural services and pre-paid metering of other services, and there is no guarantee that the above-articulated adverse consequences would not follow as a result. By meekly submitting itself to the diktats of the Modi government, the Jagan Mohan Reddy government in Andhra Pradesh is paving the way for digging graves for APDISCOMs to serve crony capitalists and imposing more burdens on the consumers of power at large as explained above.

Reply: APCPDCL submits that the cost of the DBT Scheme will be borne by the GoAP in the form of subsidy along with electricity bills and there will be no burden on the farmers The prime objective of the project is to improve financial sustainability and Operational Efficiency of DISCOM.

32. In view of the above submissions, among others, we once again request the Hon'ble Commission to call for all records related to smart meters and pre-paid meters, examine the same thoroughly and take appropriate decisions and give directions to the DISCOMs. We also request the Hon'ble Commission to make that information public and hold public hearings on the same, before it takes a final decision and issue orders to safeguard the interests of the state, its DISCOMs and consumers at large.

33. Regarding procurement of power, the DISCOMs have informed that supply of natural gas to Godavari Gas Power Plant (216 MW) was stopped from August, 2022, and that after "a comprehensive review" of the request made by them, seeking permission of the Hon'ble Commission to operate this plant duly sourcing the non-APM gas from IGX or GAIL through short-term ahead contracts, the Commission granted its approval to run the plant accordingly until March 31, 2024. No public hearing was held on this request and permission and details thereof are not made public. Whether registration of GGPP, transferring its assets, including the entire land, from GVK Industries Ltd. is done or not is not revealed by the DISCOMs. The DISCOMs have projected required dispatch from GGPP during 2023-24 of 3862.552 MU and during 2024-25 of 4269.16 MU. What is the tariff, both fixed and variable charges, being paid or proposed to be paid to GGPP per kwh?

Reply: Due to non-availability of APM gas, the plant GGPP is under shut down from November-2022 completely. But due to anticipating high grid demand in the peak times, APDISCOMs have sought permission from the Hon'ble Commission to operate GGPP and generate power through Non-APM gas from IGX or GAIL through short-term contracts till March-2024. As the unit price is comparatively very high with Non APM gas, the plant has not been operated yet. A committee formed under the leadership of CMD/APEPDCL is continuously negotiating and working with the liquidator of M/s GVK Industries Ltd for the registration of GVK Industries Ltd Phase-I (now GGPP) along with its assets, land in the name of APDISCOMs which would be completed soon. APDISCOMs projected availability of 543.96 MU only from GGPP during FY2023-24. Hence, the objector's claim of 3852.552 MU projected by APDISCOMs for FY2023-24 is incorrect. Though there was projected availability from GGPP for FY 2023-24, the actual generation was nil till date due to non-availability of APM gas. For FY2024-25, APDISCOMs have projected nil availability from the plant. Hence, the objector's claim of 4269.16 MU projected by APDISCOMs for FY2024-25 is incorrect. The fixed charges admitted till Nov-23 of FY2023-24 is Rs.9.23 crores. The fixed charges proposed for FY2024-25 is Rs.17.25 crores to meet employee cost and O&M expenses..

34. Regarding the proposal to purchase 570 MW from Sembcorp Energy India Limited (formerly Thermal Powertech Corporation of India Limited) "on mutually agreed terms and conditions," the DISCOMs have submitted that "M/s Sembcorp-Plant-I with a Unit configuration of 2X660 MW aggregating to 1320 MW are having a PPA with TSDISCOMs for a contracted capacity of 570 MW from entered based on DBFOO Bidding basis conducted earlier with 70% MCL coal linkage. The PPA is expiring by 31st March-2024 and M/s Sembcorp is offering the same quantum to APDISCOMs. The present Tariff applicable in TSDISCOMs is FC – 2.49 and VC – 3.24, TC-5.73 for the month of September' 2023. The Hon'ble Commission vide their order dated 7th November 2023, after careful examination of the proposal submitted by APCPDCL on behalf of the APDISCOMs, as outlined in the referenced letter from SEIL offering 570 MW capacity for long-term supply to APDISCOMs commencing from April 2024, on mutually agreed terms and conditions, the DISCOMS are permitted to proceed with further steps on SEIL's proposal. However, this permission is contingent upon SEIL's acceptance that the tariff for the supply of 570/625 MW electricity will be determined by APERC under Section 62 of the Electricity Act, 2003. Further, the DISCOMs are directed to coordinate with APTRANSCO to plan for an efficient and economical evacuation of power from SEIL through the state network. Accordingly, the plant is considered available from 1st April 2024 for the ensuing financial year. The present tariff applicable to DBFOO PPA of M/s Sembcorp-p2-625 MW is taken into account for evaluation of costs tentatively till the Hon'ble Commission determines the tariff under section 62." Though the DISCOMs have stated that the Commission, after "careful examination" of the proposal submitted by APCPDCL on behalf of the APDISCOMs, permitted them to proceed with further steps on SEIL's proposal, in Form 1.4 for 2024-25, they have shown power purchase of 625 MW (1955.54 MU) on long-term basis and procurement cost of R.4.16 per unit "tentatively" till the Commission determines the tariff. This arrangement is questionable for the following reasons, among others:

a) Instead of going in for competitive bidding, based on a proposal of SEIL, coming to an understanding "on mutually agreed terms and conditions" is an unhealthy practice.

b) The proposal to purchase power from SEIL's plant 1 is not based on any emergency requirement of power. As stated by the DISCOMs, supply from this unit would commence from 1st April, 2024. The Commission has given its permission to the DISCOMs on 7.11.2023, i.e., four months and 23 days in advance from the proposed date of supply and requirement of power for the DISCOMs.

c) When did SEIL offer the quantum of 570 MW to the DISCOMs and the terms and conditions thereof, and when did APCPDCL sought permission of the Commission, submissions on the need for that power by the DISCOMs and the points considered in its "careful examination" by the Commission are not made public, leave aside holding any public hearing on the proposal. Is it not to give scope for responses from interested public, in view of the experience in the case of the questionable permission given by the Commission for purchase of 7000 MW solar power from the plants of Adani group in Rajasthan through SECI?

d) Against the projected availability of surplus power to the tune of 5389.55 MU and requirement of purchase of 421 MU in the market on short-term basis for the FY 2024-25, the need for the proposed purchase of power from SEIL is questionable.

e) The permission given by the Commission is stated to be contingent upon SEIL's acceptance of the tariff to be determined by the Commission. Did the DISCOMs get a commitment from SEIL that it would abide by the final tariff determined by the Commission and would not question it? When will proposals for determination of permissible capital cost and tariff be submitted by the DISCOMs/SEIL and when will the Commission hold public hearing and issue its order are question marks as of now. If these procedural and regulatory requirements are not met in time, i.e., before commencing supply of power from SEIL p1, the DISCOMs will proceed to procure power from the plant, may be, at a tariff considered by them tentatively. In other words, without considering need for power from the plant, need for competitive bidding, permissibility of capital cost, determination of fixed and variable costs and final tariff, after holding public hearing, supply and purchase of power would commence and continue.

f) When the DISCOMs submitted their procurement plan, etc., for the 5th and 6th control periods, they must have taken requirement of additional power and the way they should proceed for such a procurement through competitive biddings. One can understand coming to an agreement for purchase of power by the DISCOMs from APGENCO, subject to prudence check and regulatory process of the Commission. But extending such an approach in the case of a private generator is unhealthy and violative of the letter and spirit of law, policies and directions which provide for competitive bidding for procurement of power.

g) In the case of the questionable permission given by the Commission to the DISCOMs to enter into an agreement for procurement of solar power on long-term basis from the plants of Adani group in Rajasthan through SECI, a trader of the GoI, there was, at least, a facade of competitive bidding by SECI – that was also questioned before appropriate fora for the manipulations involved. In the case of

purchasing power from SEIL's p1, even that fig leaf of a competitive bidding is thrown away unabashedly. One need not entertain the illusion that this proposal has come without any direction or permission of the Jagan Mohan Reddy government. Who accepted the proposal of SEIL and decided to approach the Commission for its permission?

Reply (a to g):

1. With reference to the proposal of M/s SEIL Energy India Limited to supply 570 MW capacity on Long Term basis to APDISCOMs from April' 2024 onwards, on mutually agreed terms and conditions, and based on the long-term power system studies, it was found that "there is a deficit of 200 to 500 MW especially in the summer months during the FY 2024-25 and FY 2025-26, whereas there is a base power requirement of 700 MW from FY 2026-27 onwards.

2. The deficit of 200 to 500 MW especially in the summer months during the FY 2024-25 and FY 2025-26, and the base power requirement of 700 MW from FY 2026- 27 onwards in the evening peak (17:00 to 23:00 Hrs.) and Night (23:00 to 04:00 Hrs.) is arrived by considering the available total installed capacities of all the approved sources (i.e. Power Plants) but whereas in reality, most of the times the actual generation is less than installed Plants capacities due to fuel related issues (Quality & Quantity) and Unit breakdowns etc., which in turn increases the power deficit.

3. The original proposal of M/s SEIL is to supply 570MW and the rest 55MW to open market under Open Access. Since, APDISCOMs require power, it is decided to take entire power from Unit-2 of SEIL-P1 which is 625MW. This will also avoid the issues of third-party energy settlements.

4. APDISCOMs would get benefitted with the proposed procurement of 625 MW power from M/s SEIL Plant P1 with 100% concessional/FSA coal linkage from M/s MCL through CTU Network from April' 2024 onwards based on DISCOMs requirement until STU Network is commissioned with the tariff determined by the Hon'ble APERC U/s 62 of Electricity Act' 2003.

5. The Hon'ble APERC after careful examination of the above said proposal of APDISCOMs in terms of the anticipated Demand-Supply position in the State and prevailing power purchase costs in the market, vide Order dated 07-11-2023 has directed that the DISCOMS are permitted to proceed with further steps on SEIL's proposal. However, this permission is contingent upon SEIL's acceptance that the tariff for the supply of 570/625 MW electricity will be determined by APERC under Section 62 of the Electricity Act, 2003. Further, the DISCOMs are directed to coordinate with APTRANSCO to plan for an efficient and economical evacuation of power from SEIL through the state network.

6. Accordingly, APDISCOMs have proposed to avail the above said power from M/s SEIL P1 from April' 2024 onwards through CTU Network based on the Demand-Supply Scenario in the State if such exigency arises and till the STU connection is established. However, this procurement is contingent upon SEIL's acceptance that the tariff for the supply of 570/625 MW electricity will be determined by APERC under Section 62 of the Electricity Act, 2003.

h) For Sembcorp plant II, as submitted by them, "APDISCOMs have entered Power Supply Agreement (PSA) with M/s. Sembcorp Energy India Limited on 31.12.2021 for procurement of 625 MW (500 MW firm capacity & 125 MW Open Capacity) from their plant-2 located at Krishnapatnam, in Andhra Pradesh. The procurement is finalized through competitive bidding process under DBFOO mode and guidelines issued by MoP. Hon'ble APERC issued consent to PSA entered between APDISCOMs and M/s SEIL vide their order No. APERC Order in OP No. 17 of 2022 dated 01.06.2022. As per the PSA, the commencement of Power Supply Agreement is on or before two years i.e. 31.12.2023 from the date of Power Supply Agreement." In the case of the proposed procurement of power from SEIL's p1 on long-term basis, all such regulatory requirements are given a go-by.

i) It is submitted by the DISCOMs that they are directed by the Commission to coordinate with APTRANSCO to plan for an efficient and economical evacuation of power from SEIL through the state network. The DISCOMs have also submitted that "in the month of August-2022, to overcome expected power shortage, APCPDCL on behalf of APDISCOMs request the Hon'ble APERC to allow purchase of power from M/s SEIL through STOA through CTU to mitigate the impending power shortage situation and ensure 24*7 uninterrupted power supply to all consumers of the State in near term until such time the STU evacuation scheme is commissioned. Hon'ble APERC vide order dated 12th August 2022, permitted APDISCOMs to procure power through CTU short term open access from M/s Sembcorp-P2, until STU system is commissioned. Accordingly, the procurement of power commenced with effect from 1st February 2023." In directive No.16, the Commission has directed that "the DISCOMS shall examine the feasibility of evacuating its share of power from Thermal Power Tech (SEIL P1) through the STU network under execution for evacuation of power to the DISCOMS from SEIL (P2). The feasibility report shall be submitted to the Commission within 45 days from the date of release of this order for passing appropriate directions in this regard, as it may reduce the ISTS charges burden to some extent.", In response to the directive, the DISCOMs have stated that "in Compliance to this directive System Studies were carried out by Power System wing by assuming that one of the unit at SEIL-P1 will be connected with STU with 625MW Dispatch as against AP Share of 230.55MW i.e., by connecting one of the unit with STU and another unit with CTU at SEILP1.In compliance to the directive M/s. Sembcorp Energy India Ltd intimated that SEIL P1 plant has 2 units of 660MW with exportable capacity of 627 MW for each unit. Presently both units are connected to CTU network and supplying 230.55MW to APDISCOMs, 839.45MW to Telangana DISCOMs under long term contracts and remaining 184MW is merchant capacity. Considering exportable capacity of 627MW of each unit, connecting part capacity of 230.55MW to AP STU network is technically not possible." In view of the same, how far and when APTRANSCO would be able to comply with the direction of the Commission to plan for an efficient and economical evacuation of power from SEIL (p1) through the state transmission network is uncertain. In other words, the burden of paying long-term open access charges for evacuating power from SEIL p1 through central transmission utility network will continue. Simply because the DISCOMs have accepted the proposal of SEIL and the Commission has given its conditional permission for procurement of power from the p1 of SEIL, creating required

transmission capacity to evacuate that power by APTRANSCO within a few months is not possible, needless to say. Lack of timely planning and execution to meeting requirement of power, and taking decisions on the basis of a private generating company, indicate that decisions are being taken haphazardly based on the whims and fancies of the powers-that-be for serving vested interests. Did the DISCOMs take into account the proposed procurement of power from SEIL's p1 in their procurement plan for the 5th control period?

Reply: In Compliance to Hon'ble APERC directives System Studies were carried out by Power System wing by assuming that one of the unit at SEIL-P1 will be connected with STU with 625MW Dispatch as against AP Share of 230.55MW i.e. by connecting one of the unit with STU and another unit with CTU at SEIl-P1. A copy of the feasibility report received from power system wing is attached for reference.

In compliance to the above directives' M/s SembCorp Energy India Ltd intimated that SEIL P1 plant has 2 units of 660MW with exportable capacity of 627MW for each unit. Presently both units are connected to CTU network and supplying 230.55 MW to APDiscoms, 839.45 MW to Telangana DISCOMs under long term contracts and remaining 184 MW is merchant capacity. Considering exportable capacity of 627MW of each unit, connecting part capacity of 230.55 MW to AP STU network is technically not possible.

j) The DISCOMs have stated that the present tariff applicable for Sembcorp p1 to the TSDISCOMs is Rs.2.49 per unit towards fixed cost and Rs.3.24 per unit towards variable cost, i.e., a tariff of Rs.5.73 per unit for the month of September, 2023. Against this, the DISCOMs have stated that the present tariff applicable to DBFOO PPA of Sembcorp-p2 – 625 MW is taken into account for evaluation of costs tentatively till the Hon'ble Commission determines the tariff under section 62. It is not made clear whether the Hon'ble Commission has permitted the DISCOMs to take such costs into account tentatively or the DISCOMs themselves have taken the same into account accordingly. The DISCOMs have stated that they have considered escalation of capacity charges by 5% for 2024-25 and escalation of inland transportation charges for coal by 10% for the first half of FY 2024-25 and escalation of domestic coal charges for the second half of 2024-25 by 5%. Moreover, they have also informed that foreign exchange rate projections available from November to March, 2025 are considered and that actual foreign exchange rate may vary. The DISCOMs have stated that they have not considered transmission charges, as the same are being billed to them directly by the CTU as per CERC sharing Regulation, 2020. Rate of change in law is considered as Re.0.28 per KWh. The DISCOMs have maintained that the fixed and fuel charges may vary based on the actual escalation rates. In other words, the tariffs to be paid to SEIL p1 may increase from time to time. With provisions for periodical volatility in tariff, coming to an agreement for purchase of power on long-term basis "on mutually agreed terms and conditions," without going in for competitive bidding, is nothing but abuse of authority. The DISCOMs have not revealed what those "mutually agreed terms and conditions" are. Going by the factors of escalation indicated by the DISCOMs, it is obvious that they have agreed to factor all such periodical escalations in the tariffs to be paid by them to SEIL p1.

k) We request the Hon'ble Commission to withdraw its conditional permission given to the DISCOMs to procure power from SEIL p1 and direct them to go in for real competitive bidding to procure power, if required.

Reply (j&k):

M/s Semb Corp Energy India Ltd-P1 (SEIL) (230.55 MW):

Long term PPA Dt.01.04.2013 was entered into with M/s Semb Corp Energy India Ltd-P1 (SEIL) [Erstwhile M/s. Thermal Power tech Corporation Ltd] by the erstwhile four APDISCOMs viz. APEPDCL, APSPDCL, APCPDCL (Now TSSPDCL), and APNPDCL (Now TSNPDCL) for procurement of 500 MW of power for a period of 25 years under Case –I Bidding.

In accordance with Andhra Pradesh State Reorganization Act, 2014 and in terms of Government Order No.20 Energy (Power-III) dated 08.05.2014, consequent to the bifurcation of combined state of Andhra Pradesh, APDISCOMs are entitled to procure the 230.55 MW of power out of 500 MW of contracted capacity i.e., 46.11%. Accordingly, the generator is supplying 230.55 MW power to APDISCOMs from 20.04.2015.

The Fixed and Energy charges are projected based on the PPA conditions of SembCorp Energy India Ltd (Earlier Thermal Power Tech Corporation of India Ltd) provisionally. However, the final Fixed and Energy charges are arrived based on the indexation notification issued by CERC during FY2024-25.

M/s Semb Corp Energy India Ltd-P1 (SEIL) (570/625 MW):

The Hon'ble Commission vide their order dated 7th November 2023, after careful examination of the proposal submitted by APCPDCL on behalf of the APDISCOMs, as outlined in the referenced letter from SEIL offering 570 MW capacity for long-term supply to APDISCOMs commencing from April 2024, on mutually agreed terms and conditions, the DISCOMS are permitted to proceed with further steps on SEIL's proposal. However, this permission is contingent upon SEIL's acceptance that the tariff for the supply of 570/625 MW electricity will be determined by APERC under Section 62 of the Electricity Act, 2003. Further, the DISCOMs are directed to coordinate with APTRANSCO to plan for an efficient and economical evacuation of power from SEIL through the state network.

As per the resource plan for the 5th & 6th control periods (FY 2024-34) submitted by the APDISCOMs, the base load (minimum load) on the grid which is presently hovering around 5800 MW is expected to increase at a CAGR of 6% and may reach 7700 MW in five years.

Further, Demand /Supply conditions across the Country and Coal constraints &logistics problems anticipated in the near future may leave the power planning of DISCOMs in a stressed condition and fulfilment of the objective of 24X7 power supply in question.

In view of the above, availing of power from M/s SEIL is very essential as base load in terms of both reliability and economical aspects. Accordingly, the plant is considered available from 1st April 2024 for the ensuing financial year. The present tariff applicable to DBFOO PPA of M/s Sembcorp-p2-625 MW is taken into account

for evaluation of costs tentatively till the Hon'ble Commission determines the tariff under section 62.

35. The Hon'ble Commission did not consider availability of power from four central generating stations - NNTPS (52.7 MW), NTPL (121.61 MW), NTECL, Vallur, (86.44 MW) and NTPC, Kudigi, (239.54 MW, and did not grant consent to their PPAs in its common order dated 30.10.2023 relating to 11 PPAs the DISCOMs had with 11 CGSs concerned. Noting that the total per unit cost of these four CGSs for the month of October, 2023, as Rs.4.38, Rs.5.007, Rs.5.90 AND Rs.6.539 per unit, respectively, the DISCOMs have submitted that "these are the base load thermal stations with an aggregate capacity of 500 MW. As of now there is no anticipated thermal generation capacity expansion plan in the State sector. Even if we plan now, in the prevailing circumstances, it takes almost seven to eight years to fully commission a thermal generating station. As per the resource plan for the 5th& 6th control periods (FY 2024-34) submitted by the APDISCOMs, the base load (minimum load) on the grid which is presently hovering around 5800 MW is expected to increase at a CAGR of 6% and may reach 7700 MW in five years." They have further submitted that "APSLDC/ APDISCOMs are of the opinion that the existing base generation capacity from Intra State & Central generating stations without these four CGS stations aggregating to about 500 MW, will not be sufficient to meet the minimum load persistent on the system for all time blocks in an year with a stringent requirement to comply to the Hon'ble CERC Regulations such as IEGC, DSM & Ancillary Services. Demand /Supply conditions across the Country and Coal constraints &logistics problems anticipated in the near future may leave the power planning of DISCOMs in a stressed condition and fulfilment of the objective of 24X7 power supply in question." It is obvious that once the DISCOMs surrender the capacity of the four CGSs and if they come under the mandatory pooling of CGS thermal capacities which completed PPA tenure, as decided by the MoP, GoI, the DISCOMs cannot get power from these projects as and when they want. The DISCOMs have informed that they are wring to the CEA seeking its advice on the issue of surrendering the 500 MW capacity and also writing to the MoP, GoI, to allocate equivalent quantum of power from cheaper sources to make good the loss of base generation quantum. The DISCOMs have requested the Commission to permit them to continue the procurement of power from these four CGSs as per the existing PPAs and the rates determined by CERC, till such time CEA advice is received or allocation of power from cheaper sources is made by the MoP, GoI. In view of this delicate situation, weighing the pros and cons of continuing to get power from the four CGSs vis a vis purchasing power in the market, we request the Hon'ble Commission to take an appropriate decision in the interest of the consumers at large.

Reply: APDISCOMS welcomes the suggestion of the objector and Discoms have already requested the Commission in this matter

36. The DISCOMs have submitted that, as directed by the Commission in its final orders dated 1.8.2022, approving the PPA and final tariff for the project of HNPCL (1040 MW), they had entered into a supplementary agreement with HNPCL on 5.9.2022 and submitted it to the Commission on 9.9.2022 for approval. Did the Commission give its approval? What are the new points incorporated in the supplementary agreement? What is their financial impact in terms of tariff to be paid to HNPCL?

Reply: As per the Hon'ble APERC order dated.01.08.2022 in O.P. No.19 of 2016 and O.P. No.21 of 2015, supplementary agreement to the amended and restated PPA was entered into between APDISCOMs and M/s HNPCL on 05.02.2022 and submitted the same to Hon'ble APERC for approval.

Subsequently, Hon'ble APERC directed APDISCOMs for entering into consolidated PPA. As per the directions of Hon'ble APERC, incorporating the modifications suggested by APERC in its order dated.28.04.2016, a consolidated PPA was entered into between APDISCOMs and M/s HNPCL on 17.02.2023 and submitted to commission for approval on 01.3.2023.

Hon'ble APERC directed to make certain modifications in PPA entered on 17.02.2023 and submit the revised consolidated PPA. On 08.12.2023, M/s HNPCL has been addressed to enter revised consolidated PPA. After entering revised PPA, it will be submitted to Hon'ble Commission for approval.

37. The DISCOMs have submitted that "with an intention to supply free Agriculture power to the farming community on sustained basis and to reduce power procurement cost and subsidy burden on the Government, the Govt of AP and the three APDISCOMs in the state have entered into PSA with SECI on 01.12.2021 for procurement of 7000 MW (17000 MU) in three tranches effective from October_2024-3000 MW, October_2025-3000 MW and October_2026-1000 MW. The cost of procurement under this PSA is to be borne by the State Government. GoAP is also a party signatory in the PSA. The Solar power developers under the subject PSA are setting up the plants in the state of Rajasthan. The levelized tariff for the procurement is Rs 2.49/Unit including Trading margin, for a period of 25 years. Hon'ble APERC has approved the procurement and the PSA. Hon'ble CERC has adopted the tariff discovered through the process of competitive bidding conducted by M/s SECI which is a GoI undertaking. GoAP has established a separate company to channelize this solar procurement to the free supply agriculture consumers through a separate entity called AP Rural Agriculture Power Limited (APRAPL) and the same is in the process of obtaining a license and fulfilling the other establishment activities. Subsequent to fully operationalization of APRAPL \ the aforesaid Power Sale Agreement will be transferred from APDISCOMs to APRAPL for supply of power to the Agricultural consumers." Are any petitions pending in the APTEL or a court of law, questioning the way SECI conduced competitive bidding and selected the Adani group for supply of solar power from their units in Rajasthan? When has APERC "approved" the PSA? Is the approval given after holding any public hearing? Except A.P. Rural Agriculture Power Limited obtaining a license for distribution of power to agriculture in the state and for transferring the PSA to it, is any other regulatory permission or approval of APERC required for operationalization of this arrangement? Responding to our submissions on ARR and tariff proposals of the DISCOMs for the FY 2022-23, questioning the impropriety of the GoAP in accepting the "offer" of Solar Energy Corporation of India and directing the DISCOMs to enter into a PSA with SECI for purchasing 7000 MW or 17,000 MU of solar power (from Adani's power plants in Rajasthan) and the way the Hon'ble Commission had given its approval to the proposal, the Hon'ble Commission has maintained that : "as regards the proposal of the DISCOMS for procurement of 7000 MW of solar from SECI, the Commission has examined their proposal in depth from various aspects including the power deficit situation projected by the CEA, an independent body of the GoI, for

the fifth control period, i.e., FY 2024-29 and the recent commitment by the Hon'ble Prime Minister in COP26 that India will achieve net zero carbon emissions by 2070. After a detailed examination, the Commission issued conditional approval to the DISCOMs for the procurement proposal after getting satisfied that the procurement would not cause any burden on any category of consumers since the GoAP has committed itself to bear the entire cost associated with the procurement. As the procurement falls under the interstate transaction, CERC is competent to determine the tariff for this procurement. Once the CERC determines the tariff and the DISCOMs approach the Commission for consent to the Power Supply Agreement, the Commission will then take a decision on giving consent after due Regulatory process in accordance with the law." (page 244 of RSTO for FY 2022-23). When did the DISCOMs approach the Commission for consent to the PSA, what was the "due Regulatory process in accordance with the law" the Commission followed and when was consent given to the PSA?

Reply: WP (PIL) No. 76 of 2022 filed by Sri Payyavula Keshav before High Court of A.P challenging the adoption of tariff and approval of PPAs is in pending. The PSA was not yet approved by the APERC. APRAPL is in the process of obtaining distribution License from Hon'ble APERC. In view of pending PILs before the High Court of A.P, WP (PIL) No.237 of 2021 pertaining to approval for procurement of 7000 MW Solar power from SECI and WP (PIL) No.76 of 2022 challenging the CERC order in approving the PPAs and adoption of tariff, the DISCOMs not approached the Hon'ble Commission for approval of PSA as on today. The petition requesting approval for PSA from APERC will be filed shortly.

38. The GoAP has issued its latest solar and wind power policies afresh in G.O. Ms No.1, G.O. Ms. No.2 and G.O.Ms.No.3, all dated 3.1.2019, respectively, and G.O.Ms.No.35 dated 18.11.2019, amending the AP solar and wind power polices and wind solr hybrid policy of 2018. Through the new policies the GoAP had withdrawn all the concessions, incentives, facilities, etc., extended to captive and open access units. APDISCOMs and APTRANSCO filed several petitions - OP Nos. 2, 3, 4, 5, 16 and 17 of 2020. Later, as agreed in the High Court, GoAP issued G.O.Ms.No.1 dated 1.3.2021, making G.O.No.35 to have prospective effect and applicable to the RE power projects that are commissioned after 18.11.2019. When all these Ops came up for final hearing before APERC, Hon'ble chairman Justice C V Nagarjuna Reddy garu asked the DISCOMs to file fresh petitions seeking amendments to the Regulations concerned of the Commissions, despite the learned counsel for the petitioners making it clear that the petitions already filed were for that purpose only. However, the Hon'ble Commission did not issue its orders bringing about the amendments sought in consonance with the new polices of the GoAP. As a result, the Regulations are continuing and the developers of RE are continuing to get all the concessions, incentives, facilities, etc., as per those unamended Regulations - Regulation No.2 of 2005, Regulation NO.2 of 2006, Regulation No.5 of 2005, Regulation NO.1 of 2016 and Regulation No.4 of 2017. In its order, the Hon'ble Commission did not incorporate our detailed submissions supporting and justifying the amendments sought in all the OPs, leave aside responding to the same. For what purpose public hearings were held on all these OPs and why did the Commission ask the petitioner DISCOMs and APTRANSCO to file fresh petitions remain unexplained. It is not made clear in the repealed policies of the GoAP and the Regulations of the Commission as to who

should bear the burden of all the concessions, incentives, facilities, etc., extended to the RE units. As a result, those burdens have been imposed on the consumers of power of the DISCOMs in a blatantly unjustifiable manner. All our submissions to make it clear that either the GoAP, or the RE developers themselves, should bear the amounts involved in all those concessions, incentives, facilities, etc, instead of imposing them on consumers of power of the DISCOMs, fell on the deaf ears of successive Commissions. Did the APDISCOMs file their petitions afresh before the Commission, seeking amendments to the Regulations of the Commission in consonance with the latest policies of the GoAP? If not, why not? A strange situation is continuing to prevail wherein the said latest policies of the GoAP, as well as the unamended Regulations of the Commission, which are anti-thetical to one another, have been continuing to be in force. Which ones the DISCOMs have been following, is it the latest policies of the GoAP or the said unamended Regulations of APERC?

39. In response to directionNo.7 of the Hon'ble Commission, the DISCOMs have submitted that they have entered into PPAs for Dr.NTTPS-V (800 MW) and SDSTPS state II (800 MW) ON 14.10.2022. While SDSTPS stage II completed COD on 10.3.2023, COD of Dr NTTPS V is expected to be completed by 31.7.2023, the DISCOMs have informed. For the first project tariff petition is being filed and for the second one tariff petition will be filed after completion of COD, they have stated. In its order dated 20.5.2022, the Hon'ble Commission directed the parties to submit the PPA, along with tariff application, within two months from the COD. Have the DISCOMs submitted the same accordingly?

Reply: APDISCOMs entered into PPAs with SDSTPS-II (800 MW) and Dr.NTTPS-V(800MW) and submitted before Hon'ble APERC for approval on 17.10.2022. The CoD of Dr.NTTPS-V (1*800 MW) was done on 21.12.2023. However, the tariff petition is yet to filed by APGENCO and APPDCL in respect of Dr.NTTPS-V(800 MW) and SDSTPS-II (800 MW) respectively.

40. In its directive No.26, the Hon'ble Commission has stated that "regarding the material procurement at comparatively higher rates, the DISCOMs are directed to apprise the Commission of the rice at which they procured the important items such as DTRs, Power Transformers, conductors, poles, etc during the last year with the comparison of the rates at which the utilities in neighbouring stats procured the same during the same period (las year) within 45 days from the release of this Order for passing appropriate directions in this regard." In response to the same, APCPDCL has given data relating to different items comparing rates at which TSDISCOMs procured the same materials partially. No comparison is made with other neighbouring states. Even the limited data given by CPDCL confirm that compared to the prices at which TSDISCOMs purchased the indicated materials, the prices paid by it are higher. It is not known whether the Hon'ble Commission has passed any appropriate directions in this regard to the APDISCOMs is not known, as no details have been made public. Copies of two reports, explaining how rates of transformers and other materials are inflated abnormally, published in Andhra Jyoti dated 27.10.2023 are enclosed. Comparison of prices paid by DISCOMs of a neighbouring state/states alone may not be sufficient to justify the prices being paid by APDISCOMs, because the purchases made by DISCOMs of some other states cannot be taken for granted as outcome of real competitive bids. Prices for materials concerned prevailing in the year and period of purchase need to be ascertained for any realistic and objective comparison. In

view of the very limited comparison of prices, we request the Hon'ble Commission to examine the entire process of purchasing the said materials by APDISCOMs and comparing prices prevailed in the market during the said year and prices paid for the same materials by power entities in other neighbouring states by calling for all relevant records from APDISCOMs and issue appropriate orders and make the details public so that the same can be examined by interested public to make their submissions during the public hearing on true-up claims for distribution business of the DISCOMs for the 4th control period and MYT for distribution business for the 5th control period.

Reply: The cost of DTRs, PTRs, Conductor & Poles procured by various DISCOMs of Andhra Pradesh and some of the other states is furnished vide annexure (3Nos.) enclosed.

The comparison of rates of DTRs and PTRs has to be done by considering the uniform specifications of the equipment's, then only comparison is possible.

1) For comparing the rates of DTRs, all the aspects such as mentioned below have to be considered.
   - i) Design aspects.
   - ii) Type and grade of core material used.
   - iii) Winding wire material used.
   - iv) Winding wire sizes.
   - v) Weight of core and windings
   - vi) Core type (or) shell type Transformers
   - vii) Transformer tank design and its weight
   - viii) Type of Transformer Oil used and quantity of oil used.
   - ix) Iron loss and copper losses
   - x) Guarantee period
   - xi) Quality of insulation material used.
   - xii) Workman ship with high Tech methods etc.
   - xiii) Price variation, penalty clauses
   - xiv) Star rating of DTRs
   - xv) Payback period for the difference amount of the cost of Distribution Transformer.
   - xvi) Amount saved with the energy losses in life period of 25 years of the Distribution Transformer etc.
   - xvii) DTR testing clauses (Type tests, routine tests, acceptance tests)
   - xviii) Vendor premises evaluation conditions

2) For comparing the rates of PTRs, all the following aspects have to be considered.
   - i) Design aspects
   - ii) Quality of Insulation materials
   - iii) Winding methodology used
   - iv) Winding wire sizes.
   - v) Type and grade of the core material used.
   - vi) Core, windings, Tank weights, Oil quantity
   - vii) Price variation, penalty clauses
   - viii) Guarantee period clauses etc
   - ix) Workmanships
   - x) DTR testing clauses (Type tests, routine tests, acceptance tests)
   - xi) Vendor premises evaluation conditions

3) In general, the suppliers consider the items such as actual payment period, transportation distances etc while quoting their bids and hence material cost depends on the said factors also. The annexures are enclosed.

41. How tender process for purchasing materials by the DISCOMs is being manipulated can be understood from two letters dated 15.9.2023 and 25.9.2023 written by the prestigious public sector undertaking BHEL-R&D to APSPDCL, protesting against its disqualification for supply of 11 KV feeders VCBs with CT and CRPs. Copies of the said letters, which are self-explanatory, are enclosed. I request the Hon'ble Commission to call for relevant documents pertaining to this issue from APSPDCL, examine the same, give appropriate directions to the DISCOM and make all the particulars public.

Reply: It is to submit that the issue pertains to APSPDCL.

42. We request the Hon'ble Commission to consider the above-mentioned points, among others, and take appropriate decisions before finalizing RSTO for FY 2024-25. We request the Hon'ble Commission to permit us to make further submissions depending on time available, after filing our submissions on the MYT petitions for distribution business of the DISCOMs, transmission business of APTRANSCO and SLDC for the 5th control period, on the subject issue before due date and during public hearings after receiving and studying responses of the DISCOMs.

43. I request the Hon'ble Commission to provide me a link to enable me to participate in the public hearings from Hyderabad through virtual mode on the subject issues of all the three DISCOMs.

It is to inform that, the Honorable APERC is conducting public hearings on Retail and Distribution businesses through video conference from Conference Hall, APEPDCL, Vishakapatnam. The hearings will be held in respect of all the three DISCOMs on 29-01-2024 to 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 Honorable Commission.

Yours faithfully

Chief General Manager /RAC
APCPDCL::Vijayawada

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

Reply to

ANNEXURE - 1

Sl. No	Capacity of PTRs & DTRs/ Conductor/ Type of poles	Name of the DISCOM	PO placed in the last year i.e FY-2022-23	Price per each/KM incl. all (Rs.)	Remarks
1	3PH 63KVA DTR BEE 5 STAR (Aluminum)	APCPDCL	5100006772, 23.02.2023	2,81,000	Price variation is applicable
		APEPDCL	5100004627, 15.10.2022	2,73,720	Price variation is applicable
		APSPDCL	5100006574 dt:24-8-2022	2,54,750	Price variation is applicable
		TSNPDCL			5 Star not procured
		TSSPDCL			5 Star not procured
2	3PH 100KVA DTR BEE 5 STAR (Aluminum)	APCPDCL	5100006778, 25.02.2023	3,58,000	Price variation is applicable
		APEPDCL	5100004621, 14.10.2022	3,53,250	Price variation is applicable
		APSPDCL	5100006572 dt:24-8-2022	3,21,798.98	Price variation is applicable
		TSNPDCL			5 Star not procured
		TSSPDCL			5 Star not procured

Sl. No	Capacity of PTRs & DTRs/ Conductor/ Type of poles	Name of the DISCOM	PO placed in the last year i.e FY-2022-23	Price per each/KM incl. all (Rs.)	Remarks
3	3PH 160KVA DTR BEE 5 STAR (Aluminum)	APCPDCL	5100006757, 13.02.2023	6,36,000	Price variation is applicable
		APEPDCL	5100004440, 12.07.2022	5,71,500	Price variation is applicable
		APSPDCL	5100006573, 24.08.2022	5,69,700	Price variation is applicable
		TSNPDCL			5 Star not procured
		TSSPDCL			5 Star not procured

ANNEXURE – 2

Sl. No	Capacity of PTRs & DTRs/ Conductor/ Type of poles	Name of the DISCOM	PO placed in the last year i.e FY-2022-23	Price per each/KM incl. all (Rs.)	Remarks
1	33/11 KV 5 MVA PTR	APCPDCL	5100006741 23.12.2022	85,35,294	Losses (in KW) No Load Full Load 4.0 23 (Price variation is applicable)
		APEPDCL			Material with same specifications material not procured
		APSPDCL	5100006872 04.02.2023	84,06,500	Losses (in KW) No Load Full Load 4.0 23 (Price variation is applicable)
		TSNPDCL			Not procured
		TSSPDCL			Not procured
2	33/11 KV 8 MVA PTR	APCPDCL	5100006742 23.12.2022	1,06,82,658.00	Losses (in KW) No Load Full Load 5.0 41.8 (Price variation is applicable)
		APEPDCL	5100004609, 01.10.2022 (Repeat Order)	84,49,000	Losses (in KW) No Load Full Load 5.0 41.8 (Price variation is applicable)
		APSPDCL	5100006871 04.02.2023	1,05,12,199.99	Losses (in KW) No Load Full Load 5.0 41.8

Sl. No	Capacity of PTRs & DTRs/ Conductor/ Type of poles	Name of the DISCOM	PO placed in the last year i.e FY-2022-23	Price per each/KM incl. all (Rs.)	Remarks
					(Price variation is applicable)
		TSNPDCL			Not procured
		TSSPDCL	3662/22-23 09.03.2023	83,66,200	Losses (in KW) No Load Full Load 5.0 41.8 (Price variation is applicable)

ANNEXURE - 3

Sl. No	Capacity of PTRs & DTRs/ Conductor/ Type of poles	Name of the DISCOM	PO placed in the last year i.e FY-2022-23	Price per each/KM incl. all (Rs.)	Remarks
1	55 Sq.mm AAA Conductor	APCPDCL	5100006575, 14.07.2022	49,861.37	PV Rate (As per CACMAI Base rate of Rs2,46,950 per MT Dt:01.07.2023)
		APSPDCL	5100006847 15.12.2022	49,499.88	
		APEPDCL	5100004747 12.04.2023	41,887.60	
		TSNPDCL	REPM-7219, 16.02.2023	37008.70	
		TSSPDCL	PM-3811/23-24 06.06.2023	38925.95	
2	8M/200 Kg PSCC Poles	APCPDCL	5100006746 09.01.2023	3,450.00	
		APSPDCL	5100006825 .01.12.2022	3,199.99	
		APEPDCL	5100004502 11.08.2022	3,450.00	
		TSNPDCL			Not Procured
		TSSPDCL			Not Procured
3	9.1M/280 Kg PSCC Poles	APCPDCL	5100006745 09.01.2023	4,910.00	
		APEPDCL	5100004510 11.08.2022	4,910.00	
		APSPDCL	5100006826 01.12.2022	4,750.00	

Sl. No	Capacity of PTRs & DTRs/ Conductor/ Type of poles	Name of the DISCOM	PO placed in the last year i.e FY-2022-23	Price per each/KM incl. all (Rs.)	Remarks
		TSSPDCL	PM-3733 18.04.2023	3,422.00	
		TSNPDCL	PM-7285 24.04.2023	3,270.00	
4	11.0M/350 Kg SPUN Poles	APCPDCL	5100006766 .20.02.2023	16,900.00	
		APEPDCL	5100004309 09.06.2022	17,400.00	
		APSPDCL	5100006632 Dt.26.09.2022	16,900.00	
		TSNPDCL			Not Procured
		TSSPDCL			Not Procured
5	12.5M/365 Kg SPUN Poles	APCPDCL	5100006561 Dt.23.06.2022	18,400.00	
		APEPDCL	5100004584 Dt.01.09.2022	18,600.00	
		APSPDCL	5100006333 Dt.26.09.2022	17,949.99	
		TSNPDCL			Not Procured
		TSSPDCL			Not Procured