



**ANDHRA PRADESH ELECTRICITY REGULATORY COMMISSION**  
**MINUTES OF THE 18<sup>th</sup> MEETING OF THE STATE ADVISORY COMMITTEE**  
**HELD ON 21-09-2012 IN THE COMMISSION'S OFFICE**

**Present:**

1. Sri A. Raghotham Rao, Chairman, APERC (Chairman)
2. Sri C.R.Sekhar Reddy, Member
3. Sri R Ashoka Chari, Member
4. Sri Devendra Surana, Member [FAPCCI]
5. Sri Harikishorekumar Reddy, Member [Bharathiya Kisan Sangh]
6. Sri T.V.S.R. Murthy, Member [Electricity Employees Union: 327]
8. Sri V. Ananda Reddy, Member [FAPSIA]
9. Smt Rajam Ganeshan Member [Consumers' Guidance Center]
10. Sri Gade Diwakar, Member [All India Kisan Mazdoor Sangh]
11. Sri S.K Agarwal, Member [South Central Railways]
12. Sri V S Prasada Sasthry, Member [Jana Vignana Vedika]
13. Sri M.D. Manohar Raju, Secretary, APERC/SAC
14. Sri. D.R. Vishwanath Rao, Director (Engineering), APERC
15. Sri K Sanjeeva Rao Naidu Director/Law, APERC

**INVITEES:**

- 1) Sri G. Anantha Ramu CMD/APCPDCL
- 2) Sri Ch. Narasimha Reddy, CMD/APNPDCL
- 3) Sri Ahmed Nadeem, CMD/APEPDCL
- 4) Sri K Vidya Sagar Reddy, CMD/APSPDCL
- 5) Sri Vegesna Rakesh, Nacional Power Exchange Ltd., New Delhi

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1. The Secretary, APERC (Ex-Officio Secretary of the State Advisory Committee) welcomed all participants and briefed about the important activities taken up by the Commission since the last meeting of SAC, held on 6<sup>th</sup> March, 2012

2. Hon'ble Chairman APERC (Ex-Officio Chairman of the State Advisory Committee), in his welcome address stated that the state is facing precarious power supply situation and at this critical juncture, the views and suggestions of members of SAC, would be very helpful for a better functioning in the power sector.
3. The 18<sup>th</sup> SAC Meeting then took up the various issues for discussion as per the agenda.
4. Sri Devendra Surana, initiating the deliberations of 18<sup>th</sup> SAC meeting, referring to the 4<sup>th</sup> Standard, 'period of outages' of Standards of Performance (SoPs) regulation, pointed out that the DISCOMs are cutting power for more than 72 hours in a week in a 3 day power holiday pattern to the Industrial Sector which is against the regulation. He further objected as to how the DISCOMs could report that this standard is also complied with, when there are outages beyond 72hours in the field. Responding to Sri Surana, CMD of APEPDCL explained that, most of these outages are on account of shortages of power and that, the regulation on SoPs recognises such outages.
5. Sri Surana further pointed out that even though the shortage in power availability is around 15%-20%; the Industry is burdened with a 40% restriction during off peak and 90% restriction during peak hours, as envisaged in the latest Restriction & Control measures order. He wondered why the Industry sector alone should bear the entire power shortage when it is bearing cross subsidy to the extent of 35% over and above the Cost of Service (CoS). He brought to the notice of the SAC that there is no order of Regulator that power can be cut for 3 days a week.

6. Responding to Sri Surana's remark that Industries are finding it difficult to survive at 60% power cut, CMD of SPDCL stated that it is painful to the DISCOMs also as it is affecting the revenues of the DISCOMs and even domestic services are facing power cuts, ranging from 3-4 Hrs per day in Hyderabad to as much as 12 Hrs per day in rural areas. CMD of CPDCL clarified that a crucial sector of the state, namely the Agricultural sector, is getting the barest minimum of power supply i.e. 7 Hrs a day. Then, Sri Surana brought to the notice of SAC that added to the 60% demand cut, industrial services are facing a lot of unscheduled power interruptions in the name of Grid frequency control, making the situation still worse. At this point, CMD of EPDCL explained that all the possible efforts are being made by the DISCOMs to reduce the power shortage and the R&C order issued by the Commission is being implemented to manage the supply-demand gap.
  
7. Sri Surana observed that the recent R&C order is good and would yield good results, if implemented with true spirit. He explained that since September 2011, Industry has been facing a lot of power restrictions. He remarked that Industry, being a big part of the economy, can bear a little more than the actual shortage in the power supply, but not more than double or triple the shortage. Everybody in the economy should bear their share of power shortage and Industry should get fair share of power supply and a fair decision in this regard has to be taken by the commission, he suggested. He further requested the DISCOMs to try to limit the number of forced outages to a minimum level. Apart from suggesting the DISCOMs, Sri Surana suggested that the Commission that the Regulator should monitor the Load management by DISCOMs. He pointed out that two aspects missed in the R&C order and they are 1) Proposal to supply expensive power to the interested parties by DISCOMs acting as facilitators 2) Consumer education programme on the R & C Order issued

8. Sri Ananda Reddy of Federation of Small Industries Associations (FAPSIA) brought to the notice of the SAC that many of the industries in AP are not aware of the R&C Order issued by the Commission. Sri Surana expressed that DISCOMs and APERC should ensure that all the Industrial consumers are educated about the provisions given in the R&C Order issued by the Commission.
  
9. Responding to the suggestions of Sri Surana, Hon'ble Chairman exhorted the DISCOMs to disseminate the information about the R&C order to the lowest level and to put in all the efforts to create awareness among the affected consumers. With regard to purchase and supply of expensive power by the DISCOMs, Chairman observed that as a legally enforceable R&C order is in place at present, the DISCOMs can pursue the costly power option after discussions with Industry associations, and work out a mutually acceptable proposal and approach the Commission for approval. Chairman pointed out that there has been a continuous demand from the Industries to procure expensive power during the shortage situations; but, it did not materialize earlier due to techno-commercial problems. Chairman stated that the Commission would support the 'expensive power purchase proposal', outside tariff order pricing, provided that the same is given as an option to the industrial consumers and that the DISCOMs remain as facilitator. However, he pointed out that such a scheme will become only if there is general agreement among the consumers. Chairman observed that the Commission, in its R&C Order had exempted the Cross Subsidy Surcharge in open access transactions during the period of R&C measures. Sri Surana assured that monthly advance charges can be collected from the Industries to pay for costly power from RLNG sources / Exchange and Monthly billing and settlement system can be put in place to operationalize the scheme

10. CMD of CPDCL explained about the problems involved in purchase of expensive power and supplying it to the Industrial consumers. Member/Tech explained that earlier, only the consumers with dedicated feeders were allowed to go for Open Access. He further opined that in R&C regime, even consumers on mixed feeders should also be extended with the Open Access facility and that DISCOMs should take steps accordingly. CMD of SPDCL informed that that even now, certain consumers are exceeding the quota, drawing more power and are preferring to pay penalties, as penalty is cheaper than the generation of power with diesel.
11. CMD of EPDCL opined that penalty should act as a deterrent and should not tempt the consumers to draw more power. He shared the experience of EPDCL that in the last few days EPDCL is unable to manage the load properly because of excess drawals by Industrial consumers during the R&C periods. The Chairman observed that as the R&C order has since been issued, DISCOMs should enforce stringent action on erring consumers by exercising powers conferred under R&C order / GTCS etc. and ensure that incidents like grid failures, which recently occurred in Northern Grid, would not occur in Andhra Pradesh. Further, Hon'ble Chairman suggested that DISCOMs should strictly avoid overdrawals and may exercise the option of going for 'expensive' power purchases, if power is available, if there is such a proposal from the Industrial units, with assurance that the same would be purchased by the units, backed by "advance payment" for meeting the higher purchases costs by DISCOMs.
12. Sri Ananda Reddy brought to the notice of SAC that due to the 60% restriction in the present R & C Order and the erratic power supply, small and medium scale industrial units are unable to plan their production schedules, resulting in closure of these units. He suggested that unless the restriction on demand usage is enhanced to min of 70%, MSME units cannot survive. Further, he suggested that till the R&C regime is over, collection of charges like FSA charges may be suspended.

13. Sri Surana, referring to the situation in Tamilnadu wherein a lot of private power is available to the industrial units thru' 3<sup>rd</sup> party sales route, suggested that monthly settlement system can be allowed in respect of third party sales sourced from Solar & Wind generators, as was done in earlier Power Wheeling & Purchase Agreements, so that maximum capacity installation would materialize in the state at 33kV or 11kV Voltage levels. Hon'ble Member/Tech suggested that the DISCOMs may take a note of the suggestions of Sri Surana and come out with a detailed proposal to the Commission for approval. Hon'ble Chairman stated that any such initiatives, which would result in increase in the generation capacity in the system at lower level, are welcome.
14. On the subject of purchasing of expensive power by the DISCOMs, Director/Fin of APCPDCL brought to the notice of SAC that earlier when the DISCOMs floated the costly power option, response from the Industrial consumers was very poor.
15. Sri Hari Kishore Reddy of Bharatheeya Kisan Sangh pointed out that if a reasonable tariff is fixed taking all the increased input costs into account, the Sugar crushing units can be utilized to meet the demand supply gap in the state to some extent. Further, Sri Harikishore Reddy highlighted certain other issues: (a) DISCOMs are levying higher Delayed payment surcharge or late payment fees on the consumers and the relevant clause in the tariff conditions may be relaxed (b) Irrespective of the progress in separation of Agricultural feeders, single phase supply can be supplied to rural areas for 24 hours. (c) For HT -IV B consumers, advance payments for supply beyond 7 hours should be limited to 1 month, instead of the present period of 3 months (d) Either Salt Farming units, being run by the bigger corporates are to be reclassified as Industry units and be placed under LT III, instead of V (C), or, the Fish & Prawns farming should be brought back under Agriculture category (e) With regard to power supply to Agricultural services, two shift supply timings may be restored, as was done earlier, to avoid the overlaps as it would be convenient to the farmers also.

Alternatively, if required power holiday for one day may be observed, by supplying power for seven full hours in a day (f) Ex-gratia amount to the accident victims should be enhanced and be given liberally and cases pertaining to the electrical accidents should also be brought under CGRFs (g) Compensation for non-compliance of Standards of Performance (SoPs) should be enhanced to a reasonable level (h) DPE wings in the DISCOMs should be strengthened. (i) FSA amount should be levied proportionate to the tariff slab/category (j) dedicated lines should be laid to all Rural Water Supply Schemes. (k) penalizing the consumers with 1.5% charges is not correct; put some fixed charge as penalty and delete 'whichever is higher' condition (l) In Tariff Order for FY 2001-02, as per the GoAP's orders, fixed charges for Prawn culture were removed; but, in the recent Tariff Orders, the same is re-introduced, which is not correct (m) For better performance, CGRFs should be brought under the control of the Commission (n) Auditors in EROs of DISCOMs may be removed as DISCOMs are incurring losses.

16. Hon'ble Member/Tech opined that DISCOMs cannot go back on the PPAs already entered into with the cogeneration plants.
17. Hon'ble Chairman requested Director/Engg of APERC to clarify the position regarding the penalties leviable in R&C period. Director/Engg stressed that penalty is a deterrent and should not be looked as a source of revenue by the DISCOMs and that DISCOMs should not encourage consumers to go for over draws. On this, Hon'ble Member/Tech advised the DISCOMs not to accept any additional load applications during the R&C period since adequate power is not available to meet existing demand itself. Hon'ble Chairman opined that since power shortages are likely to continue for quite some time, DISCOMs may work out seriously on the expensive power purchase option and book the corridors liberally so as to accommodate the expensive power purchases in future, by drawing up an appropriate scheme in consultation with the industrial users and the Commission.
18. On the issue of Energy Conservation, Hon'ble Chairman observed that though the subject of street lighting does not fall under the jurisdiction of

the DISCOMs, they must ensure that street lights are operated in an energy-conserving mode. He further suggested that DISCOMs may take up this issue with local authorities and impress up on them to reduce the electricity consumption and take all measures to achieve progress in energy conservation.

19. Referring to the discussion on the R&C Order, Sri Gade Diwakar suggested that there should be a priority policy with regard to power supply to various categories and different sectors within the categories and such policy is to be designed by the Commission only, without the intervention of either the utilities or the Government, so that available power can be effectively distributed to all the consumers as per their real needs. He further suggested that the Substation committees may be reactivated. He suggested that even in respect of domestic category, restrictions be imposed on usage of A/Cs and inverters. Sri Gade Diwakar opined that as the cost and supply of fuel is governed by the Central and the State Governments, the resultant FSA charges should also be borne by the respective governments only. Referring to the Agricultural consumption estimates of the DISCOMs, he pointed out that the actual number of the running pump sets on the ground is lesser than what the DISCOMs are taking into account. He suggested both the DISCOMs and APERC to look into the consumption quantum of the consumers who consume less than 50 units per month. Finally he suggested that for efficient functioning of the DISCOMs, sufficient field staff is required and the DISCOMs may take necessary action.
20. Sri TVSR Murthy suggested that the Commission may advise the Govt of AP to release all the dues to the DISCOMs so that the DISCOMs can pay their dues to APGENCO and in turn, APGENCO can go for enhancing the power generation in the state. He suggested that a separate corporation may be created to take care of the accountability in estimations of Agricultural consumptions. He suggested that system of private agencies should be abolished in billing and sufficient staff should be recruited.



21. Sri Surana suggested that another DISCOM may be created, with all the power from other than APGENCO, to cater to the consumption of energy by the Industrial services in the state.
22. Sri Sai Prasada Shastry pointed out that in spite of the directions of the Commission, DISCOMs did not disclose the complete details of the consumers, whose dues are more than Rs 50000/-and suggested an item 'dues to be collected' may also be added in the regulation on SoPs and also, APERC may advise the GoAP to release all the dues to the DISCOMs immediately.
23. Smt Rajam Ganeshan brought to the notice of the SAC that the power cut timings in the mornings may be modified as the women in the kitchens are facing problems. She suggested that the DISCOMs should take necessary steps to enforce the habit of conservation of energy. She suggested that judicial officers should not be posted in the CGRFs and that for a better functioning, CGRFs should comprise of 5 members, of whom 2 members to be nominated by the Commission. She suggested that senior citizens may be given priority at the Bill Collection centers.
24. To a clarification sought for by Sri Surana, CMD/CPDCL clarified that for the consumers covered under R&C order no further load relief measures are contemplated and that the respective consumers have to opt whether they require curtailed supply for entire month or full supply for 18 days. Hon'ble Chairman observed that in the present R&C Order of the Commission, HT & LT Industry and LT Advertisement Hoardings are only covered and that the load shedding protocols in respect of Domestic and Agriculture sectors, based on Urban, Rural, Municipal and Mandal Headquarters are not covered.
25. Hon'ble Member/Tech sought for a clarification on the billing pattern in respect of the HT consumers who opted for Open Access and to this, CMD/SPDCL clarified that recently the billing pattern has been streamlined and the bills, in respect of the Open Access consumers, are being settled within one month. Hon'ble Member/Tech pointed out that the system

being followed by the DISCOMs amounts to double billing the consumers who are opting for Open Access (OA) during the R&C period in the interim pending settlement, by way of levying full amounts on the entire consumption of such consumers, without taking the approved OA schedules into account, even though eventually no double billing as such take place. In view of these difficulties, Hon'ble Member/Technical suggested that charges amounting to 25% of OA transactions only be charged by the DISCOMs to take care of deviations arising on account of OA transactions

26. Hon'ble Chairman thanked all the participants for giving valuable suggestions based on real time field experiences and stated that all suggestions would be looked into carefully and corrective actions would be taken wherever necessary.

  
SECRETARY