



CONSUMERS GUIDANCE SOCIETY

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Recognised by : Telephone Regulatory Authority of India (TRAI), New Delhi, Securities Exchange Board of India (SEBI) Mumbai,
Petroleum & Natural Gas Regulatory Board (PNGRB), New Delhi.

Member : Drug Advisory Counsel & Food Advisory Counsel.

A REGISTERED, RECOGNISED, NON-PROFIT AND NON-GOVERNMENT ORGANISATION

Ref :

Date :

To
The Chairman,
A.P State Electricity Regulatory Commission,
1-4-660, 4th Floor,
Singareni Bhavan, Red Hills Road,
Khairatabad, Hyderabad,
Telangana 500004

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18/12/18
M/TE

Respected Sir,

We are herewith furnishing our objections and suggestions in regard to tariff proposals made by APSPDCL and APÉPDCL for the year 2018-19 in pursuance of the public notice dated 29-11-2018 with a request to consider the same and for which we shall be highly grateful.

Thanking You,

Station: Vijayawada

Yours sincerely

Date : 14.12.2018

For Consumers' Guidance Society


Secretary



1606
18/12/18

Ch-445
18/12/18

**BEFORE THE ANDHRA PRADESH ELECTRICITY REGULATORY
COMMISSION**

4th Floor Singareni Bhavan, Red Hills, Hyderabad - 500 004

OP No. 26 & 27 of 2017

IN THE MATTER OF

Petitioner respectfully urging the Hon'ble Commission

1. To review power consumption estimates.
2. To review power purchase cost.
3. To direct DISCOMs to improve safety and avoid deaths due to shocks.
4. To allow the objector to be heard in person before the Commission takes any decision on this application of the DISCOMs.

IN THE MATTER OF

Name and full address of the petitioner:

Consumers Guidance Society, Rep., by its Secretary, having its registered address at: Door NO: 57-14-16, 2nd lane, New Postal Colony, Church Road, Vijayawada-520010.

Represented by

Consumers Guidance Society., Rep., by Dr. Ch. Divakar Babu

Secretary,

Consumers Guidance Society,
57-14-16, 2nd lane, New Postal Colony,

Church Road, Vijayawada

And

Name and address of the Respondents:

Chairman and Managing Director

Eastern Power Distribution Company of Andhra Pradesh Ltd,

Southern Power Distribution Company of Andhra Pradesh Ltd,

**BEFORE THE ANDHRA PRADESH ELECTRICITY REGULATORY
COMMISSION**

4th Floor, Singareni Bhavan, Lakdi-ka-pool, Red Hills, Hyderabad – 500 004

The Consumers Guidance Society, Vijayawada submits the under mentioned objections and submissions and suggestions in regard to the ARR and tariff proposals of APSPDCL and APEPDCL for the year 2018-19 in pursuance of the public notice dated 29-11-2018.

SALES FORECAST

1.1 According to the present ARR and tariff proposals total power requirement in the state during FY 2019-20 will be 67,713 MU (EPDCL = 24,606 MU and SPDCL = 43,108 MU). According to the load forecast for 4th and 5th control periods filed by APDISCOMs before the Commission three months before the filing of ARR and tariff proposals total power requirement in the state during the FY 2019-20 will be 66,981 MU (EPDCL = 24,508 MU and SPDCL = 42,473 MU). This shows that power requirement estimate arrived at in the tariff proposals is 732 MU higher than what was arrived in the load forecast exercise. Load forecast estimate in turn is higher than that estimated by CEA in its EPS survey. CEA's EPS survey figures over the period were shown to be overestimates. Given these facts, the power requirement estimate of the APDISCOMs for FY 2019-20 needs to be closely monitored and scrutinised.

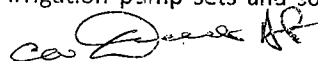
Consumption estimate for 2018-19:

DISCOM	DISCOM's proposal (MU)	ERC Order (MU)	Present estimate (MU)
EPDCL	21,977	20,821	20,931
SPDCL	39,566	38,032	33,393
Total	61,543	58,853	59,324

1.2 For the FY 2018-19 while DISCOMs estimated power requirement of 61,543 MU as a part of their ARR and Tariff proposals present estimate show this requirement to be 59,324 MU. This shows that DISCOMs have over estimated power requirement for the year by more than 2,000 MU. This past experience also demands close monitoring and scrutiny of APDISCOMs' estimate of power requirement for the FY 2019-20.

1.3.1 Under SPDCL agriculture sales during 2018-19 are reported to be 13.19% excess over ERC approved figure and 14.52% more than the agriculture sales recorded during 2017-18. Between April 2018 and March 2019, the total number of agriculture services and connected load increased by 5.45%. Therefore, one is at a quandary to deduce as to how such inflated agriculture sales were arrived at in respect of slight increase in the number of new agriculture services, shedding ample light on the cooking up of agriculture sales. During this period there is no increase in number of hours of electricity supply to agriculture. In such circumstances it is difficult to comprehend such increase in agriculture consumption in SPDCL area during 2018-19. Over and above this inflated consumption figure for FY 2018-19 SPDCL is projecting further 4.03% increase in agriculture consumption during 2019-20. In the case of EPDCL while agriculture consumption during 2018-19 is reported to be less than that allowed by the Commission during FY 2019-20 it is projected to increase by 9.73%. There is no explanation for such high increase in agriculture consumption in EPDCL area and therefore, the same needs to be minutely monitored.

1.3.2 Both EPDCL and SPDCL have shown substantial increase in agriculture consumption even in the presence of programmes related energy efficient irrigation pump sets and solar



irrigation pump sets. The Commission has directed the DISCOMs to file periodical reports on implementation of energy efficient pump sets. But the DISCOMs have not placed these reports on their websites for inexplicable reasons. Hence, the pertinent data needs to be put out on the websites of EPDCL and SPDCL.

1.3.3 In Para 2.2.2 SPDCL in its filing has mentioned bifurcation of feeders as one of the steps taken to further reduce losses. When we raised the issue of bifurcation feeders in the process related to Load forecasts and Resource Plans for 4th and 5th control periods both the DISCOMs replied that there are not taking up any bifurcation of feeders due to virtual separation of feeders serving agriculture services. Hence, we urge the Hon'ble Commission to direct both the DISCOMs to provide information related to the number of feeders serving agriculture services, how many of them are bifurcated until now and how many of them are going to be bifurcated during the ensuing financial year i.e., 2019-20.

1.4.1 APDISCOMs have claimed to have used modified trend method to project electricity sales during 2019-20. According to EPDCL's filing, "The licensee has adopted a modified trend approach by considering the trend of actual of H1 FY 2017-18, FY 2017-18 and H1 FY 2018-19 and the same growth rate was adopted for H2 of FY 2018-19 duly removing exceptions/outliers due to sudden increase/decrease." (Para 6.1.2) But the consumption growth rates adopted by EPDCL for FY 2019-20 are well beyond the growth rates recorded during FY 2018-19. According to EPDCL's filing while LT supply grew between 5.45% to 5.95% during FY 2018-19 it is projected to increase by 8.80% during FY 2019-20, while HT supply grew between 8.19% to 9.58% during FY 2018-19 it is projected to increase by 18.04% during FY 2019-20. Total supply grew between 6.75% to 7.64% during FY 2018-19, it is projected to increase by 13.18% during FY 2019-20. The consumption growth rate envisaged for the ensuing financial year is nearly double to that achieved during the present financial year.

1.4.2 Similarly, in the case of SPDCL also while electricity supply has reportedly recorded a growth rate of 12.35% during the FY 2018-19 it is again projected to increase by 12.28% during the coming financial year 2019-20. These high consumption growth rates need to be re-examined.

T&D losses

DISCOM	2019-20				2018-19
	Power procurement (MU)	Sales (MU)	T&D Losses (MU)	T&D Losses (%)	Estimate T&D Losses (%)
EPDCL	24,606	22,168	2,438	9.91	6.43
SPDCL	43,108	38,051	5,057	11.73	8.23

1.5.1 APEPDCL and APSPDCL show higher T&D losses during 2019-20 than what they had achieved in the previous years. During 2018-19 T&D losses of APEPDCL accounted for 6.43% of the power procured and during the ensuing year (2019-20) these losses are estimated to be 9.91%. What is more surprising was that the website of APEPDCL claims AT&C losses to be 4.99%. It implies that T&D losses must be even less. Similarly, in the case of APSPDCL during 2018-19 T&D losses stood at 8.23% and during the ensuing year (2019-20) these losses are estimated to be 11.73%. Over the period, in fact these losses shall come down. ARRs for the ensuing year present a contrary picture and therefore, it needs to be clarified.

1.6 When the estimated electricity consumption growth rates are moderated to manifest reality and estimated T&D losses are brought down to the previous or even to the realistic levels then the quantum of power to be procured will definitely scaled down.

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POWER PURCHASE:

2.1 APDISCOM's ARR filings provide a misleading picture about electricity available in the State. At most of the places APDISCOMs mention electricity available during the FY 2019-20 as 68,583.87 MU, power requirement as 67,713.49 MU and resulting surplus to be 870.38 MU. But actual power available in the state during FY 2019-20 will be 72,038.93 MU (72,705.72 MU[Gross power available] – 666.79 MU[Swap power availment], p.24 SPDCL ARR). When this actual power availability is taken into account actual surplus power in the State will be 4,325.44 MU. DISCOMs have shown lower quantum of surplus power because of swapping of some excess power with other States. In the long-term load forecast for 4th control period submitted to the Commission, APDISCOMs have projected availability of 77,998 MU during the year 2019-20. If this figure is taken into consideration then the account surplus power at the disposal of the State will be much more and therefore, the same must be taken into reconing.

2.2 As most of the States in the country have surplus power it is doubtful to find states to take this surplus power at the disposal of APDISCOMs. During the year 2018-19 power transferred to other states in the name of swapping was only 252.16 MU only while they envisage to send 4,121.85MU out to other states during the year 2019-20. For the year 2018-19 the Commission has identified surplus of 7,829.03 MU and directed the Licensees to sell the surplus power available with them up to the last unit (Paras 214 and 215). From the present filings it is not clear how much of this surplus power was disposed off in the market. It is also pertinent to quote from the Commission's tariff order for the year 2018-19, "The Commission observes here that out of the surplus energy of 12013.95 MU determined by it for FY 2017-18 ... , they have succeeded to sell only 1310.80 MU..." Given the past experience with licensees' inability to dispose of surplus power it is prudent not to procure any additional capacity over and above the needs of the state.

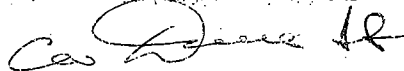
2.3 According to the Commission's tariff order for the year 2018-19 total power available in the State during that year stands at 68,671.81MU (Table 16, p.239). This is higher than the power requirement as presented by the DISCOMs for the year 2019-20. This shows that there is no need for additional, new power procurement by APDISCOMs during the year 2019-20. In the background of surplus electricity available to the State already, we earnestly urge the Hon'ble Commission not to approve any new power procurement proposals from the DISCOMs during the ensuing year.

2.4 For the year 2018-19 the Commission in its tariff order estimated availability of 29,160 MU from APGENCO's thermal power plants (Table 16, p.239). APDISCOMs have shown availability of 24, 018 MU from APGENCO's thermal power plants during 2019-20 (para 3.3.2 APSPDCL). This shows that APDISCOMs have deliberately under estimated availability of power from APGENCO's thermal power plants during 2019-20 by 5,000 MU.

2.5 Similarly, in the case of Central Generating Stations (CGS) while for the year 2018-19 the Commission in its tariff order estimated availability of 16,750 MU, APDISCOMs have shown availability of 16, 064 MU from CGS. This shows that APDISCOMs under estimated availability of power from CGS during 2019-20 by nearly 700 MU.

2.6.1 Further, the DISCOMs' estimate of power available to the State during the year 2019-20 is an under estimate as they did not include Simhapuri Energy Private Ltd., and Hinduja National Power Corporation Ltd., (HNPC) plants.

2.6.2 As per the interim order issued by APTEL, the APDISCOMs have to purchase power from the project of HNPCL (1040 MW), if it fits into merit order, and the DISCOMs already started purchasing power from this plant. As long as the interim order of the APTEL continues to be in force, the DISCOMs have to take into account availability of about 7288 MU from HNPCL. In the background of the APTEL's order absence of HNPCL in the list of plants available to the state is



intriguing. Are not the APDISCOMs aware about binding nature of APTEL's Order? Is it being side lined wantonly to benefit a select few? This needs to be disclosed.

2.6.3 The Commission has given consent through an order dated 14-08-2018 to the PPA between the APDISCOMs and Simhapuri Energy Private Ltd., for procurement of 400 MW of capacity under DBFOO for a period of 12 years. Despite the Commission's consent to the PPA it is not included in the list of power plants available to the State. When we escalated the issue of absence of this plant in the list of plants available in the Load forecast for 4th and 5th control periods APDISCOMs replied, "Simhapuri 400 MW will be considered to include under power availability as per APERC approval accorded in its order dated 14.08.2018." (APEPDCL's letter dated 16-11-2018) About 2803 MU power will be available from this plant during the coming financial year.

2.6.4 If availability of power from HNPCL and Simhapuri is taken into account for the year 2019-20, the actual available power for State will be much higher during the ensuing year and so obviously there will be surplus power. In fact surplus power available to the state may account for nearly one third of the total power available. This huge quantum of surplus power with its implication of fixed cost burden demand re-examination of power procurement practices of APDISCOMs.

2.7 Sembcorp Gayatri Power Limited (SGPL) under DBFOO makes surprising presence in the list of power plants available during the FY 2019-20, even when Simhapuri Energy Private Ltd., plant which got the Commission's consent as mentioned above is excluded from the list. When Simhapuri Energy Private Ltd., is there, is there need to look at SGPL? APDISCOMs propose to procure 3,600 MU during 2019-20. When APDISCOMs already have approved PPA with Simhapuri Energy Private Ltd., there is no need to go in for SCPL's power.

2.8 According to APDISCOMs' filings APGENCO's new power plants, Dr.NTTPS-V (800 MW) and DSSTPS-II (800 MW) are expected to be commissioned by Dec'19 and Jan'20 respectively. APDISCOMs propose to purchase the power from these plants subject to the approval of Hon'ble APERC. As the State already is surplus in power and as such the inclusion of these plants will only add to the fixed cost burden without any benefit to the State. As the state is already in power surplus position we earnestly request the Hon'ble Commission not to allow procurement of power from these new plants. APDISCOMs have claimed Rs. 83 Crore towards fixed cost for these new plants. Excluding these two plants will help to reduce burden on the consumers to that extent.

2.9 DISCOMs' submissions show power procurement from Spectrum and Lanco gas based power plants, even after PPAs with these plants expired. As gas production at Reliance's KG D-6 wells has completely stopped, drastically reducing gas availability from the KG basin gas fields and also as the state is already surplus in power renewal of PPAs with these plants shall be set aside.

T&D COSTS:

3.1 APTRANSCO and APDISCOMs are supposed to file ARR and tariff proposals of transmission and distribution businesses respectively for the 4th control period under MYT framework. According to APDISCOMs' retail supply ARR and tariff proposals these will be filed at a later date. Given this fact, it is doubtful on what basis APDISCOMs are claiming T&D costs as a part of retail supply ARR and tariff proposals. APTRANSCO and APDISCOMs have already filed most of the details related to transmission and distribution network enhancement and related investments before the Commission as part of Load forecast and Resource Plans for 4th and 5th control periods. We are unable to deduce the reasons that prompted these utilities from not filing the ARR and tariff proposals of transmission and distribution businesses when they have all the requisite information needed for that purpose.



3.2 According to APSPDCL's filings T&D network cost is expected to increase from Rs. 1.25 per unit in 2018-19 to Rs. 1.63 per unit in 2019-20. This shows that network costs of SPDCL during the ensuing year will be increasing by 30.4%. However, sadly, no justification for such increase was disclosed.

Electrical accidents:

Year	Particulars	EPDCL	SPDCL	Total
2017-18	Deaths due to Dept faults	58		
	Deaths not due to Dept faults	220		
	Total	278	304	582
	No. of cases ex-gratia paid	78	116	193
2018-19 (1st Half)	Deaths due to Dept faults	38		
	Deaths not due to Dept faults	125		
	Total	163	172	335
	No. of cases ex-gratia paid	24	21	45

4.1 The above figures do not include accidents involving department personnel. While EPDCL provided information about these accidents SPDCL did not provide the same. According to EPDCL's filing 4 department personnel died due to electrical accidents during 2017-18 and one person died during the first half of 2018-19.

Further, fatal accidents have been steadily increasing:

Year	EPDCL	SPDCL	Total
2014	150	223	373
2015	152	228	380
2016	151	320	471
2017	201	242	443
2018	278	304	582

4.2 The above table shows that there is no let up in the saga of deaths and destruction due to electrical accidents. The number of deaths increased from 443 in 2016-17 to 582 in 2017-18. First half of 2018-19 already registered 335 deaths due to electrocution. It is needless to say that most of these deaths are avoidable. The CEA has laid down effective detailed Regulations on safety measures to be taken up by the licensees and which is really admirable and unique. Licensees are not implementing these Regulations properly. Operation and maintenance of distribution network is in a very unsafe condition. At many places, especially in rural areas, bare live parts in DTRs and associated bare lines and wires are not kept inaccessible to living beings; barriers, fences and enclosures and minimum clearances to ground are not maintained so that live parts are out of reach to prevent fatal shocks in violation of CEA's Regulations. A B switches at DTRs are also not maintained properly. This is despite the fact that hundreds of crores are being spent on distribution network.

4.3 To understand these accidents and to plan effective prophylactic measures, we request the Hon'ble Commission to direct the licensees to provide information on break-up of accidents based on electrical location (substation, 11 kV line, Distribution transformer, LT line, consumer location etc) and the underlying reasons for these accidents. Last year Telangana NPDCL had presented this, which showed that most accidents are due to DISCOM negligence. It is not

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enough to make ex-gratia smooth and plan for it. Prevention is equally or more important as it is better than cure

IN view of above submissions, the Petitioner prays that the Hon'ble Commission May please:

1. To review power consumption estimates.
2. To review power purchase cost.
3. To direct DISCOMs to improve safety and avoid deaths due to shocks.
4. To allow the objector to be heard in person before the Commission takes any decision on this application of the DISCOMs.

14-12-2018

VIJAYAWADA



Deponent

A handwritten signature in black ink, appearing to read "Ch. Divakar Babu".

(Dr. Ch. Divakar Babu)