

BEFORE THE ANDHRA PRADESH ELECTRICITY  
REGULATORY COMMISSION AT HYDERABAD

In the matter of: Renewal of PPA with M/s. Lanco Kondapalli Power Limited.

**Between:**

- 1) Southern Power Distribution Company of AP Ltd.,  
D.No.19-13-65/A, Tiruchanoor Road,  
Tirupati, Chittoor District, Andhra Pradesh.
- 2) Eastern Power Distribution Company of AP Ltd.,  
Corporate Office, P&T Colony, Seethammadhara  
Visakhapatnam.

....PETITIONERS

AND


M/s. Lanco Kondapalli Power Limited,  
Regd. Office: "LANCO House",  
Plot No. 4, Software Units Layout, HITEC City,  
Madhapur, Hyderabad – 500 081.

....RESPONDENT

PETITION FILED UNDER SECTION 86 (1) (b)  
OF THE ELECTRICITY ACT, 2003

The Petitioners respectfully submit as under:

1. The present petition is being preferred by APSPDCL (Southern Power Distribution Company of AP Limited) and APEPDCL (Eastern Power Distribution Company of AP Limited), seeking Renewal of PPA (Power Purchase Agreement) with M/s Lanco Kondapalli Power Limited (which expired on 01.01.2016) for a period of 10 years from 2<sup>nd</sup> Jan, 2016 or for such period as may be decided by the Hon'ble APERC.

  
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2. The Respondent is a Company incorporated under the provisions of the Companies Act, 1956 and inter alia engaged in the business of generation and sale of Electricity. The Respondent has set up a 355 MW (ISO) Combined Cycle Gas Based Power Project at Kondapalli Industrial Development Areas (IDA) in Krishna District of Andhra Pradesh State. The project was awarded to the company by Government of Andhra Pradesh (GOAP) through a Tariff Based International Competitive Bidding.
3. The erstwhile APSEB (Andhra Pradesh State Electricity Board) had entered into PPA with the Respondent on 31<sup>st</sup> March 1997 to procure power from them. The project commenced commercial operation on 02.01.2001 and the term of the PPA was 15 years from the COD(Commercial Operation Date). Thus, the PPA expired on 01.01.2016. Meanwhile, by virtue of the first transfer scheme, the PPA was transferred from APSEB to APTRANSCO (Transmission Corporation of Andhra Pradesh Limited) w.e.f. 01.02.1999. Further, by virtue of the third transfer scheme, APTRANSCO demitted the activity of purchase of in favour of four Distribution companies of the erstwhile AP(Andhra Pradesh) State i.e. APSPDCL, APEPDCL, APNPDCL and APCPDCL w.e.f. 09.05.2005 and thus the said PPA was vested with the latter. Thus, the four Distributions of erstwhile AP State continued to purchase power from the company till 02.06.2014 i.e. upto the appointed date of Andhra Pradesh State Reorganization Act, 2014. Subsequently, the two Distribution companies of the residual AP State i.e. APSPDCL, APEPDCL as one set and the two Distribution companies of Telangana State i.e. APCPDCL and APNPDCL (now TSSPDCL and TSNPDCL

  
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respectively) as other set continued to purchase their proportionate share of power from the company till 01.01.2016.

4. As per the terms of the said PPA, the Distribution companies have the option to either buyout the project or renewal of the PPA. Therefore, considering the commercial and the operational advantages, APDISCOMS (APSPDCL and APEPDCL) have proposed for renewal and thereby extension of PPA for another (10) years. Since the said proposal required detailed exercise as to the cost of refurbishment and probable tariff, APDISCOMS continued to purchase power after 01.01.2016 as per the tariff payable on terms and conditions of the original PPA subject to adjustment as per the orders that may be passed by the Hon'ble Commission, however the said purchase arrangement was stopped after the tariff order dated 31.03.2017.

a) Again purchased the power under short term purchase as per orders passed in IA 8/17 by Hon'ble Commission. For the purpose of said renewal of the PPA, APDISCOMs and the company have mutually negotiated the tariff after considering the refurbishment cost of the Project and have proposed to agree for a levelized fixed cost about Rs 175 Crores per year along with the modified terms of PPA subject to the approval of the Hon'ble Commission.

5. Subsequent to the negotiations with the company, APDISCOMs have sought permission from the Government of Andhra Pradesh to file the draft PPA before the Hon'ble Commission. The GOAP has approved the said proposal of APDISCOMs to renew the PPA and

  
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to file the proposal before the Hon'ble APERC. A copy of the letter of approval of GOAP dated 26.04.2017 is herewith enclosed.


6. The salient aspects of the draft PPA are as under:
  - a) The term of the PPA is 10 years with effect from 02.01.2016.
  - b) The capacity of the plant is 361.92 MW (this is subject to outcome of the cases pending before APERC-OP (SR) 10 of 2004 and High Court-WP No.7838 of 2004).
  - c) Threshold PLF is 80%.
  - d) The tariff will be in two parts consisting of
    - i) Fixed Charges which are fixed in nature for each year of the PPA and
    - ii) Energy Charges which are variable in nature.
  - e) The Station Heat Rate is considered at 1995 Kcal/Kwhr.
  - f) Auxiliary Consumption is considered at 3%.
7. The estimated levelized fixed and variable costs work out to Rs.0.71/ Kwhr and Rs.2.41/Kwhr respectively at a threshold PLF of 80%. Further, the plant can be operated with Naphtha to take care of emergency situations like safeguarding the grid and meeting sudden demand on the grid. The detailed calculations of fixed and variable charges are indicated at Schedule-G of the draft PPA.
8. APDISCOMs have earlier requested the Hon'ble Commission vide a letter dated 03.05.2017 to grant approval for procurement of power from M/s. Lanco Kondapalli Power Limited for (10) years from 02.01.2016 in terms of draft PPA enclosed with a letter. But, the Hon'ble Commission returned the letter and the draft PPA vide a

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letter dated 25.01.2018 directing the APDISCOMs to file the draft PPA through appropriate petition.

9. Earlier, the APDISCOMs have also filed IA No.8 of 2017 in O.P.Nos. 28 & 29 of 2016 requesting the Hon'ble Commission to grant approval for purchase of power on short term basis from M/s Lanco Kondapalli Power, SPGL and GGPP for the FY18. APERC vide order dated 29.11.2017 permitted APDISCOMs to purchase power from the above projects for the FY 18 at rates approved in the above order.
10. Further to the above, APDISCOMs in the ARR for FY19 have proposed to purchase power from M/s Lanco Kondapalli Power Limited expecting that the PPA would get renewed. In the ARR, APDISCOMs have estimated the availability from the project at 1230 MU, fixed cost at Rs.1.06/Kwhr and variable cost at Rs. 2.26/Kwhr(pass through based on gas price).
11. In view of the above, APDISCOMS are now submitting the draft PPA through a petition.
- 12) It is therefore prayed that the Hon'ble Commission may be pleased to grant approval to the annexed draft PPA dt.28.04.2017 including tariff, (or) to pass any other orders which deem fit in the circumstances of the Case.

  
PETITIONERS No-1 & 2  
CHIEF GENERAL MANAGER  
P&MM & IPC  
APSPDCL :: TIRUPATI.

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REGULATORY COMMISSION AT HYDERABAD

O.P.NO of 2018

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Between:

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2. Eastern Power Distribution Company of Andhra Pradesh Ltd.,

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..... RESPONDENT


**VERIFICATION AFFIDAVIT**


I, Sri K. Santosh Rao, S/o Sri. K.Yesupu aged 54 years, Occ. Chief General Manager (P&MM & IPC.) of the APSPDCL, R/o Tirupathi, do solemnly affirm and say as follows:

1. I am Chief General Manager (P&MM & IPC.) of the APSPDCL, competent and duly authorized by the Petitioners – (1) to (2) to affirm, swear, execute and file this submission in the present proceedings.
2. I have read and understood the contents of the accompanying Affidavit drafted pursuant to my instructions. The statements made in the accompanying Affidavit now shown to me are true to my knowledge derived from the official records made available to me and are based on information and advice received which I believe to be true and correct.

**VERIFICATION**

The above named Deponent solemnly affirm at Tirupati, on \_\_\_\_\_ of March, 2018 that the contents of the above Affidavit are true to my knowledge, no part of it is false and nothing material has been concealed there from.

  
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