



ANDHRA PRADESH ELECTRICITY REGULATORY COMMISSION

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

SATURDAY, THE THIRTY FIRST DAY OF AUGUST
TWO THOUSAND AND NINETEEN

:Present:

Justice G. Bhavani Prasad, Chairman
Dr. P. Raghu, Member
Sri P. Rama Mohan, Member

Public Hearing in the matter of granting consent for renewed PPA signed by AP DISCOMS for the old stations of APGENCO for the period from 01-04-2019 to 31-03-2024

The public hearing in the matter of granting consent for renewed PPA signed by AP DISCOMS for the old stations of APGENCO for the period from 01-04-2019 to 31-03-2024 has come up for hearing finally on 24-08-2019 in the presence of Sri P. Shiva Rao, learned Standing Counsel for the utilities. After carefully considering the material available on record and after hearing the arguments of the learned Standing Counsel for the utilities, the Commission passed the following:

ORDER

The Eastern Power Distribution Company of Andhra Pradesh Limited (APEPDCL) and the Southern Power Distribution Company of Andhra Pradesh Limited (APSPDCL) submitted the letter dated 17-04-2019 requesting the Commission to grant consent for the Power Purchase Agreement dated 20-03-2019 signed by Andhra Pradesh Distribution Companies (AP DISCOMS) with Andhra Pradesh Power Generation Corporation Limited (AP GENCO).

2. The AP DISCOMS stated that the Power Purchase Agreement entered into by the 4 Distribution Companies of the erstwhile State of Andhra Pradesh with AP GENCO on 22-12-2009 expired by 31-03-2019. The generating stations namely RTPP I & II, Dr. NTPPS Stages-1 to 3 (Units I to VI) and Hydel Stations specified in the Annexure to the letter (the installed capacity of Thermal Power Stations is 1680 MW and the installed capacity of Hydel Stations is 1747.6 MW) vested with AP GENCO on the bifurcation of

the State under the Andhra Pradesh Reorganization Act, 2014. The AP GENCO offered to sell 100% power to AP DISCOMS for another five years from 01-04-2019 to 31-03-2024 and AP DISCOMS decided to renew the Power Purchase Agreement accordingly and entered into the same on 20-03-2019.

3. The Commission issued a Public Notice on 14-05-2019 enclosing copies of all the relevant information and inviting comments / views / suggestions from all the interested persons / stakeholders. During the course of the public hearing, only Sri M. Venugopala Rao, Senior Journalist & Convener, Centre for Power Studies submitted his points for consideration to the Commission and referred to an earlier statement by the learned counsel for Discoms that they were not interested in renewing the expired PPA with AP GENCO for its old power plants. He also desired that their submissions in O.P.No.35 of 2018 relating to multi-year tariff for the projects of AP GENCO must also be considered. He further stated that the DISCOMS are filing several petitions for consent unrelated to long-term load forecast, procurement plan etc., and without considering the availability of power from HNPCL, Simhapuri and 4 new gas-based IPPs and competitive bids for purchasing Non-Conventional Energy and they are making self-contradictory submissions without taking a holistic view. The Commission directed the DISCOMS to come before it with holistic view on all the issues and whether the DISCOMS filed any submissions on that direction is not known. Hence, he desired to have further opportunity to make further submission on receiving such response.

4. The AP GENCO in its response to the same stated that it already provided replies to the objections in O.P.No.35 of 2018 and that the other issues raised are not within its purview.

5. The DISCOMS stated in their reply that as the AP GENCO is a State owned Power Generation utility, the intention is to preserve and utilize valuable public assets developed at considerable public expense in the larger public interest and old thermal

stations can be retired as and when norms prescribed by the Ministry of Environment & Forests and Central Electricity Authority of the Government of India are fulfilled. The DISCOMS are claimed to have taken a holistic view with regard to procurement of power from long-term sources.

6. The point for consideration is the request for consent to the renewed Power Purchase Agreement executed on 20-03-2019.

7. During the consideration of the Retail Supply Tariff Order for FY 2019-20, it was noted that Sri M. Venugopala Rao and others desired that the availability of power from Thermal Power Projects of AP GENCO and Central Generating Stations should be worked out on the threshold levels of PLF. The availability of thermal power from AP GENCO was estimated by them to be 29160 MU. The various aspects placed before the Commission by the learned objectors, the response of the AP DISCOMS to the same etc., were duly considered by the Commission in making a prudent check of the relevant aspects and in assessing power purchase quantum and cost, the thermal and hydel power of AP GENCO stations were taken into account in assessing the energy availability and despatch.

8. While Sri M. Venugopala Rao also made his suggestions during the public hearing on AP GENCO generating stations tariffs for the 4th control period – FY 2019-20 FY 2023-24, among other things he requested the Commission to direct the DISCOMS to enter into Power Purchase Agreement with AP GENCO project-wise and that the Commission should not give its consent to Power Purchase Agreements, if any, entered into by AP DISCOMS with any private power projects both conventional and non-conventional till power from the AP GENCO projects is fully utilized. He also requested that there should be long-term power purchase agreements with the projects of AP GENCO and consent of the Commission be given once for all without any need to approach the Commission every five years for determination of tariffs afresh and the

Commission noted in its orders dated 29-04-2019 that due regard be given to these suggestions. In the orders on load forecast and resource plan for the 4th and 5th control periods dated 15-04-2019, the Commission gave specific directions after considering all the objections and suggestions considering the thermal power plants of AP GENCO and APPDCL being State owned utilities for the power supply projections for the 4th control period. In fact, the present proposal for consent of the Power Purchase Agreement entered into on 20-03-2019 was also noted to be proposed to be submitted to the Commission for consent.

9. It may be true that consistency in their submissions may not have been a virtue to be attributed to the DISCOMS but the earlier 3 orders of the Commission do not in any way run counter to the present request. While fully agreeing with the need for the DISCOMS to avoid any self-contradictory submissions and to take a holistic view of the matter, the request for consent to the Power Purchase Agreement signed on 20-03-2019 can be accepted to be in larger public interest to preserve and utilize valuable public assets developed at considerable public expense and to safe-guard the public utility. As there is no substantive, factual and legal hindrance to accept the Power Purchase Agreement signed on 20-03-2019 between the AP GENCO and the AP DISCOMS has to be consented to.

10. Accordingly, the Power Purchase Agreement between Andhra Pradesh Distribution Companies and Andhra Pradesh Power Generation Corporation Limited for a period of five (5) years from 01-04-2019 to 31-03-2024 is hereby granted consent by the Commission and the request in the letter dated 17-04-2019 is accepted.

This order is corrected and signed on this the **31st day of August, 2019.**

Sd/-
P. Rama Mohan
Member

Sd/-
Dr. P. Raghu
Member

Sd/-
Justice G. Bhavani Prasad
Chairman