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Handwritten notes and signatures: 31/12/13, 31/12/14, and a signature.

CENTRAL POWER DISTRIBUTION COMPANY OF AP LIMITED

From

Chief General Manager(Comml & RAC),
APCPDCL, 2nd floor,
Corporate Office, Mint Compound
Hyderabad

To

The Secretary ,
APEREC, 11-4-660,
4th & 5th Floors,
Singareni Bhavan
Red Hills,Hyderabad-04.

Lr.No.CGM(Comml)/SE(IPC)/DE(RAC)/D.No. 3340 Dated: 31 /12/2013

Sir,

Sub: APCPDCL- objections on the Distribution License Application filed by M/s GMR Hyderabad Airport Power Distribution Limited – submission-Reg.

Ref: 1) Letter from M/s. GMR Hyderabad Airport Power Distribution Limited
2) Lr.No.CGM (com)/SE (IPC)/DE (RAC)/D.No3579DT:11/12/2013

Vide reference (1) cited above, M/s. GMR Hyderabad Airport Power Distribution Limited has filed an application before Hon Commission for grant of Distribution License. In response to the same, APCPDCL vide ref (2) has requested Hon Commission to grant time up to 31/12/2013 for filing its objections.

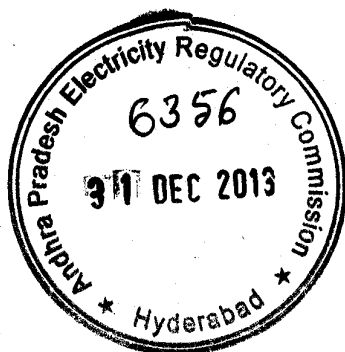
The objections of APCPDCL are herewith enclosed and requested to place the same before the Hon commission.

Yours faithfully,

Chief General Manager (Comml.&RAC)

Handwritten signature of Chief General Manager.

Handwritten dates: 12/11/2014 and 19/02/14



**ANDHRA PRADESH ELECTRICITY REGULATORY COMMISSION
HYDERABAD.**

At

**In the matter of: Application for grant of Distribution License u/s 14 of the
Electricity Act,2003**

**Objections filed by APCPDCL in respect of grant of Distribution License
u/s 14 of the Electricity Act,2003 in respect of M/s GMR Hyderabad Airport
Power Distribution Limited:**

1. M/s GMR Hyderabad Airport Power Distribution Company Limited has filed an application on 07.11.2013 before the Hon APERC seeking Distribution License. In the Application filed, it was mentioned in the subject that,

“Submission of additional information in lieu to the Andhra Pradesh Electricity Regulatory Commission (Distribution Licence) Regulations, 2013 and in conjunction with the Application filed for award of Distribution Licence dated March 23, 2013”

“In this context , GHAPDL hereby submits the ‘ Application in the revised format along with the additional set of information’ to the Hon Commission and also request the Hon Commission to read these documents in conjunction with the ‘ Original Application’ dated March 23,2013.”

- The applicant, GHPDCL has filed a petition for grant of Distribution License u/s 14 of Electricity Act, 2003, before APERC on 23.03.2013 which was recorded by the commission as O.P.No.36 of 2013. Subsequently the Commission has conducted hearing on 15.06.2013 and posted next hearing date 29/06/2013 duly directing CPDCL to file counter by 28/06/2013..Accordingly CPDCL has filed its counter on 28.06.2013 in respect of grant of Distribution License u/s 14 of the Electricity Act, 2003 for GHAPDL duly serving a copy to the applicant. The Hon commission conducted hearing on 29/06/2013 and GMR has requested extension of time for filing replies on the counter filed by CPDCL for which commission has granted unlimited time.
- In the mean time on 21.08.2013, APERC Regulations, 2013 viz. Regulation 10 of 2013 (Distribution License) is notified in the Gazette of Andhra Pradesh.

- Soon, GMR Hyderabad Airport Power Distribution Ltd, in its letter dated 13.11.2013, requested the Commission to permit to withdraw the earlier petition filed on 23.03.2013(i.e. prior to notification of the Regulation) which is taken on file of the Commission as O.P.No.36 of 2013.
- Commission in its order dated 05.12.2013, has accorded permission to withdraw the above mentioned petition filed on 23.03.2013 and consequently, O.P. No. 36 of 2013 was dismissed as withdrawn.
2. Since this application is being additional information to the original filings as per the statement of GHAPDL, and as the original application was withdrawn, the application filed by GMR Hyderabad Power Distribution Limited as additional information before the APERC for issue of Distribution License would not sustain on its own and no proceedings need to be carried out.
3. As per clause 4(iv) of Regulation 10 of 2013 issued by the Hon APERC, *the Applicant shall post the complete application along with enclosures on its own website or where it does not have such website; on any other website and provide access to the application through the Internet.* But in the instance case the applicant has not posted the application in the website of the applicant i.e. www.hyderabad.aero. On this ground alone the application is liable for rejection.
4. The APCPDCL further submits that as per Sec. 14 of the EA, 2003 and as per clause 12 of APERC Regulation 10 of 2013, the applicant shall comply with *“Distribution of Electricity Licence (additional requirements of Capital Adequacy, Creditworthiness and Code of Conduct) Rules, 2005”* issued by the Central Government. As per Rule 3(2) the applicant shall be required to satisfy the Commission that a norm of 30% equity on cost of investment would be in a position to make up the available resources on the basis of net worth. Further it has also clearly given the definition of **“Minimum area of supply”** which is produced below.

“For the grant of a license for distribution of electricity within the same area in terms of sixth proviso to section 14 of the Act, the area falling within a Municipal Council or a Municipal Corporation as defined in the article 243(Q) of the Constitution of India or a revenue district shall be the minimum area of supply.”




The Applicant does not satisfy the above minimum specified area requirement. Unless the applicant proves to the satisfaction of the Commission that the above said rule 3(2) is complied with, the license cannot be granted to the applicant.

5. The APCPDCL further submits that in a similar situation where there was no compliance of Govt. of India rules for grant of such license, more particular about minimum area requirement and also about the track record of more than three years, the request of Delhi Metro Rail Corporation Limited (DMRCL) was rejected by the Hon'ble APTEL in Appeal No. 114 of 2007 Dated 08.05.2008 holding that the said company is not entitled to the Distribution License in the area of its operation.
6. As per Rule 4 of the above Central Government notification, "*the applicant for grant of license shall satisfy the Appropriate Commission that he has not been found guilty or has not been disqualified under any of the following provisions within the last three years from the date of the application for the grant of license*". This shows that the operations of the company on the date of application for the license must have at least completed three years. But this condition is not fulfilled by the applicant, as the applicant is a newly formed company in 2012. In a similar case of application filed by M/s Manikaran Power Trading Ltd in case No. 13 of 2012, the JHARKAND STATE ELCTRICTY REGULATORY COMMISSION has rejected the License application.
7. The CPDCL is a state owned company formed for providing service to the consumers in the field of Distribution and supply of electricity. It is the obligation of the CPDCL to provide supply at economical rates to all the consumers by subsidizing the lower class consumers viz. domestic, small scale units, Agriculture through cross subsidy and government subsidy. As the applicant is a Private company which proposed to cater to the needs of only high end consumers this is detrimental to the business of the APCPDCL.
8. The applicant is reported to have been a subsidiary company of GHIAL. The said main company has limited rights under the concession agreement given by GoAP. Under the said agreement, M/s GHIAL has no right to do business of distribution licensee. The said agreement has given list of business which the said company can undertake in the

premises upon which the said company has lease hold rights only, but not ownership rights.

9. It is prayed that the Hon'ble Commission may reject/dismiss the petition.


Respondent.

Chief General Manager, Commercial
#1-50, APCPDCL, Corporate Office,
Mint Compound, Hyderabad-500 083.

VERIFICATION STATEMENT

I, K. Sai Baba, S/o. Late Swamy, aged about 49 years, Occ: Chief General Manager Commercial & RAC, APCPDCL, Hyderabad, acquainted with the facts do hereby verify and state that the contents of the above objections are true to my knowledge based on information on records and believed to be correct and on legal advise believed to be correct.

Verified on this the 31st day of December, 2013.


Deponent

Chief General Manager, Commercial
#1-50, APCPDCL, Corporate Office,
Mint Compound, Hyderabad-500 083.