



ANDHRA PRADESH ELECTRICITY REGULATORY COMMISSION
4th Floor, Singareni Bhavan, Red Hills, Hyderabad 500 004

I.A.No.22 of 2017

in

R.P.No.1 of 2017

in

O.P.No.25 of 2016

Dated: 06-11-2017

Present

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

Between:

Southern Power Distribution Company of A.P. Limited ... Applicant/Petitioner

The Interlocutory Application has come up for hearing finally on 04-11-2017 in the presence of Sri P. Shiva Rao, learned Standing Counsel for the petitioner. After carefully considering the material available on record and after hearing the arguments of the Standing Counsel for the petitioner, the Commission passed the following:

ORDER

I.A.No.22 of 2017 is a petition to revise the cost per fan due to revision of computations after taking into account the effect of Goods & Services Tax (GST) and to permit the petitioner to recover the cost in 24 monthly installments through the electricity bill of the participating consumers, if they opt for On Billing Finance (OBF).

2. O.P.No.25 of 2016 was a petition by the petitioner requesting for allowing it to implement the Domestic Efficient Fans Programme (DEFP) as part of Demand Side Management (DSM) measures with the financial support of M/s. Energy Efficiency Services Limited (EESL), New Delhi and for consequential reliefs.

3. After public notice and public hearing and after considering the views of two stake holders, who communicated the same to the Commission, the Commission on consideration of all the relevant facts and circumstances, allowed the petition by its orders dated 07-12-2016 directing that

“18. Therefore, the petitioner is permitted to implement the Domestic Efficient Fans Programme (DEFP) in the licensed area of APSPDCL with the financial support of M/s. Energy Efficiency Services Limited, New Delhi, subject to the following:

(a) the cost of Distribution and Awareness and Registration in respect of each fan shall be limited to Rs.55/-(Rs 50-00 towards Distribution, Transportation Storage and Registration and Rs 5-00 towards awareness cost).

(b) the total cost of the fan in the event of upfront payment by the consumer shall be subject to a maximum of Rs.1020-00 with the benefits of any reduction in the cost through open competitive bidding being passed on to the consumer. The details of price breakup of per fan are furnished below.

Cost of fan	Rs. 796-95
Distribution, Transportation, Storage and Registration	Rs. 50-00
Awareness	Rs. 5-00
Annual maintenance charges for two years (1.5% of fan cost)	Rs. 23.91
Debt interest cost	Rs. 17.41
Return on equity for 2 months	Rs. 8.80
Sales Tax (14.5%) on cost of fan	Rs.115.56
Grand total (Rounded to)	Rs.1020.00

(c) if consumer opts to pay in monthly instalments, he shall have to pay a maximum of Rs.47/- per month subject to the benefit of any reduction in the cost through open competitive bidding being passed on to the consumer.

(d) M/s. Energy Efficiency Services Limited shall during the period of warranty of 2 years be responsible for observance of warranty and the consequential maintenance.

(e) the installation of the new fans shall be by the consumer himself for which every possible assistance may be extended by the petitioner and M/s. Energy Efficiency Services Limited.

(f) Implementation of this project has nothing to do with the Aggregate Revenue Requirement of the petitioner in any year.

(g) The project can cover a maximum of 2 (two) Energy Efficient (EE) fans On Bill Financing (OBF) and upto 4 EE fans on Upfront Payment Option (UPO) for domestic consumers and as per requirement basis to commercial consumers and industrial consumers on only Upfront Payment Option (UPO).

(h) M/s. EESL shall prefer APSEEDCO as the distribution agency to undertake distribution of fans in the State of Andhra Pradesh. If EESL proposes any other agency/agencies for undertaking distribution activity of fans, the same has to be done with prior approval of the Commission.

19. While making the payment to M/s. EESL, M/s. APSPDCL shall pay the financial costs, such as interest on debt, return on equity for actual duration period only.

20. The petition is allowed accordingly subject to the above directions and the petitioner shall enter into and submit an Energy Savings Agreement with M/s. Energy Efficiency Services Limited, New Delhi accordingly incorporating all the necessary details as per the directions detailed above and submit the same to the Commission for approval. The petitioner and M/s. Energy Efficiency Services Limited can proceed to take steps for implementation of the programme.”

4. Again, R.P.No.1 of 2017 was filed and this Commission, allowed the petition by its orders dated 03-06-2017 directing that

“12. Therefore, the petitioner is permitted to allow EESL to fix up agency for distribution of fans through bidding process and also permitted to implement DEFP in licensed area of APSPDCL subject to the following modifications in the terms and conditions specified in para 18 of the order of this Commission in OP.No. 25/2016 dated 07-12-2016.

- a) If consumer opts to pay in monthly instalments, he shall have to pay a maximum of Rs.49/- per month subject to the benefit of any reduction in the cost through open competitive bidding being passed on to the consumer.
- b) M/s. Energy Efficiency Services Limited shall during the period of warranty of 2½ years be responsible for observance of warranty and the consequential maintenance.

13. The petition is allowed accordingly subject to the above directions. The petitioner and Energy Efficiency Services Limited can proceed to take steps for implementation of the programme accordingly.”

5. Again the petitioner came up with this petition stating that the Energy Efficiency Services Limited (EESL) informed that the cost of 5 star rated fan has to be revised taking into consideration the enforcement of Goods & Services Tax (GST) rate of 28% and the consequential Revision of computations on interest and debt portion (RoE) and taxes applicable.

6. The applicant/petitioner gave the fan cost components as follows:

FAN COST COMPONENTS			
Sl.No.	Programme Cost	OBF (Rs. Ps.)	Upfront (Rs. Ps.)
1	Cost per FAN	742.04	742.04
2	APSEEDCO payment	10.00	10.00
3	Software	2.00	2.00
4	Distribution Cost	45.00	45.00
5	Total cost per FAN	799.04	799.04
6	Interest Cost (10%)	85.22	15.98
7	Return on equity (21.41%)	46.60	8.55
8	Cost of GST Funding (12.28%)	33.00	-
9	Price per FAN without AMC	963.86	823.57
10	AMC for 2.5 years	36.14	36.14

11	Selling Price per FAN	1,000.00	859.72
12	GST @28%	280.00	240.72
13	Selling Price Per FAN including GST	1,280.00	1,100.44
14	Round Off	1,280.00	1,100.00
15	EMI for 24 months	53.33	

7. A public notice was given calling upon all interested persons/stakeholders to furnish their views/objections/suggestions on this Interlocutory Application and a public hearing was held on 04-11-2017.

8. Only Sri M. Krishna Murty, a former Chief Engineer submitted his views stating that these fans are useful in energy saving and GST levied by the Central Government has to be considered by the Commission to revise the cost for which he has no objection. He stated that the energy saving fans are useful even at the revised price.

9. Enforcement and imposition of Goods & Services Tax (GST) by the Government of India is a fact that can be taken judicial notice of and the impact of GST on fan cost components for both On Billing Finance and upfront purchase has to be factored into the further execution of the programme. The statutory liability for payment of GST having come into vogue subsequent to the earlier orders has to be reasonably and legally permitted to be recovered by the petitioner/Energy Efficiency Services Limited.

10. Hence, the Interlocutory Application is allowed accordingly.

This order is corrected and signed on this the **6th day of November, 2017.**

Sd/-
P. Rama Mohan
Member

Sd/-
Dr. P. Raghu
Member

Sd/-
Justice G. Bhavani Prasad
Chairman