



ANDHRA PRADESH ELECTRICITY REGULATORY COMMISSION

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From  
Secretary,  
# 11-4-660, 4<sup>th</sup> Floor,  
Singareni Bhavan,  
Red Hills, Lakdikapool,  
Hyderabad - 500 004.

To  
The Chief General Manager (P&MM and  
IPC), APSPDCL, Corporate Office  
Raghavendra Nagar,  
Kesavayanagunta, Tiruchanoor Road,  
Tirupati - 517 501.

Lr.No. E-630/DD-P&P/ 2016, Dt.16-09-2016.

Sir,

Sub:-APERC - Procurement of power from "2400 MW Bidding CIL linkage and coal supplemented by Imported coal" and "1000 MW Bidding with 100% imported coal" under long term basis through competitive bidding route on DBFOO basis - Approval on the plan for procurement of power by DISCOMs from the bids - Reg.

- Ref:- 1. Lr.No. 149/CGM/IPC/APSPDCL, dt: 02.03.2016.  
2. Lr.No. 177/CGM/IPC/APSPDCL, dt: 09.03.2016.  
3.Lr.No. APERC/JD(PPP)/F.No.E-630 (Vol-II)/D.No.428/16, dt: 04.04.16.  
4. Lr.No. 340/CGM/IPC/APSPDCL, dt: 12.04.2016.  
5.Lr.No. APERC/JD(PPP)/F.No. E-630 (Vol-II)/D.No.300/16, dt: 22.04.16.  
6.Lr.No.APERC/JD(PPP)/F.630-17/2014(Vol-II)/D.No.325/2016,dt.2.05.16.  
7. Lr.No. 407/CGM/IPC/APSPDCL dt. 10.05.2016.  
8.Lr.No.APERC/JD(PPP)/F.630-17/2014(Vol-II)/D.No.364/2016,dt.12.05.16.  
9. Lr.No. 485/CGM/IPC/APSPDCL dt. 31.05.2016.  
10.Lr.No. 531/CGC/IPC/APSPDCL dt. 13.06.2016.  
11.Lr.No.APERC/JD(PPP)/DD(P&PP)/F.No.E-630(Vol-II)/D.No.485/2016,dt. 25.06.16.  
12.Lr.No. 588/CGM/IPC/APSPDCL, dt. 27.06.2016.  
13.Lr.No.APERC/JD(PPP)/DD(P&PP)/F.No.E-630(Vol-II)/D.No.592/2016,dt. 30.07.16.  
14.Lr.No. 724/CGM/IPC/APSPDCL, dt. 06.08.2016.  
15.Presentation made to the Commission on 09.08.2016.  
16.Lr.No.779/CGM/IPC/APSPDCL, dt. 24.08.2016.  
17.Lr.No.815 to 817/CGM/IPC/APSPDCL, dt. 02.09.2016.  
18.Lr.No.827/CGM/IPC/APSPDCL, dt. 09.09.2016.

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With reference to your letter last cited above requesting to issue orders as per Sec. 86(1) (b) and Sec. 63 of Electricity Act 2003 for approval of price &

quantum of power to be procured through bids for power procurement viz. 2400 MW with domestic coal and 1000 MW with imported coal; and to the letters ref. 17<sup>th</sup> cited, to extend bid validity timelines up to 16-11-2016 for 2400 MW power procurement and 01.12.2016 for 1000 MW power procurement to issue LoAs to the successful bidders, I am directed to communicate the Commission's approval for the following.

- (a) Extension of timelines up to 16.11.2016 in respect of 2400 MW bidding and up to 01.12.2016 in respect of 1000 MW bidding, to issue LoAs to the successful bidders in line with bid validity dates.
- (b) Procurement of 600 MW power for immediate requirement from FY2016-17 from the bidders of 1000 MW bids, who have matched the L1 Tariff in a progression order till the 600 MW is met as per the provisions of the Request For Proposal (RFP).


2. Procurement of 400 MW of power starting from FY 2018-19 from the successful bidders of 2400 MW will be considered separately after proper evaluation of demand supply position during FY 2017-18 for which purpose the distribution companies shall place before the Commission the full details of the demand supply position with reference to actuals for the FY 2016-17 and its projections for the FY 2017-18 onwards before the end of April, 2017.

3. I am also directed to inform that keeping in view the rapid evolution of scientific and technological advances in the power sector, the overall impact of the central and state policies for the substantial expansion of the electricity sector to meet the rapid changes in demand and supply, the foreseeable power surplus status in the country in the near future, the fast decrease in the price of power generated from different sources of energy due to adoption of latest techniques etc., it does not appear reasonable or justifiable to continue the present practice of getting tied up to Power Purchase Agreements for not less than 20 to 25 years with static burden and obligation of having to pay the price or compensation fixed at the time of entering into such agreements for the entire period of 20 to 25 years. The present practice denies the benefit of the advanced technology in generation of power from different sources resulting in cheaper electricity to the public utilities and the public at large by tying up for a long period with higher

power purchase cost. Hence, both the distribution companies in the State shall pursue the possibility of entering into such Power Purchase Agreements henceforth for reasonable periods of 5 to 12 years only and in no case, they shall enter into an agreement for beyond a period of 12 years without the prior consent of the Commission and for making a request for which adequate data and material justifying such request should be placed before the Commission.

4. I am further directed to inform that as the present approval is based on the detailed reworking of the projections of the supply and demand by the distribution companies themselves, the distribution companies shall not in any event indulge in any power purchases beyond what is specifically permitted without prior intimation to and consent of the Commission including even in cases of emergency.

Yours faithfully,

  
Secretary (i/c) 16/09/16

Copy to

The Chief Engineer (IPC&PS)/APPCC/Vidyut Soudha/Hyderabad-82