



**ANDHRA PRADESH ELECTRICITY REGULATORY COMMISSION**  
D.No.11-4-660, 4<sup>th</sup> & 5<sup>th</sup> Floors, Singareni Bhavan, Red Hills,  
Hyderabad 500 004.

**ANNUAL ACCOUNTS**  
**2006-07**

Phone Nos.: (040)2339 7381 / 7399 / 7656  
Fax Nos.: (040)2339 7378 / 7489

### Audit Certificate

We have audited the attached Balance Sheet of Andhra Pradesh Electricity Regulatory Commission as at 31<sup>st</sup> March, 2007 and the Income and Expenditure Account / Receipts and Payments Account for the year ended on that date. Preparation of these financial statements is the responsibility of the Andhra Pradesh Electricity Regulatory Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We have conducted our audit in accordance with applicable rules and the auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall presentation of financial statements. We believe that our audit provides a reasonable basis for our opinion.

Based on the preliminary observations made by us, the accounts of the Commission have been revised. Due to revision, the excess of income over expenditure to Rs.7.21 lakh had been turned into excess of expenditure over income of Rs.2.34 lakh and total assets and liabilities of the Balance sheet have also been increased by Rs.46.05 lakh.

Based on our audit, we report that:

1. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit; the Balance Sheet and Income and Expenditure Account / Receipts and Payments Account dealt with in this report have been drawn up in the Format approved by Government of Andhra Pradesh in consultation with Comptroller and Auditor General of India.
2. We report that the Balance Sheet and the Income and Expenditure Account/Receipts and Payments Account dealt with by this report are properly drawn up and are in agreement with the books of account. However, the audit observations on the financial transactions with regard to compliance with the law, rules and regulations (propriety and regularity) and efficiency-cum-performance aspects, if any, are issued separately through inspection reports.
3. In our opinion and to the best of our information and according to the explanations given to us the said Balance Sheet, Income and Expenditure Account/Receipts and Payments Account read together with the Accounting Policies and Notes thereon, and subject/due to the significant matters stated above and other matters mentioned in the Separate Audit Report annexed herewith, give a true and fair view.
  - a. In so far as it relates to the Balance Sheet of the state of affairs of the Andhra Pradesh Electricity Regulatory Commission as at 31<sup>st</sup> March, 2007; and
  - b. In so far as it relates to the Income and Expenditure Account of the deficit for the year ended on that date.

Place: Hyderabad  
Date: 03.01.2014

Sd/-  
(LATA MALLIKARJUNA)  
ACCOUNTANT GENERAL (E&RSA)

**SEPARATE AUDIT REPORT ON THE ACCOUNTS OF**  
**THE ANDHRA PRADESH ELECTRICITY REGULATORY COMMISSION**  
**FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2007**

**A) INTRODUCTORY:**

The Andhra Pradesh Electricity Regulatory Commission established under Section 3(1) of the Andhra Pradesh Electricity Reform Act, 1998 came into existence in March, 1999.

The main functions of the Commission include:

- To aid and advise in matters concerning electricity generation, transmission, distribution and supply in the State.
- To regulate the working of the licensees.
- To issue licenses in accordance with the provisions of this Act.
- To promote efficiency, economy and safety in the use of electricity in the State.
- To regulate the purchase, distribution, supply and utilization of electricity, the quality of service, the tariff and charges payable keeping in view both the interest of the consumer as well as the consideration that the supply and distribution cannot be maintained unless the charges for the electricity supplied are adequately levied and duly collected.
- To promote competitiveness and progressively involve participation of private sector while ensuring fair deal to the consumer.
- To undertake all connected incidental or ancillary activities.

The accounts of the Commission were audited under Section 104(2) of the Electricity Act, 2003.

This Separate Audit Report contains the comments of the Comptroller & Auditor General of India on the accounting treatment only with regard to classification, conformity with best accounting practices, Accounting Standards disclosure norms, etc. Audit observations on financial transactions with regard to compliance with the law, rules and regulations (propriety and regularity), etc., if any, are issued separately after separate transaction audit.

**B) FORM OF ACCOUNTS:**

The Commission prepared its accounts in accordance with provisions of Para II(1) of Part-I of schedule to Andhra Pradesh Electricity Reform Act, 1998, and in the format approved by the Comptroller & Auditor General of India.

**C) ORGANISATIONAL SET UP:**

The Commission consists of Chairman and two Members who are assisted by the Secretary to discharge their functions.

**D) OPERATIONAL PERFORMANCE:**

**i) Grants-in-Aid:**

Andhra Pradesh Electricity Regulatory Commission is financed mainly by way of grants-in-aid from Government of Andhra Pradesh. During the year, the Commission received Rs.3.79 crore

as grants towards revenue expenditure. No grant was, however, received from the State Government towards capital expenditure during the year.

ii) **Cash and Bank balances (Schedule-K): Rs 2.21 crore**

The "Cash and Bank balances" of the Commission which stood at Rs.1.57 crore at the end of 31<sup>st</sup> March, 2006 marginally increased to Rs.2.21 crore to the end of 31<sup>st</sup> March, 2007. The "Cash and Bank balances" at the end of 31<sup>st</sup> March, 2007 represents 62.96 percent of the net expenditure (excluding depreciation), which is equal to 7.56 months average requirement of the total expenditure (Rs.3.51 crore), for the year 2006-07. This was due to the Commission claiming and receiving Grants-in-Aid over and above the actual requirement and expenditure incurred.

iii) **License Fee:**

The Commission recovered an amount of Rs.4.97 crore during the year towards License fee, and the same was remitted to the State Government.

E) **COMMENTS ON ACCOUNTS:**

Based on the provisional comments issued in the separate audit report, the accounts of the Commission had been revised. Due to revision, the excess of income over expenditure amounting Rs.7.21 lakh had been turned into excess of expenditure over income of Rs.2.34 lakh. Total assets and liabilities of the Balance Sheet have also been increased by Rs.46.05 lakh. As such, there are no further comments to offer.

Place: Hyderabad  
Date: 03.01.2014

Sd/-  
(LATA MALLIKARJUNA)  
ACCOUNTANT GENERAL (E&RSA)

ANDHRA PRADESH ELECTRICITY REGULATORY COMMISSION  
RECEIPTS AND PAYMENTS ACCOUNT FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2007

Receipts	Current Year 2006-07	Previous Year 2005-06	Payments	Current Year 2006-07	Previous Year 2005-06
	Rs.	Rs.		Rs.	Rs.
To <u>Balance b/d</u>			By <u>Pay &amp; Allowances to Chairman &amp; Members</u>		
a) <u>Cash at Bank</u>			a) Salaries	1973398.00	2270932.00
State Bank of India	15700695.26	16794256.36	b) <u>Other Benefits</u>		
Indian Overseas Bank	5206.50	5140.50	Water Charges	20024.00	21162.00
b) Cash on Hand	10000.00	5000.00	Electricity Charges	76850.00	84614.00
To <u>Grants-in-Aid</u>			Leased Accommodation	330000.00	330000.00
a) Towards Revenue A/c	37914000.00	34389000.00	Providing Security Guards	21600.00	244046.00
b) Towards Capital A/c			Transfer TA		
To Licence Fee	49741779.90	43848710.00	Reimbursement of Newspaper Charges	6831.00	6123.00
To <u>Loans</u>			c) <u>Travelling Expenses</u>		
a) From Govt.			i) Overseas	502336.00	
b) From Others Specify			ii) Domestic	810367.00	777863.00
To <u>Sales</u>			By Pension and Retirement Benefits	528804.00	151212.00
a) Sale of Publications			By <u>Pay &amp; Allowances to Officers and Staff</u>		
b) Sale of Assets	165634		a) Salaries	15539127.00	13696649.00
c) Sale of Tender Documents			b) Wages	1164116.00	
d) Sale of Investments			c) <u>Other Benefits</u>		
To <u>Interest Income</u>			Reimbursement of Newspaper Charges	9185.00	7662.00
a) Interest on Investments			d) <u>Travelling Expenses</u>		
b) Interest on Deposits	619445		i) Overseas		
To <u>Recoveries towards Loans &amp; Advances</u>			ii) Domestic	545386.00	452231.00
a) Principal	270444.00	108773.00	e) Over Time		
b) Interest			f) Honorarium by hiring of Man Power		583649.80
To <u>Recoveries for Remittance</u>			By <u>Office Expenses</u>		
a) Income Tax	64164		a) Printing & Stationery	826946.00	711876.00
b) Salary Recoveries			b) Publication Expenses		
To <u>Miscellaneous Receipts</u>			c) Postage & Telegram Charges	42021.00	54482.00
a) Sale of Tariff Order	78235.00	53690.00	d) Telephone Charges	913725.00	577610.20
b) Recruitment Fee			e) Electricity & Water Charges	1382809.00	870839.00
c) Miscellaneous	170920.00	4666.00	f) Insurance, Rents & Taxes	3803037.00	3939709.00
d) Fee for Filing Petitions	5470500.00	284000.00	g) POL	375141.78	383559.00
Mohision Motor Needs	872.36		By AMC & Other Miscellaneous Expenses	779815.50	813269.50
To TTA Advance			By Advertisement Expenses	495440.00	589090.00
To Temp Advance given for Public Hearing adjusted			By Training Expenses	183865.40	118200.00
Reduction in Advance for Petrol			By Hiring of Private Vehicles	946090.00	892829.00
To Advance to Landlords			By Payment of Professional and Special Services	1641846.00	2301615.00
To Remittance of Official Furniture A/c by Retired Member			By Subscription & Membership	176260.00	226254.00
To Books A/c (Recoved from Ex-Dir/Admn)			By Hospitality Charges	264972.00	215306.10
To Refund of Telephone Deposit			By Receipts remitted to Government of AP A/c	51465000.00	44191000.00
To EMDs		299829.20	By Audit Fee		
			By <u>Repairs &amp; Maintenance</u>		
			a) Buildings		299309.00
			b) Vehicles	73794.00	89770.00
			By <u>Capital Expenditure</u>		
			Office Vehicles	731155.00	
			Furniture (Office)	39755.00	40767.00
			Computers		897052.00
			Air-Conditioners	23800.00	771940.00

Receipts	Current Year 2006-07	Previous Year 2005-06	Payments	Current Year 2006-07	Previous Year 2005-06
	Rs.	Rs.		Rs.	Rs.
			Books	14256.00	24967.00
			Mobile Phone Instrument		19800.00
			<u>Furniture (Commissioners)</u>		
			Annexure-I	24201.00	39612.00
			Annexure-II	153038.00	28675.00
			<u>By Deposits</u>		
			a) Telephones	26320.00	1000.00
			b) Tata Cellular		7000.00
			c) Advance to Leased Premises		
			d) POL		2424.50
			e) Advance to Mohsin Motor Needs		
			f) LPG Refill Deposit		
			g) Adv to SCCL towards Infrast. of Office Accommodation		
			h) Temp. Advance	115740.00	1300689.00
			I) T.A. Advance	9400.00	6000.00
			j) Milk Advance		
			k) EMDs	41397.00	164059.20
			<u>By Bank Charges</u>		
			a) Interest		
			b) Collection		
			c) Commission etc., (unsigned DD)	80.00	
			By Loans & Advances to Employees	1361000.00	98300.00
			<u>By Repayment of Loans</u>		
			a) Government		
			b) Others		
			By Audit Fees		
			By I. Tax & Other Recoveries Remitted to Govt. A/c		
			By Recovery of Excess Pay & Allowances		
			By Income Tax on perquisites	502008.00	974016.00
			<u>By Payment of Outstanding Expenses for the Year 2005-06</u>		
			To SCCL towards infrastructure of Office accommodation		800000.00
			By Transfer to Receipts A/c	165634.00	
			<u>By Closing Balances</u>		
			a) Cash on Hand	10036.00	10000.00
			b) <u>Cash at Bank</u>		
			State Bank of India	18093763.94	15700695.26
			Indian Overseas Bank	4001525.40	5206.50
<b>Total</b>	<b>110211896.02</b>	<b>95793065.06</b>	<b>Total</b>	<b>110211896.02</b>	<b>95793065.06</b>

ANDHRA PRADESH ELECTRICITY REGULATORY COMMISSION  
INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2007

Expenditure	Schedule	Current Year 2006-07	Previous Year 2005-06	Income	Schedule	Current Year 2006-07	Previous Year 2005-06
		Rs.	Rs.			Rs.	Rs.
To Salaries	A	18281127.00	15753389.82	By Grants-in-Aid			
To Travelling Expenses	B	1854656.00	1189275.00	a) For Salaries		15404000.00	17879000.00
To Retirement Benefits	C	528804.00	151212.00	b) Other Revenue Grants-in-aid		22510000.00	16510000.00
To Wages				By Excess of Expenditure Over Income		233814.13	
To Overtime							
To Training Expenses		183865.40	118200.00				
To Hiring of Man Power		1076472.00	583649.80				
To Office Expenses	D	10745655.28	11171073.96				
To Repairs and Maintenance		73794					
To Staff Welfare Expenses							
To Loss on Sale of Assets/Investments		352962.15					
To Advertisement Expenses		297482.00	589090.00				
To Depreciation	E	3022010.30	2808725.00				
To Bad Debts Written off							
To Provisions for Outstanding Expenses							
Salaries	A	436778.00	197896.00				
Travelling Expenses	B	11916.00	3433.00				
Office Expenses	D	1194311.00	441693.00				
Advertisement Expenses			197958.00				
Hiring of Man Power		87981.00	87644.00				
Payment to SCCL							
To Audit Fees			50000.00				
To Excess of Income over Expenditure			1045760.42				
(Transferred to Capital account)							
<b>Total</b>		<b>38147814.13</b>	<b>34389000.00</b>	<b>Total</b>		<b>38147814.13</b>	<b>34389000.00</b>

## ANDHRA PRADESH ELECTRICITY REGULATORY COMMISSION

BALANCE SHEET AS ON 31<sup>st</sup> MARCH, 2007

Liabilities	Schedule	Current Year	Previous Year	Assets	Schedule	Current Year	Previous Year
		2006-07	2005-06			2006-07	2005-06
		Rs.	Rs.			Rs.	Rs.
Funds				Fixed Assets	E		
a) Capital Funds		27952149.79	26906389.37	Gross Block		24035719.21	22917737.21
Add: Excess of Income Over Expenditure			1045760.42	Less Depreciation	(-)	14157834.25	11747946.80
b) Capital Grants				Net Block		9877884.96	11169790.41
Less: Excess of Expenditure Over Income		233814.13					
		27718335.66	27952149.79				
Reserves				Capital Work in Progress	E		
Loans From:	L			Investments	F		
a) Government				Deposits and Advances	G	633917.99	1778936.55
b) From Others				Loans and Advances to Staff	H	1674654.00	584098.00
Current Liabilities and Provisions				Accounts Receivable	I		
Due to Government (Receipts)		4621006.40	5206.50	Other Current Assets	J		
Provisions for Outstanding Expenses				Cash and Bank Balances	K	22105325.34	15715901.76
Salaries		436778.00	197896.00	Due from APTransco			
Travelling Expenses		11916.00	3433.00				
Office Expenses		1194311.00	441693.00				
Advertisement Expenses			197958.00				
Hiring of Manpower		87981.00	87644.00				
Payment to SCCL (infra)		12917.23	12917.23				
Due to Income Tax Dept.		64164.00					
Due to Profession Tax							
Audit Fee		50000.00	50000.00				
EMD		94373.00	299829.20				
<b>Total</b>		<b>34291782.29</b>	<b>29248726.72</b>	<b>Total</b>		<b>34291782.29</b>	<b>29248726.72</b>



**ANDHRA PRADESH ELECTRICITY REGULATORY COMMISSION  
ANNUAL ACCOUNTS 2006-07**

**Schedule-A**

<b>Salaries</b>	<b>Current Year 2006-07</b>	<b>Previous Year 2005-06</b>
	<b>Rs.</b>	<b>Rs.</b>
Salaries to Chairman & Members	1973398.00	2270932.00
Salaries to Officers & Staff	15539127.00	13696649.00
Other benefits to Chairman & Members	957313.00	685945.00
Other benefits to Officers & Staff	9185.00	7662.00
<b>Total</b>	<b>18479023.00</b>	<b>16661188.00</b>
LESS: Pertaining to Previous Year	197896.00	907798.18
	<b>18281127.00</b>	<b>15753389.82</b>
ADD: Outstanding Liabilities for Current Year	436778.00	197896.00
	<b>187179.5.00</b>	<b>15951285.82</b>

**Schedule-B**

<b>Particulars</b>	<b>Current Year 2006-07</b>	<b>Previous Year 2005-06</b>
	<b>Rs.</b>	<b>Rs.</b>
Travelling Allowances to Chairman & Members		
a) Overseas	502336.00	0.00
b) Domestic	810367.00	777863.00
Travelling Allowances to Officers & Staff		
a) Overseas	0.00	0.00
b) Domestic	545386.00	452231.00
Transfer T.A.		
<b>Total</b>	<b>1858089.00</b>	<b>1230094.00</b>
LESS: Pertaining to Previous Year	3433.00	40819.00
	<b>1858089.00</b>	<b>1189275.00</b>
ADD: Outstanding for Current Year	11916	3433.00
	<b>1866572.00</b>	<b>1192708.00</b>

**ANDHRA PRADESH ELECTRICITY REGULATORY COMMISSION  
ANNUAL ACCOUNTS 2006-07**

**Schedule-C**

<b>Retirement benefits</b>	<b>Current Year 2006-07</b>	<b>Previous Year 2005-06</b>
	<b>Rs.</b>	<b>Rs.</b>
Contribution to Provident Fund		
Pension	528804.00	151212.00
Gratuity	0.00	0.00
Other benefits	0.00	0.00
<b>Total</b>	<b>528804.00</b>	<b>151212.00</b>

**Schedule-D**

<b>Office Expenses</b>	<b>Current Year 2006-07</b>	<b>Previous Year 2005-06</b>
	<b>Rs.</b>	<b>Rs.</b>
Printing & Stationery	826946.00	711876.00
Postage & Telegram Charges	42021.00	54482.00
Telephone Charges	913725.00	577610.20
Electricity & Water Charges	1382809.00	870839.00
Insurance, Rents & Taxes	3803037.00	3939709.00
POL	375141.78	383559.00
Other Miscellaneous Expenditure	779815.50	1336446.01
Hiring of Private Vehicles	946090.00	892829.00
Payment of Professional & Special Services	1641846.00	2301615.00
Subscription & Membership	176260.00	226254.00
Hospitality Charges	264972.00	215306.10
Computer Stationery (APTS)	34685.00	0.00
<b>Total</b>	<b>11187348.28</b>	<b>11510525.31</b>
LESS: Pertaining to Previous Year	441693.00	339451.35
	<b>10745655.28</b>	<b>11171073.96</b>
ADD: Outstanding for Current Year	1194311.00	441693.00
	<b>11939966.28</b>	<b>11612766.96</b>

ANDHRA PRADESH ELECTRICITY REGULATORY COMMISSION  
ANNUAL ACCOUNTS 2006-07

Schedule-E

Name of the Asset	Gross Block				Depreciation				As on 31-03-2007 (B)	Net Block (A) - (B)
	Original cost	Additions during the year 2006-07	Deductions	Cost as on 31-03-2007 (A)	As on 01-04-2006	For the year 2006-07				
						Existing stock	Current year's stock	Adjustments		
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
Cars	1248156.00	731155.00	481970.00	1497341.00	804196.00	79562.00	65955.00	319652.00	630061.00	867280.00
Furniture (Office)	2401568.65	39755.00		2441323.65	788142.00	152019.00	906.00		941067.00	1500256.65
Furniture (Commissioners)	0.00			0.00					0.00	
Annexure-I	159055.95	24201.00		183256.95	133589.95	12733.00	4840.00		151162.95	32094.00
Annexure-II	529907.29	153038.00	112658.00	570287.29	288024.00	36306.00	10066.00	50024.00	284372.00	285915.29
Computers	4999264.70			4999264.70	3280842.00	810381.00	0.00		4091223.00	908041.70
Software	0.00	1013630.00		1013630.00	0.00	0.00	165513.00		165513.00	848117.00
Projector	0.00	83232.00		83232.00	0.00	0.00	12457.00		12457.00	70775.00
Air-Conditioners	1950018.72	23800.00		1973818.72	295253.00	92626.00	471.00		388350.00	1585468.72
Air-Cooler	155660.00		155660.00	0.00	26555.85	1094.00		27649.85	0.00	0.00
Stabilizers	73200.00			73200.00	21205.00	3477.00			24682.00	48518.00
Fax/Frinking Machine	58500.00			58500.00	18766.00	2779.00			21545.00	36955.00
Type Writer	10375.00			10375.00	3328.00	493.00			3821.00	6554.00
Water Cooler	20746.00			20746.00	6690.00	985.00			7675.00	13071.00
Ceiling Fans	76908.00			76908.00	16759.00	3653.00			20412.00	56496.00
Refrigerator	14990.00			14990.00	4509.00	712.00			5221.00	9769.00
Modi Xerox	146090.00			146090.00	42501.00	6939.00			49440.00	96650.00
Books	371060.60	14256.00		385316.60	229530.00	55659.00	740.00		285929.00	99387.60
EPABX	232619.00			232619.00	69978.00	11049.00			81027.00	151592.00
Software	982450.30			982450.30	967052.00	15398.30			982450.30	0.00
Public Address System	187965.00			187965.00	97020.00	30469.00			127489.00	60476.00
Wooden Partition	684968.00			684968.00	420790.00	111033.00			531823.00	153145.00
Court Hall Furniture	309630.00			309630.00	129033.00	19600.00			148633.00	160997.00
M.S. and Ceiling Mount Kit	45795.00			45795.00	19176.00	7423.00			26599.00	19196.00
Infrastructure	7862917.00			7862917.00	3823737.00	1274579.00			5098316.00	2764601.00
Frinking Machine	59280.00			59280.00	6805.00	2816.00			9621.00	49659.00
100 mbps Switches	89000.00			89000.00	33663.00	14427.00			48090.00	40910.00
Mobile Phones	19800.00			19800.00	4950.00	14850.00			19800.00	0.00
Misc. Assets	13015.00			13015.00	1055.00	0.00			1055.00	11960.00
<b>Total</b>	<b>22702940.21</b>	<b>2083067.00</b>	<b>750288.00</b>	<b>24035719.21</b>	<b>11533149.80</b>	<b>2761062.30</b>	<b>260948.00</b>	<b>397325.85</b>	<b>14157834.25</b>	<b>9877884.96</b>

Depreciation on assets has been calculated as detailed below:

Depreciation calculated on Fixed Assets in Straight Line Method as per the rates prescribed in the Schedule XIV of the Companies Act 1956

SL.No.	Name of the Asset	Rate of Depreciation
1	Office Vehicles	9.5%
2	Furniture (Office)	6.33%
3	Computers	16.21%
4	Stabilizers	4.75%
5	Air-Conditioners	4.75%
6	Refrigerator	4.75%
7	Ceiling Fans	4.75%
8	Fax Machine	4.75%
9	Typewriter	4.75%
10	Water Cooler	4.75%
11	Modi Xerox	4.75%
12	Books	15%
13	Software	20%
14	EPABX	4.75%
15	Projector	16.21%
16	Cell Phones	100%

Depreciation worked out on the furniture provided to the residences of Commissioners as per the rates prescribed in the Service Conditions of the High Court Judges.

Annexure - I 50% (SLM)  
Annexure - II 15% (WDM)

(Straight Line Method)  
(Written Down Value Method)

**ANDHRA PRADESH ELECTRICITY REGULATORY COMMISSION  
ANNUAL ACCOUNTS 2006-07**

**Schedule-G**

<b>Deposits and Advances</b>	<b>Current Year 2006-07</b>	<b>Previous Year 2005-06</b>
	<b>Rs.</b>	<b>Rs.</b>
Deposits with Government	0.00	0.00
Deposits with Private parties	0.00	0.00
Advances to Government & Government Companies	0.00	0.00
<b>Advances to Others</b>		
Telephone Deposits	107320.00	81000.00
Tata Cellular Deposits	41000.00	41000.00
Advance for Leased Accommodation	115000.00	115000.00
Advance to Mohsin Motor Needs	14965.99	15838.35
LPG Refill Deposit	3100.00	3100.00
BSNL (Computers)	20000.00	20000.00
Annual Port Charges (Computers)	30000.00	30000.00
Milk (APDDCF Ltd.)	1000.00	1000.00
Life Water Security Pvt. Ltd.,	1250.00	1250.00
T.A. Advance	15400.00	6000.00
Advance to APTS	159142.00	0.00
Temp. Advance	125740.00	1300689.00
EMD	0.00	164059.20
<b>Total</b>	<b>633917.99</b>	<b>1778936.55</b>

**Schedule-H**

<b>Loans &amp; Advances</b>	<b>Current Year 2006-07</b>	<b>Previous Year 2005-06</b>
	<b>Rs.</b>	<b>Rs.</b>
Loans and Advances to Employees	1674654.00	584098.00
Loans and Advances to Contractors	0.00	0.00
Other Loans & Advances	0.00	0.00
<b>Total</b>	<b>1674654.00</b>	<b>584098.00</b>

**Schedule-K**

<b>Cash and Bank balances</b>	<b>Current Year 2006-07</b>	<b>Previous Year 2005-06</b>
	<b>Rs.</b>	<b>Rs.</b>
Cash on Hand	36.00	0.00
Imprest	10000.00	10000.00
<b>Balance with Banks</b>		
State Bank of India	18093763.94	15700695.26
Indian Overseas Bank	4001525.40	5206.50
<b>Total</b>	<b>22105325.34</b>	<b>15715901.76</b>

**ANDHRA PRADESH ELECTRICITY REGULATORY COMMISSION  
NOTES ON ACCOUNTS 2006-07**

- 1) The Accounts of the Commission are prepared on accrual basis except for stamps, stationery and other petty expenses.
- 2) Depreciation on the assets of the Commission (excluding the furnishing articles provided to the residences of the Chairman and Members of the Commission) is provided at the SLM rates specified in schedule XIV to the Companies Act, 1956.
- 3) Depreciation on the Furnishing Articles supplied to the Chairman and Members of the Commission is provided at 50 percent on SLM in respect of articles falling under Annexure-I and 15 percent on WDV method in respect of articles specified in Annexure-II in line with High Court Judges (Writing off, selling and utilization of Furnishing Articles) Rules, 1990.
- 4) As per the Commission's order cent percent depreciation provided on capital items purchased at a time upto Rs.10,000/- during the Financial Year.
- 5) No retirement benefit fund has been created to meet the future liability of the pensionary benefits of the employees of the Commission because the SERC fund as envisaged in the Electricity Act, 2003 was not constituted and the funds are being provided by the Government from its Annual budget.
- 6) The Commission has received Grants-in-Aid towards Salaries and Other Grants-in-Aid, for which one bank account is operated and the entire expenditure of the Commission will be met from that bank account and 'Excess of income over expenditure' or 'Excess of expenditure over income' may be treated as Capital Fund.
- 7) All the assets shown in the balance sheet have been created from the Other grants-in-aid received from the Government.

(BY ORDER OF THE COMMISSION)

Sd/-  
M.D.Manohar Raju  
Commission Secretary

**ANDHRA PRADESH ELECTRICITY REGULATORY COMMISSION**  
**ANNUAL STATEMENT OF ACTIVITIES FY 2006-07**

**EXECUTIVE SUMMARY**

**The Commission**

The Andhra Pradesh Electricity Regulatory Commission (hereinafter called “the Commission”) was constituted vide G.O. Ms. No. 65, Energy (Power III) dated 31-3-1999 as an independent statutory body under the provisions of A.P. Electricity Reform Act, 1998 (hereinafter called the “Reform Act”). The Commission comprises a Chairman and two Members, appointed by the Government of A.P. (GoAP) as per the selection procedure prescribed in the Reform Act. The Commission became operational w.e.f. 3<sup>rd</sup> April, 1999.

The Electricity Act, 2003 (hereinafter called “the Central Act”), came into force w.e.f. 10-06-03. While repealing the three earlier Acts viz., the Indian Electricity Act, 1910, the Electricity (Supply) Act, 1948 and the Electricity Regulatory Commissions Act, 1998, the new Act saved the provisions of the Reform Act, not inconsistent with the provisions of the new Act, will continue to apply in the State of Andhra Pradesh.

The main functions of the Commission are:-

- To aid and advise the State Government in matters concerning generation, transmission, distribution and supply of electricity in the State;
- To regulate the working of licensees and to promote their working in an efficient, economical and equitable manner;
- To issue licences in accordance with the provisions of the Act(s);
- To determine the tariff for generation, supply, transmission and wheeling of electricity;
- To regulate electricity purchases and procurement process of Distribution Licensees including the price for the electricity to be purchased;
- To facilitate intra-state transmission and wheeling of electricity;
- To promote co-generation and generation of electricity from renewable sources of energy;
- To adjudicate upon the disputes between the licensees and generating companies;
- To fix the trading margin in the intra-state trading of electricity if considered necessary; and
- To specify the standards with respect to quality, continuity and reliability of service by Licensees.

The present report refers to the major activities of the Commission during the FY 2006-07, the eighth functional year, after the constitution of the Commission. Highlights of the Tariff Order for FY 2006-07 are:

- The FY 2006-07 saw public acclaim of the work done by the Commission in bringing reforms in the electricity sector. This is largely on account of the innovative initiatives taken by the Commission, like arranging Video Conference with the public, introducing the concept of e-filing by the Discoms and the Objectors, providing the ‘Cost of service of the Discoms in the Tariff Order to bring about efficiencies in the functioning of the Licensees.

- The balance two-year Tariffs were finalized for the control period 2007-08 & 2008-09 for SLDC charges, based on the Multi-Year-Tariff (MYT) Regulation, already issued by the Commission during 2005-06.
- Subsequent to issue of MYT order for Distribution business, the tariffs of Retail Supply business of all the four (4) Discoms in AP state were finalized for the FY 2007-08.
- In exercise of powers conferred u/s 181(2)(g) read with Section 32(3) of the Electricity Act, 2003 (36 of 2003) and all other powers enabling it in that behalf, the Andhra Pradesh Electricity Regulatory Commission made a Regulation on Levy and Collection of Fees and Charges by State Load Dispatch Centre [SLDC] (Regulation No.1 of 2006).
- In exercise of powers conferred by Section 181 read with Section 42(2), 66 and 94(2) of the Electricity Act, 2003 (36 of 2003) and all other powers enabling it in that behalf, Regulation No.2 of 2006 on Interim Balancing and Settlement Code for open access transactions was issued.
- The basic thrust of the Tariff Order (FY 2006-07) has been to introduce best practices and to ensure that all stakeholders benefit from Reforms.

#### **Activities during 2006-07, in Brief**

##### **i) Licencing**

No fresh licences were issued during 2006-07.

##### **ii) Issue of Regulations**

The Commission issued the following six Regulations during the year, under the Central Act, namely,

- a) The APERC (Levy & Collection of Fees and Charges by State Load Dispatch Center) Regulation, 2006 (No.1 of 2006) under section 181(2)(g), read with Section 32(3) of the Electricity Act, 2003 (36 of 2003). Notified in the AP Extraordinary Gazette dated 27.07.2006.
- b) The APERC (Interim Balancing & Settlement Code for Open Access) Regulation, 2006 (No.2 of 2006) under section 181 read with Sections 42(2), 66 and 94(2) of the Electricity Act, 3 (36 of 2003). Notified in the AP Extraordinary Gazette dated 11-08-2006.

Further, the Commission issued the following Orders during the year 2006-07

- a) Order dated 01.04.2006 in O.P. No.9 & 10 of 2006: The Commission while dismissing the petitions filed by M/s Hyderabad Chemical Products Ltd., and M/s Hyderabad Chemical Ltd., held that the Discoms have no obligation to purchase electricity generated by Non-Conventional Energy (NCE) developers in terms of the Commission's Orders in R.P. No.84 of 2003. It was further held that the Discoms cannot be directed to enter into PPAs with NCE developers.
- b) Order dated 01.04.2006 in O.P. No.13 of 2006: The Commission extends the applicability of the rates of Surcharge and the Additional Surcharge specified in its Order dated 21.09.2005 for different categories of consumers availing open access at different voltages from 1<sup>st</sup> April, 2006 onwards till the commission passes a final order on the proceedings already initiated.

- c) Order dated 15.04.2006 in O.P. No.22 of 2005: Petition filed by South Central Railway seeking exemption from payment of Security Deposit or, alternatively, accept post-dated Cheques as reasonable security in lieu of Security Deposit dismissed.
- d) Order dated 02.06.2006: The Commission passes orders in O.Ps.12/2006 and 20 to 30/2006 allowing the petitions filed by APTransco/Discoms for modifying the “delivered energy” clause in the PPAs with NCE developers.
- e) Order dated 29.07.2006 in O.P. Nos.2,3,4&5 of 2006: The Commission refuses to admit petitions from the Discoms seeking reconsideration of certain observations and findings in the Commission’s Tariff Order dated 23rd March, 2006, as it did not find any mistake apparent from the face of the record nor any sufficient grounds to entertain the petitions.
- f) Order dated 10.08.2006 in O.P. No.41 of 2006: The Commission refuses to admit petition filed by APTransco/Discoms seeking monetary relief from various generating companies for non-compliance with the instructions of the SLDC, as not maintainable.
- g) Order dated 28.08.2006 in O.P. Nos.11 of 2006: The Commission dismissed the petition filed by the Chairman of the Consumer Grievances Redressal Forum (CGRF) of APCPDCL for solving some problems being faced by him in the discharge of his official functions.
- h) Order dated 29.08.2006 in O.P. No.13 of 2006: The Commission passed orders determining Surcharge and Additional Surcharge u/s 39, 40 and 42 of the Electricity Act, 2 for the FY 2006-07.
- i) Order dated 16.09.2006 in O.P. No.27 of 2006: Interlocutory Application No.11 of 2006 filed by APGenco requesting for permission to amend the prayer by them in A.A. No.10 of 2006 is allowed by the Commission.
- j) Order dated 26.09.2006 in O.P. No.1 of 2006: The review petition filed by APTransco seeking review of the Commission Order on Transmission Tariffs for the First Control Period i.e., FY 2006-07 to FY 2008-09, SLDC charges for FY 2006-07 and to revise the Transmission charges is not admitted as not maintainable.
- k) Order dated 26.09.2006 in O.P. No.27 of 2006: Disposing of an interlocutory application by APGenco in a case filed by them for determination of tariff for the supply of power by APGenco to the Discoms, the Commission directed the respondent Discoms to pay certain fixed costs and variable costs for the energy delivered to APGenco.
- l) Order dated 29.09.2006 in O.P. No.27 of 2006: The Commission dismissed the interlocutory application filed by APGenco for allowing amendments to the petition filed by them in O.P. No.27 of 2006, holding that it is not able to agree with the petitioner’s contention that the petitioner is not able to find a method of allocating liabilities and associated costs to individual generating stations.



- m) Order dated 29.09.2006 in O.P. No.30 of 2006: The Commission dismissed the interlocutory application filed by M/s RPP Limited, requesting for issue of a direction to the APTransco & Discoms to forthwith wheel the energy to its customers in accordance with the monthly allocations mentioned in the Schedule 3 of the Power Wheeling and Purchase Agreement.
- n) Order dated 02.12.2006 in O.P. No.30 of 2006: Commission disposed of the petition filed by M/s RPP Ltd., partly allowing it.
- o) Order dated 31.12.2006 in O.P. No.19 of 2006: Commission passed orders duly giving its consent for the proposed amendments in the PPA with M/s Vemagiri Power Generation Limited.
- p) Order dated 02.03.2007 in O.P. No.28 of 2006: Interlocutory Application No.13 of 2006 filed by respondent M/s Spectrum Power Generation u/s 8 of the Arbitration and Conciliation Act, 1996 is dismissed.
- q) Order dated 07.03.2007 in O.P. No.02 of 2007: The Commission passed final orders regarding the PPA with M/s Balaji Energy Private Limited.
- r) Order dated 07.03.2007 in O.P. No.32 of 2006: The Commission passed tariff order on SLDC charges payable by Generating companies, Distribution Licenses and Trading Licensees for intra-state Transmission of electricity for the period FY 2007-08 and FY 2008-09.
- s) Order dated 20.03.2007: The Commission passed orders on the ARR/ERC filings made by Anakapalle, Cheepurupalli, Kuppam and Sircilla RESCOs for the year 2007-08.
- t) Order dated 22.03.2007 in O.P. No.19 of 2006: The review petition filed by M/s Vemagiri Power Generation Limited seeking review of the Commission's order for the proposed amendment in the PPA is not admitted as not maintainable.
- u) Order dated 28.03.2007 in O.P. No.40 & 41 of 2006: The Commission dismissed Interlocutory Application No.4 & 5 of 2007 filed under Regulation 55 of the Commission's Conduct of Business Regulations r/w Order 7 Rule 11 of the Code of Civil Procedure, 1908.
- v) Order dated 28.03.2007 in O.P. No.5 of 2007: The Commission passed interim order on determining Surcharge and Additional Surcharge u/s 39, 40 and 42 of the Electricity Act, 2003 for the FY 2006-07.
- w) Apart from the above:
- 09.11.2006: The Commission reviewed the Quality of Service data submitted by the four Discoms in the state and observed that none of the Discoms met the overall standards of performance laid down in respect of response to normal fuse off calls.
  - 27.11.2006: The Commission issued Draft Regulation on Transmission Licensee Standards of Performance inviting comments/suggestions from public on or before 18<sup>th</sup> December, 2006.

- 20.12.2006: The Commission issued revised guidelines for load forecasts, resource plans and power procurement plans.
  - 26.12.2006: The Commission has reviewed the reports submitted by the Discoms on faulty meters.
- iii) **Regulation of power purchases of Licensees**
- a) The Commission has given consent to the amendments (broadly relating to deletion of alternate fuel clause from the PPA and the consequent changes) proposed for the PPA dated 18.06.2003 with M/s Vemagiri Power Generation Ltd., on 31.12.2006.
  - b) The Commission has given consent u/s 21(4)(b) of the Reform Act for the 6 Nos PPAs of Discoms for purchase of power from NCE projects.
  - c) **Short Term Power Purchase**: The Commission approved 12 Nos of Short Term Power Purchases.
- iv) **Tariff Order Activity for FY 2006-07**
- a) The tariffs for the year 2007-08 were determined vide Tariff Order dated 22-03-2007.
  - b) The existing Load factor incentive scheme for category HT-I(A) - Industrial General continued in 2007-08 also.
  - c) The restriction that only the HT consumers under categories I to V are entitled to avail HT supply under category VI for the colonies of their employees had been deleted.
- v) **Monitoring the Licensees' Performance**
- a) The Commission conducted review meetings with the CMDs and other Officers of the Distribution Licensees (Discoms), to monitor the compliance of the Directives issued in successive Tariff Orders and also the efficiency improvement measures undertaken by the Licensees, compliance with Standards of Performance, and Implementation of RIMS (Regulatory Information Management System), etc.
  - b) During the year, the State Advisory Committee met two times, on 04-08-2006 and 12-02-2007, and deliberated on the issues related to (i) Licensees' Standards of Performances (ii) Review of the Tariff Orders & the Directives issued therein (iii) ARR/Tariff proposals of four Discoms for 2007-08.
- vi) **Consumer Assistance:**
- The Commission reviewed the details like number/nature of grievances reported in the Quarterly Returns & Annual Returns furnished by the Forums and the reports furnished by the Vidyut Ombudsman.
- The consumers, who have submitted grievances directly to the Commission, have been guided/advised to approach the Forums/Vidyut Ombudsman, depending upon the nature of the case.
- Certain representations, where the Licensees have not implemented the regulations, have been reviewed by the Commission.
- vii) **Human resource development**
- The Commission continued its proactive role in enhancing the capabilities of the officers and the staff of the Commission to deal with regulatory issues by sponsoring them for various training programs in the country.

**CHAPTER - I**  
**LICENCING AND INVESTMENT APPROVALS**

**1.1 Licences**

No fresh licences were issued during the year 2006-07.

**1.2 Exemptions**

No fresh exemptions were granted during the year 2006-07.

**1.3 Collection of annual fees from Licencees and for grant of exemptions**

The annual Licence fee was collected from APTransco, the four (4) Discoms and five (5) RESCOs. (Anakapalle, Cheepurupalli, Kuppam, Sircilla and Sanjay RESCOs).

**1.4 Investment approval - Distribution schemes**

The Commission approved the following investment schemes of worth Rs.5 Cr and above during 2006-07. The investment approved is the total project cost to be invested over 2 to 4 years and not the amount to invest during 2006-07. License conditions regulation is under process.

Sl. No.	Scheme Name	Estimated Cost (Rs. crore)
<b>CPDCL:</b>		
1	RGVY scheme	148.75
2	SI Meter scheme	86.85
3	SI - Anantapur	9.58
4	SI - Kurnool	12.28
5	SI - Nalgonda	7.82
6	SI - Medak	8.42
7	HVDS - Anantapur, Nalgonda and Mahabubnagar	458.77
8	P: SI Mahabubnagar	13.16
<b>CPDCL Total</b>		<b>745.63</b>
<b>EPDCL:</b>		
9	RGVY	196.45
10	HVDS Phase-3	50.23
<b>EPDCL Total</b>		<b>246.68</b>
<b>NPDCL:</b>		
11	P:SI Kamareddy	8.98
12	P:SI Peddapally	6.51
13	P:SI Jagityal Division-2	5.06
14	RGVY - REC scheme	151.30
15	HVDS Phase-3	34.55
16	P:SI (JBIC)	99.62
17	P:SI HVDS	125.19
<b>NPDCL Total</b>		<b>431.21</b>
<b>SPDCL:</b>		
18	SI Power Transformer	6.85
19	SI scheme - Guntur	6.12
20	HVDS Chittoor & Kadapa circles	334.40
21	RGVY - Krishna & Guntur	195.62
22	P:SI Guntur Dist.	7.43

Sl. No.	Scheme Name	Estimated Cost (Rs. crore)
23	SI Power Transformer (2007-08)	7.50
24	P:SI Kadapa	6.89
25	P:SI Krishna	5.72
<b>SPDCL Total</b>		<b>570.53</b>
<b>GRAND TOTAL</b>		<b>1994.05</b>

### 1.5 Investment approval - Transmission schemes

The Commission approved the investment of Rs.1048.88 crore in the following schemes proposed by APTransco:

Sl. No.	Scheme Name	Estimated Cost (Rs. crore)
1	SI scheme for erection of 132/33 kV substation at Kondapuram in Kadapa district.	6.83
2	SI scheme for erection of 220/132 kV substation at Palamaneru in Chittoor district.	36.37
3	Power evacuation scheme for evacuation of power from the Priyadarshini Jurala Hydro-Electric Power Project in Mahabubnagar district.	39.72
4	Power evacuation scheme for evacuation of power from the Rayalaseema Thermal Power Project in Anantapur district.	74.76
5	SI scheme for the erection of 132/33 kV substation at Martur in Prakasam district.	10.14
6	SI scheme for the erection of 132/33 kV substation at Nandikotkur in Kurnool district.	7.27
7	SI scheme for Augmentation of Power Transformers in 220 kV and 132 kV substations in Twin cities of Hyderabad and Secunderabad.	124.75
8	SI scheme for the erection of 132/33 kV Substation at Chityal in Warangal district.	11.30
9	SI scheme for erection of 132/33 kV substation at Peddanagaram in Warangal district.	16.03
10	400 kV Ring-Main scheme around the twin cities of Hyderabad, Secunderabad and Rangareddy district.	455.71
11	SI scheme for erection of 132/33 kV substation at Pamuru in Prakasam district.	14.32
12	Scheme for Augmentation of Power Transformers in 132 kV substations in various districts of Andhra Pradesh.	32.66
13	Augmentation of Transformers capacities in existing 400 kV substations.	89.15
14	SI scheme for erection of 132/33 kV substation at Moolavanka in Kadapa district.	9.06
15	SI scheme for erection of 132/33 kV substation at Racherla in Kurnool district.	11.99
16	SI scheme for erection of 132/33 kV substation at Pydibhimavaram in Srikakulam district.	15.81
17	SI scheme for erection of 132/33 kV substation at Chennur in Adilabad district.	13.10

<b>Sl. No.</b>	<b>Scheme Name</b>	<b>Estimated Cost (Rs. crore)</b>
18	SI scheme for erection of 132/33 kV substation at Sambepalle in Kadapa district.	11.81
19	SI scheme for erection of 132/33 kV substation at Narasanaapet in Srikakuram district.	15.40
20	SI scheme for erection of 132/33 kV substation at Rentachintala in Guntur district.	27.23
21	Providing 132 kV and 33 kV features in the existing 220 kV switching station at Nunna in Krishna district.	11.32
22	Providing 132 kV features in the existing 220 kV switching station at Peddapuram in East Godavari district.	6.17
23	Procurement, Installation and Implementation of Enterprise Resource Planning (ERP) software in APTransco.	7.98
<b>Total</b>		<b>1048.88</b>

**CHAPTER - II**  
**REGULATIONS AND OTHER ORDERS FOR IMPLEMENTATION OF THE**  
**PROVISIONS OF ELECTRICITY ACT, 2003**

**2.1 Regulation:**

The Commission issued two Regulations during the year, under the Central Act, as detailed hereunder:

**2.1.1 The APERC (Levy Collection of Fees and Charges by State Load Dispatch Center) Regulation, 2006 (No.1 of 2006) under section 32(3) read with Section 181(2)(g) of Electricity Act, 2003.**

This regulation was notified in the AP Extraordinary Gazette dated 27-07-2006.

**i) Registration of users and registration fee:**

All generating companies whose generating stations intending to get connected to the intra-state transmission network shall be required to register their generating stations with SLDC on payment of Rs.1,000/- per generating station (irrespective of the installed capacity) as Registration Fee.

The existing generating companies, Distribution Licensees and Trading Licensees connected to or intending to get connected to the State Grid shall register themselves with SLDC by filing an application along with the above-mentioned fee within a month of coming into force of this Regulation.

The SLDC, after scrutinizing the application and after being satisfied of the completeness and correctness of the information furnished in the application, shall register the application in its records duly intimating the applicant about its acceptance and also file a copy thereof with the Commission.

The SLDC shall file consolidated information about the generating companies and Licensees connected to the intra-state transmission network and being monitored/served by it, to the Commission by 15th November of every year.

**ii) Annual fee and operating charges:**

Users shall pay to SLDC an annual fee and monthly operation charges leviable on the electricity transmitted in MW (mega-watts), subject to the charges for a minimum of one MW, provided that for the purpose of billing and collection the above-mentioned fee and charges, a fraction of a MW shall be treated as one full MW. Provided further that the operating charges shall be leviable for a minimum period of one month, a fraction of a month being rounded off to a full month.

The annual fee shall be determined by the Commission after taking into account the required capital investment for setting up the Centre. The fee will be revised only on the basis of a filing made to the Commission by SLDC to cover any investments for up gradation and/or modernization of SLDC that may be required. The basis for

determination of the annual fee shall be the Capital cost to cover the repayment of principal and payment of interest on investments in a year, plus any residual capital cost of past investments.

The annual fee shall be computed as per the formula provided in the Regulation.

The Operating Charges shall be fixed for the year on the basis of the filing of the SLDC and will cover.

- **Employee Cost:** The employee cost to be considered for the year shall be as per the approved staffing plan or the actual employee cost, whichever is lower. As a first step, SLDC shall file the staffing plan within three months from the date of notification of this Regulation. The Commission will approve the staffing plan after examining the details thereof. The approval shall be for the purpose of cost recovery through operating charges alone and for no other purpose whatsoever.
  - **Administration and General Expenses & Repair & Maintenance Expenses:** These expenses for the first Control Period will be fixed on the basis of the information filed by SLDC and accepted by the Commission. Thereafter, these will be fixed as per the norms to be determined by the Commission.
  - **Other Expenses:** All other expenses, not covered by capital cost, employee cost, administration and general expenses or repairs & maintenance expenses shall fall under this category of expenses. The SLDC shall file the details of such expense, if any, at the time of its filings for the purpose of fixation of charges. The monthly operating charges per MW shall be computed as per the formula provided in the Regulation.
- iii) **Collection of SLDC fee and charges:** The SLDC charges (Annual Fee and Operating Charges) shall be payable by generating companies and trading licensees using the intra-state transmission network under any agreement or arrangement with the transmission licensee in proportion to the capacity contracted.

**Fees:** The annual fee as specified by the Commission shall be paid by all users in advance in two equal installments by 10<sup>th</sup> of April and 10<sup>th</sup> of October, every financial year starting from 2007-08 onwards.

Provided that in case where the usage of intra-state transmission system commences after the 10<sup>th</sup> of April or the 10<sup>th</sup> of October of a year, the fee for the period upto 30<sup>th</sup> September of the year and 31<sup>st</sup> March of the subsequent year respectively shall be required to be paid before the commencement of intra-state transmission.

**Operating Charges:** The operating charges of SLDC shall be paid monthly.

If the fee and charges as the case may be are not paid by the due date(s) surcharge at the rate of to percent per month shall be levied on the unpaid amounts.

An amount equivalent to two months operating charges shall have to be deposited in advance by every user as security against default in payment of operating charges.

iv) **Application for determination of fee and charges:**

The SLDC shall file with the Commission an application/petition for the control period with statements containing details of the Fee and Charges under its currently approved levels of fee and charges along with the proposals, if any, for determination of fee and charges for the ensuing control period by 30<sup>th</sup> November immediately preceding the first year of the control period.

A control period shall normally be of during of five years. The first control period shall, however, be of 2 year duration from FY 2007-08 to FY 2008-09. The subsequent control period shall be of five-year duration each, starting from FY 2009-10.

The SLDC shall submit an investment plan for each control period, by not less than 120 days before commencement of the control period. The investment plan must include, inter-alia, the sources of funds for investment.

The application for determination of fee and charges shall be posted at the SLDC's website in downloadable format for easy accessibility y all stakeholders.

v) **Segregation of accounts:**

As specified in clause 5 of the APERC (Terms and Conditions for Determination of Transmission Tariff) Regulation, 2005 (Regulation No.5 of 2005), APTransco shall be required to maintain separate accounts for SLDC activity and till such time as the accounts are not so segregated, it shall apportion its costs on the basis of an allocation statement to be submitted to the Commission with all relevant details.

vi) **Applicability of fee and charges:**

The SLDC fee and charges as determined by the Commission shall take effect from the date as may be specified in the Commission's order on the application of SLDC.

The SLDC fee and charges so determined by the Commission shall be valid for the period as may be specified by the Commission in its aforementioned order or otherwise.

vii) **Use of the information:**

The Commission shall have the right to use the information submitted by the SLDC as if deems fit including publishing it or placing it on the Commission's website/APTransco's website.



**2.1.2 The APERC (Interim Balancing & Settlement Code for Open Access) Regulation, 2006 (No.2 of 2006) under sections 42(2), 66 and 94(2) read with Section 181 of Electricity Act, 2003.**

This regulation was notified in the AP Extraordinary Gazette dated 11-08-2006.

**i) Extent of application:**

The Interim Balancing & Settlement Code set out in this Regulation shall apply to Open Access generators, scheduled consumers and OA consumers.

**ii) Scheduling:**

Each Open Access generator, scheduled consumer and OA consumer shall provide a Wheeling Schedule in the format as at Appendix-i(a), to the SLDC/Discom for each fifteen (15) minute time block for a day, on a day-ahead basis by 10 am on the day preceding the commencement of the first time block for which the wheeling of energy is scheduled, with a copy each to the State Transmission Utility (APTransco) and the concerned Discom.

Provided that an Open Access generator, scheduled consumers and OA consumer requiring to wheel electricity from more than one generating station with the interface points located at different locations (with separate metering at each entry point) shall provide separate wheeling schedule for the entry point(s) of each generating station.

Provided also that the Wind based or Mini Hydel Open Access generators shall not be required to provide a day-ahead wheeling schedule and the actual electricity injected by them shall be deemed to be the scheduled energy.

The OA generators scheduling their supply to more than one scheduled/OA consumer or the scheduled/OA consumer receiving supply from more than one OA generator shall communicate to the SLDC/Discom (along with the day-ahead schedule) the inter-se order of allocation of the actual generation among the schedule/OA consumers or the inter-se order of allocation of the actual consumption among the OA generators as the case may be. Such communication of inter-se order of allocation/consumption to the SLDC/Discoms shall be deemed to have been done with prior consent of all the parties involved and binding on all the OA generators, scheduled consumers and OA consumers.

In the event of failure to submit the wheeling schedule in accordance with clause 4.1, the latest wheeling schedule available with the SLDC/Discom shall be treated as the effective wheeling schedule.

SLDC shall communicate the final day-ahead schedule to the respective parties along with inter-se order of allocation of consumption/generation capacities wherever applicable as per the time frame set out in the State Grid code and the same shall be binding on all parties

**iii) Allocation of capacity by OA Generators:**

The sum total of the capacity allocations by an OA generator for any time block to all the scheduled consumers and OA consumers shall not exceed the available capacity from his generating plant being not higher than the installed capacity or contracted Open Access capacity, whichever is lower.

The OA generator shall also indicate the allocated capacity in kW at the exit point(s) for each consumer in the Format at Appendix-1(a) using the loss levels as specified in the applicable Tariff Order of the Commission. The energy account of the billing month shall be finalized based on the transmission and distribution losses specified by the Commission in the applicable Tariff Order.

The SLDC/Discom shall verify the capacity allocated at the exit point(s) and correct it in case of discrepancy, if any. The computations of SLDC shall be final and binding on all.

**iv) Revision of wheeling schedule:**

In case of any system constraint, the SLDC/Discom may modify the schedules of Open Access generators, scheduled consumers and/or the OA consumers, as the case may be, at any time in accordance with the Grid code and the Open Access regulation, which shall be conveyed to them. Compliance with the instructions of SLDC shall not be reckoned as a deviation by the concerned generator/consumer from the schedule. The Open Access generator, scheduled consumer or OA consumer, shall not, however, be entitled to revise a wheeling schedule during the course of a day.

**v) Meter reading, energy accounting and settlement:**

SLDC shall undertake the accounting of energy for each time block on monthly basis with the assistance of the Energy Billing Centre (EBC) of the State Transmission Utility (STU) in respect of the Open Access generators, scheduled consumers and the OA consumers who are connected to the transmission system. In respect of the Open Access generators, scheduled consumers and the OA consumers who are connected to the distribution system, it is the EBC that shall be responsible for energy accounting and settlement in co-ordination with the Discoms.

Such amount shall be examined and signed by a Committee comprising the STU, Discoms and Generators.

Provided that in the case of generators, only one representative, as approved by the Commission, from each class of generators mentioned below shall be represented on the Committee.

- Central Generating Stations (CGS)
- APGenco
- Independent Power Producers (IPPs)
- Non-conventional Energy (NCE) developers
- Biomass, Mini-hydel, Hydro, Wind, etc.
- Captive Power Plants (CPPs)

The monthly meter readings shall be taken by the respective Discom at all the entry points at 33 kV and below and at all the exit point(s) of the Open Access generators located in the licensed area, as identified in the wheeling schedules. Where, however, the entry point is connected to the transmission system, such monthly readings shall be taken by the Transmission Licensee.

Provided that the readings of each time block shall be retrieved through a Meter Reading Instrument (MRI) or otherwise by the respective Licensees mentioned above once in a week and shall be transmitted to the SLDC. The meter readings as and when taken shall also to be made available to the Open Access generator/consumer in whose premises the readings are taken, or to his representative, if available.

In case of failure of metering equipment or non-availability of MRI data, a suitable methodology as approved by the Commission may be employed for finalizing the energy account. The Licensees may submit proposed data substitution methodology for Commission's approval within one month of issue of this Regulation.

The SLDC shall finalize the energy account of the Open Access transactions of a billing month with the assistance of EBC and arrive at the deviations for each time block and the consequent adjustments integrated over the month in respect of all Open Access generators, scheduled consumers and OA consumers in accordance with the procedure specified herein.

vi) **Settlement of energy/demand at exit point in respect of scheduled consumer:**

The scheduled energy (in kWh) at exit point shall be calculated for each time block from the scheduled capacity (kW) at the exit point, as provided in the wheeling schedule, by multiplying it with the period of time lock in hours.

The scheduled demand at exit point shall be calculated by dividing the scheduled capacity (kW) at exit point by the power factor for the time block for which purpose the Power Factor shall be equal to the recorded kWh divided by kVAh.

The scheduled energy of a scheduled consumer from an OA generator for each time block shall be deducted from the recorded energy (in the inter-se order of such generators, as and if intimated by the consumer, in case the consumer is availing of energy from more than one generator) as a first charge. The balance energy shall be deemed to have been supplied by the Discom and shall have to be paid for as per the terms of the supply agreement with the Discom

Provided that where there is a deviation between the scheduled capacity and actual capacity being injected at an entry point in a time block, the shortfall, if any, in the

capacity allocated to the scheduled consumer shall be deemed to have been drawn by the scheduled consumer from the Discom and the energy corresponding for the Open Access capacity with the Licensee to the Discom as per the energy tariff applicable for the same consumer category of Discom under which the scheduled consumer would normally fall.

The scheduled demand at exit point or the actual demand made available to a consumer from each OA generator at that exit point in a time block whichever is less, shall be deducted from the recorded demand (in the inter-se order of such Generators, as confirmed by the SLDC while finalizing the day-ahead schedule, in case the consumer is availing of energy from more than one Generator). The balance demand for each time block shall be deemed to have been consumed from the Discom and shall be paid for as per the terms of the supply agreement with the Discom.

vii) **Settlement of energy at exit point in respect of OA consumers:**

The scheduled energy at exit point of an OA consumer shall be calculated from the scheduled capacity from an OA generator at the exit point for each time block as provided in clause 8.1 above.

In case of Open Access consumer is receiving supply from more than one Open Access generator, the total energy and demand recorded shall be deemed to have been consumed from the respective Open Access generators in the inter-se-order of generators as confirmed by the SLDC while finalizing the day-ahead schedule.

The excess energy recorded, if any, at the exit point for any time block with reference to scheduled energy or the actual energy available at that exit point, whichever is less, shall be deemed to have been consumed by the generator or the OA consumer whoever has contracted for the Open Access capacity with the Licensee from the Discoms and shall be paid for by the Open Access generator/consumer at the energy tariff applicable for the same consumer category of Discom to which the OA consumer would normally belong. Such excess consumption shall also attract all penal provisions provided in the applicable Tariff Order like those in respect of Low Power factor, voltage surcharge, etc., and wherever applicable, the relevant charges shall also be paid for by the OA generator/OA consumer.

The scheduled demand at exit point or the actual demand made available to a consumer from each OA generator at that exit point in a time block whichever is less, shall be deducted from the recorded demand (in the inter-se order of such generators, as confirmed by the SLDC while finalizing the day-ahead schedule, in case the consumer is availing of energy from more than one generator). The balance demand for each time block shall be deemed to

have been consumed from the Discom and shall be paid at twice the demand charges applicable for the same consumer category of Discom to which the OA consumer would normally belong.

viii) **Settlement for OA Generators at entry point:**

The excess draws of energy and demand by scheduled consumers on account of under-generation by the Generator for each time block shall be deemed to have been drawn from the Discom. The energy and demand charges for such excess draws shall be paid for by the scheduled consumer in accordance with the proviso to clause 8.3 and as per clause, respectively.

The excess drawl of energy and demand by an OA consumer on account of under-generation by the generator for each time block shall be deemed to have been drawn by the Generator (or Open Access consumer whoever has contract for Open Access capacity) and shall be paid for by the generator/consumer as per the normal energy tariff and twice the demand charges applicable for the same consumer category to which the OA consumer would normally belong.

The under draws by scheduled consumers and/or OA consumers have impact on the Generator and on the Discom in whose area of supply the exit point is located. Such under draws at exit point shall be treated as inadvertent energy supply by the Generator to the Discom(s) and shall not be paid for by the Discom.

Injection of energy by an OA generator over and above the scheduled capacity at an entry point shall not be accounted for. In such cases, only the scheduled capacity at exit point shall be accounted for as having been supplied by the Generator to the scheduled consumer or the OA consumer, as the case may be.

In case of Wind and Mini Hydel OA generators and actual generation during the month shall be deemed as scheduled energy. For the purpose of settlement in respect of scheduled/OA consumer availing supply from these OA generators, the actual generation during the month will be apportioned for each time block of the month and deviations reckoned accordingly.

ix) **Levy of surcharge and additional surcharge:**

Each Open Access generator, scheduled consumer and Open Access consumer shall, in addition to the tariff and other charges mentioned in the preceding clauses, also be required to pay, wherever applicable, the surcharge in accordance with the provisions of the Open Access regulation as also the applicable additional surcharge, if any, u/s 42(4) of the Electricity Act, 2003.

x) **Banking:**

No generators other than the Wind and Mini Hydel power generators shall be allowed the facility of banking the electricity generated by them.

Provided that in the case of existing users of wheeling facility, the energy already banked as per the subsisting agreements as on the date of coming into force of this Regulation, shall be allowed to be wheeled as hitherto fore till the expiry of the balance period available for utilization of the banked energy.

Provided, however, that in the case of generators whose cases are pending appeals in the Hon'ble High Court of Andhra Pradesh and/or the Hon'ble Supreme Court, this provision shall be applicable subject to the final decision of the High Court and/or the Supreme Court, as the case may be.

The banking facility to the Wind and Mini Hydel power generators shall be subject to the conditions specified in Appendix-3 of the Regulation.

xi) **Dispute resolution:**

All disputes and complaints shall be referred to the SLDC for resolution, which shall not decide a matter without first affording an opportunity to the concerned parties to represent their respective points of view. The decisions of the SLDC shall be binding on all parties.

**2.2 Orders issued for implementation of provisions of the Electricity Act, 2003:**

- i) Order dated 01.04.2006 in O.P. No.13 of 2006: The Commission extends the applicability of the rates of surcharge and the Additional Surcharge specified in its Order dated 21.09.2005 for different categories of consumers availing of open access at different voltages from 1<sup>st</sup> April, 2006 onwards till the Commission passes a final order on the proceedings already initiated.
- ii) Order dated 29.08.2006 in O.P. No.13 of 2006: The Commission passed orders determining Surcharge and Additional Surcharge u/s 39, 40 and 42 of Electricity Act, 2003 for the FY 2006-07.

**CHAPTER - III**  
**REGULATION OF POWER PURCHASE OF LICENSEES**

**3.1 Power Purchase Agreements**

- i) The Commission has given consent to the amendments (broadly relating to deletion of alternate fuel clause from the PPA and the consequent changes) proposed for the PPA dated 18.06.2003 with M/s Vemagiri Power Generation Ltd., on 31.12.2006.
- ii) The Commission has given consent under section 21(4)(b) of the Reform Act, for the following PPAs of AP Discoms for purchase of power from NCE (Non-Conventional Energy) projects:

Name of the Company	Capacity (MW)	Type of project	Date of Consent
M/s CSR Sugars (P) Ltd.	16.5 MW	Bagasse	04-05-2006
M/s Vijayawada Municipal Corporation.	0.143 MW	Municipal Waste	19-06-2006
M/s Hyderabad Chemicals Ltd.	3.75 MW	Wind	24-06-2006
M/s Hyderabad Chemical Products Ltd.	0.75 MW	Wind	24-06-2006
M/s Velagapudi Power Project	4 MW	Biomass	07-11-2006
M/s SLT Power & Infrastructure	3.5 MW	Industrial Waste (Poultry litter based)	19-01-2007

- iii) Short term power purchase:

The Commission approved the following Short Term Purchases:

Sl. No.	Source of Purchase	Name of the Tender	Quantum of Purchase	Period of Purchase	Rate per Unit/Rs.	Reasons for Purchase
1	TNEB	PTC	300 MW	Mar'06	4.141	Increase in demand and to ensure stability of the Grid.
2	WBSEB	PTC	100 MW	Apr'06 (Off-peak hrs)	3.89	To meet the increased demand and ensuring security of the Grid.
3	GRIDCO	PTC	100 MW	20-03-06 to 31-03-06 (Off-peak hrs)	3.58	Increased demand and security of the Grid.
4	KSEB	NVVNL	200 MW	16-03-06 to 31-03-06 (Off-peak hrs)	3.24	To meet the increased demand and security of the Grid.

Sl. No.	Source of Purchase	Name of the Tender	Quantum of Purchase	Period of Purchase	Rate per Unit/Rs.	Reasons for Purchase
5	HWP/ Manuguru	Not applicable	8-12 MW	01-09-06 to 28-02-07	2.15	To meet growing demand and to ensure stability of the power system.
6	VSP	Not applicable	30-40 MW	06-03-06 to 31-07-06	1.76	To ensure stability of the Grid.
7	VSP	Not applicable	30-40 MW	31.05.06 to 31.07.06	1.76	To meet the additional power requirement and to ensure stability of the Grid.
8	VSP	Not applicable	30-40 MW	01-09-06 to 28-02-07	1.76	Growing demand and to ensure stability of Grid.
9	Kerala/ Orissa (Gridco)/ West Bengal	PTC	60/ 218/ 73 MW	10-09-06	4.39/ 4.65/ 5.05	Emergency purchase due to loss of generation.
10	Orissa (Gridco)	PTC	150 MW	11-09-06	4.65	Emergency purchase due to loss of generation.
11	Karnataka/ Orissa (Gridco)/ Kerala	NVVNL	200/ 100/ 100 MW	11-09-06	3.44/ 4.65/ 4.39	Emergency purchase due to loss of generation.
12	Venkataray a Fibres (P) Ltd.	Not applicable	6 MW	12-02-07 to 12-08-07	2.85	Prevailing power shortage conditions.

TNEB-Tamilnadu Electricity Board; WBSEB-West Bengal State Electricity Board; KSEB-Kerala State Electricity Board; HWP-Heavy Water Plant; VSP-Visakhapatnam Steel Plant



**CHAPTER - IV**  
**TARIFF**

- 4.1 **APERC Annual Report for FY 006-07** for the year 2007-06, each of the four Distribution Companies submitted its filings for its Aggregate Revenue Requirement (ARR) and application for Tariffs for Retail Supply business on 30.11.2006, as provided in the Wheeling & Retail Supply Tariff Regulation. This being the second year of operations subsequent to the issue of Multi-Year-Tariff order issued by the Commission, the Commission was required to determine only Retail Supply Tariff for Distribution Companies.
- 4.2 Further, the State Load Dispatch Centre (SLDC), being managed by APTransco has submitted its filings for fixing Annual Fee and Operating Charges for FY 2007-08 and FY 2008-09 on 30.11.2006. The Commission held public hearings between 22.01.2007 and 29.01.2007 at Guntur, Eluru, Sangareddy and Nizamabad. In addition, the Commission has conducted Video conference at Hyderabad on 31.01.2007.
- 4.3 The Joint Secretary, Energy Department, GoAP made a presentation before the Commission during the hearing on the filings of APCPDCL at Sangareddy on 27.10.2007, expressing the views of Government on the various aspects like accomplishments of AP Power sector, Government's commitment to provide quality and uninterrupted power supply to consumers particularly in Rural areas, seven hours supply to Agriculture, electrification of Rural households, Industrial Development, reiteration of commitment to provide necessary financial assistance as needed by the sector and the subsidy to the utilities as per section 65 of the Electricity Act, 2003.
- 4.4 Many important issues relating to the ARR/Tariff proposals of the licensees were discussed in the State Advisory Committee (SAC) meeting held on 12.02.2007 and the suggestions made by the members of SAC have been taken into consideration by the Commission while finalizing the Tariff Order.
- 4.5 The salient features of this eighth (8) Tariff Order are indicated below:
- i) At the request of public, the List of Objector is provided in the Annexure to the Tariff Order for the first time.
  - ii) Further, for the first time in the country, a Video Conference was conducted on 31.01.2007 at Hyderabad with the public, in addition to normal Public Hearing held at various places.
  - iii) Apart from this, the Commission has also introduced, on a pilot basis, the concept of e-filing of ARR/ERCs and also the objections thereupon by general public and other stakeholders. The Discoms have made their e-filings on 30.11.2006.
  - iv) Consequent upon the policy direction by GoAP u/s 108 of the Electricity Act, 2003 to keep uniform Tariff throughout the State, two Discoms namely EPDCL and CPDCL will have surplus to the extent of Rs.110.70 crore and Rs.287.96 crore respectively and hence no subsidy are provided to them by the GoAP.
  - v) The Discom-wise Cost of Service has been provided in the Annexure to the Tariff Order for the first time.

4.6. The gist of the major elements of Tariff proposed in this order is as follows:

1)	Aggregate Revenue Requirement	Rs.11,177.28 crore
2)	Revenue from Proposed Tariffs	Rs.10,528.22 crore
3)	Net Revenue Gap	Rs.1,047.72 crore
4)	GoAP subsidy	Rs.1,047.72 crore

4.7 The GoAP after seeing the Fully Allocated Cost Tariff, directed that the tariff could be reduced to the levels proposed by the Discoms for which subsidy of Rs.1047.72 crore would be made available by it to the Discoms.

**CHAPTER - V**  
**MONITORING THE LICENSEES' PERFORMANCE**

**5 Review meetings**

The Commission conducted review meetings during the year 2006-07, with the CMDs of the respective Discoms and also with the CMD of APTransco to review the status of implementation of various directives and orders issued by the Commission from time to time and other issues aimed at improving their operational & financial efficiency. The major issues which came up for review during these meetings were:

**Review of the status of implementation of Directives in the Tariff Orders i.e., i) Transmission Tariff order for 2006-09 ii) SLDC Order for FY 2006-09 iii) Distribution Tariff Order for 2006-09 iv) Retail Supply Tariff Order for FY 2006-07:**

**5.1 Previous Directives requiring continued compliance carried forward**

**i) Distribution Business:-**

a) **Energy audit:** The Discoms shall conduct regular and thorough energy audit to ensure accountability. A copy of the Energy Audit Reports of each Discom to be filed with the Commission on a quarterly basis. The Commission directs that the Licensee shall henceforth reconcile the energy accounting figures annually and file reconciliation statements along with the audited Annual Accounts every year.

**(Directive No.1 of Tariff Order for the FY 2006-07)**

b) **Management of Industrial Feeders:** The Discoms are hereby directed that they shall submit data log sheets for supply conditions pertaining to the previous 30 days through RS 32 communications port, along with an abstract summary statement pertaining to their company regarding interruptions to industrial feeders once in a month to the Commission. The Commission intends to observe the time being taken to restore power and the quality of power supplied to industries to ensure supply of uninterrupted quality power.

**(Directive No.2 of Tariff Order for the FY 2006-07)**

c) **Capital Investments:** Considering the importance of capitalization of works the Commission lay down the following requirements to be fulfilled before accepting inclusion of the value of a capitalized work in the OCFA:

**(Directive No.3 of Tariff Order for the FY 2006-07)**

**ii) Retail Supply Business:-**

a) **Filing of Agricultural Estimates:** The Discoms shall file the monthly agricultural consumption estimate in two parts a) consumption estimate for unmetered services based on LV side DTR meters, and b) consumption on account of services released under Tatkal scheme and metered services. The estimate shall be filed with the Commission by 25<sup>th</sup> of every month.

**(Directive No.1 of Tariff Order for the FY 2006-07)**

b) **Metering & Billing:** The Commission reiterates its previous directive (Tariff Order for 2002-03) that a) for loads of 20 HP and above but below 50 HP, LT demand meters should

be fixed; and b) for loads of 50 HP and above but upto 75 HP, tri-vector meters be fixed and the metering should be on the HT side.

The Commission directs the Discoms to conduct a door-to-door checking of all services and to remove all multiple connections and on a continuous basis.

The Commission directs that the Discoms should make full - scale efforts to fill the gaps in sales database and achieve the stipulated 2 to 3 percent sales ratio of assessed sales of total metered sales by 30th September, 2006.

The Discoms shall file a Metering, Billing and Collection (MBC) report based on sales database, by 25th of every month without fail.

**(Directive No.2, 3 & 4 of Tariff Order for the FY 2006-07)**

- c) **Subsidy Administration:** The Discoms shall file before the Commission the actual sales to subsidized categories of consumers from whom the GoAP agreed to pay the subsidy every month and the Commission will monitor the units actually sold by the Discoms vis-à-vis the subsidy provided. At the end of the year, subsidy adjustments will be made based on the consumption of units in respect of various subsidized categories. For measuring the sales to the subsidized categories, the agricultural consumption estimate based on LV side meter readings on DTRs shall be the basis. For measuring the sales to metered categories of consumers, the sales database shall be the basis.

The Commission reiterates that in case the subsidy is not paid regularly on monthly basis, in advance, by GoAP, the Discoms shall revert to the full cost tariff fixed by the Commission.

The GoAP obligation towards subsidy payments to Discoms is limited to the quantities mentioned in this order. If the Discoms exceed tariff order quantities and thus the subsidy requirement, the Commission will not entertain any request for additional quantities of energy to subsidized categories unless the permission of the GoAP is taken for additional subsidy of the excess consumption relates to agriculture. In other categories, if there is excess consumption, no additional subsidy will be recommended by the Commission to GoAP.

**(Directive No.5, 6 & 7 of Tariff Order for the FY 2006-07)**

- d) **Defaulters' List:** The Licensees shall henceforth post on their website, the list of all those defaulter whose dues exceed Rs.50,000/- along with the reasons for non-collection and details of litigation involved, if any. This data shall be updated every six months and will be displayed on the first of the second month following the end of the previous half-year. Thus, the data pertaining to the dues as on 31<sup>st</sup> March shall be posted by 1<sup>st</sup> May and that as on 30<sup>th</sup> September by 1<sup>st</sup> of the following November.
- (Directive No.8 of Tariff Order for the FY 2006-07)**

iii) **Transmission Business:-**

- a) **Energy Audit:** APTransco shall conduct regular and thorough energy audit to ensure accountability. A copy of the Energy Audit reports of each Discom to be filed with the Commission on a quarterly basis.

The Commission directs that the Licensee shall henceforth reconcile the energy accounting figures annually and file reconciliation statements along with the audited Annual Accounts every year.

**(Directive No.4 of Tariff Order for the FY 2006-07)**

- b) **Capital Investments:** Considering the importance of capitalization of works, the Commission lays down the following requirements to be fulfilled before accepting inclusion of the value of a capitalized work in the OCFA:

- On completion of a capital work, a Physical Completion Certificate (PCC) to the effect that the work in question has been fully executed, physically, and the assets created are put to use, to be issued by the concerned engineer not below the rank of Superintending Engineer.
- The PCC shall be accompanied or followed by a Financial Completion Certificate (FCC) to the effect that the assets created have been duly entered in the Fixed Assets Register by transfer from the CWIP register to OCFA. The FCC shall have to be issued by the concerned finance officer not below the rank of Senior Accounts Officer.
- The above-mentioned certificates have to be submitted to the Commission within 60 days of completion of work, at the latest.
- The Commission may also inspect or arrange to inspect, at random, a few of the capitalized works included in the OCFA to confirm that the assets created are actually being used and are useful for the business.

**(Directive No.4 of Tariff Order for the FY 2006-07)**

5.2 **Fresh Directives issued in 2006-07 Tariff Order**i) **Distribution Business:-**

- a) **Availability of copies of ARR/Tariff filings:** The Licensees shall henceforth make available copies of their ARR/Tariff filings available at all the district headquarters.

**(Directive No.4 of Tariff Order for the FY 2006-07)**

- b) **Contingencies Reserve:** The contributions towards Contingencies Reserve must be invested in securities authorized under the Indian Trusts Act, 1882, within a period of six months from the close of the year of account in which the appropriation is made. Any drawl from the Reserve can be made only to meet the emergent expenditure required to restore the system after damage caused by natural calamities, fire accidents, etc. Such drawls should be reported to the Commission within 15 days with details of the damage to the system. Should the

licensee, however, desire to invest the accumulations in the Reserve in securities/investments other than those authorized under the Indian Trusts Act, it must seek prior approval of the Commission indicating inter-alia the securities/instruments in which they propose to invest the funds and the investment ratings of those securities/investments from at least two reputed rating agencies.  
(Directive No.5 of Tariff Order for the FY 2006-07)

- c) **Safety:** The distribution licensees will chalk out by 30.09.2006, a cogent and viable plan of action to adhere to appropriate safety standards, in particular, to periodically inspect their electrical installations to take prompt action to rectify any short comings notices or brought to their notice and to lay down a time schedule therefore. They will also work out and display on their website a transparent procedure for determination and payment of compensation in respect of electrical accidents involving humans as well as the animals.

(Directive No.6 of Tariff Order for the FY 2006-07)

- d) **Timely Completion of Projects:** The licensees shall take all possible measures to ensure that the projects/schemes taken up are completed on schedule. In this regard, the Commission clarifies that it will not allow any interest during construction for delays exceeding one month and three months in respect of completion of projects/schemes with the completion schedules of up to one year and more than one year, respectively, unless the Commission's approval for extension in the completion schedules is obtained in advance.

(Directive No.7 of Tariff Order for the FY 2006-07)

- e) **HVDS Schemes:** In all future HVDS schemes, aerial bunched cables (ABC) alone shall be used for LT system. In the schemes already executed without ABC also, the bare conductor should now be replaced by ABC.

(Directive No.8 of Tariff Order for the FY 2006-07)

ii) **Retail Supply Business:-**

- a) **Absence of Co-opted Members on Forums for Redressal of Consumer Grievance:** The distribution licensees will ensure that the co-opted members are in place on their respective forums for Redressal of Grievances of Consumers by 30.09.2006 and report compliance to the Commission by 15.10.2006. In case of any specific difficulty in appointment of these members, the same may be brought to the notice of the Commission by 15th July, 2006 positively.

(Directive No.9 of Tariff Order for the FY 2006-07)

- b) **Penalty Vs Reconnection Charges:** The Licensee shall not collect any reconnection charges unless the connection has actually been disconnected.

(Directive No.10 of Tariff Order for the FY 2006-07)

- c) **Generation of Power from Hydel Stations of APGenco:** Discoms should closely coordinate with APGenco to ensure that no unit of Srisailem complex (Left Bank Power House

and Right Bank Power House) is backed down or shut down during the surplus season. In case of generation of surplus energy by tem over and above the requirements of Discoms and other users of energy, they should shut down some unit(s) of Thermal Power stations with marginal variable cost in the merit order if reduction of generation up to backing down limit does not help bring down the frequency to a safe level.

**(Directive No.11 of Tariff Order for the FY 2006-07)**

- d) **Market Survey:** The licensees shall carry out a census of all HT consumers covering aspects like type of activity, connected load, contracted load, captive capacity, types of loads, sources of power purchase including third parties, and other technical and commercial parameters and file a report thereon with the Commission by 30<sup>th</sup> September, 2006.

**(Directive No.12 of Tariff Order for the FY 2006-07)**

- e) **Agricultural Consumption Estimates (CPDCL, NPDCL, SPDCL):** The Licensees shall initiate all possible steps to ensure the ratios of the valid DTRs to metered DTRs is at least 50 percent w.e.f. July 2006. Valid DTR for this purpose is the DTR for which the meter is in working condition and meter readings 297 are available for the entire year. The Licensee may also propose, if so deemed fit by it, a more suitable metering cycle in place of present monthly meter reading cycle to arrive at the annual consumption.

**(Directive No.13(a) of Tariff Order for the FY 2006-07)**

- f) **EPDCL:** The Licensee shall initiate all possible steps to ensure the ratio of the valid DTRs to metered DTRs is at least 60 percent w.e.f. July 2006. Valid DTR for this purpose is the DTR for which the meter is in working condition and meter readings are available for the entire year. The licensees may also propose, if so deemed fit by it, a more suitable metering cycle in place of present monthly meter reading cycle to arrive at the annual consumption.

**(Directive No.13(b) of Tariff Order for the FY 2006-07)**

- g) **Demand Charges:** The Licensees shall review the methods of fixing the demand charges, devise suitable policy path for future and file a working paper with the Commission by 30<sup>th</sup> September, 2006. The Commission will in turn consult the public and other stake holders before deciding upon the further course of action.

**(Directive No.14 of Tariff Order for the FY 2006-07)**

- h) **Consumer Pass Books:** APSPDCL in particular and the other licensees in general, shall take up the implementation of the Commission's directive to issue passbooks to all consumers in right earnest and submit a progress report thereon every 30<sup>th</sup> July and 31<sup>st</sup> January. However, it will be the consumer's responsibility to get the passbook updated at the time of meter reading/issue of the bill.

**(Directive No.15 of Tariff Order for the FY 2006-07)**

- i) **Pole-mounted metering:** APCPDCL should extend its scheme of shifting the metes from the consumer premises to the poles where the loss levels are high. Other Discoms should also adopt this practice in their Distribution areas where the loss levels are high. This shall be subject to the provisions of the relevant Regulations of CEA.  
(Directive No.16 of Tariff Order for the FY 2006-07)
- iii) **Transmission Business:-**
- a) **Contracted capacity Vs Allocated capacity:** APTransco shall bring to the notice of the distribution licensees the requirement of their entering agreements with it in terms of clause 20.2 of the Commission's Transmission Tariff Regulation mentioning therein, inter-alia, their contracted capacity before 30<sup>th</sup> September, 2006.
- b) **Contingencies Reserve:** contributions towards Contingencies Reserve must be invested in securities authorized under the Indian Trusts Act, 1882, within a period of six months from the close of the year of account in which the appropriation is made. Should the licensee, however, desire to invest the accumulations in the Reserve in securities/investments other than those authorized under the Indian Trusts Act, it must seek prior approval of the Commission indicating inter-alia the securities/instruments in which they propose to invest the funds and the investment ratings of those securities/investments from at least two reputed rating agencies.  
Any drawl from the Reserve can be made only to meet the emergent expenditure required to restore the system damaged by natural calamities, fire accidents, etc. Such drawls should be reported to the Commission within 15 days with details of the damage to the system.
- c) **Availability of copies of ARR/Tariff filings:** The licensee shall henceforth make available copies of their ARR/Tariff filings at all the district headquarters.
- d) **Timely Completion of Projects/Schemes:** The licensee shall take all possible measures to ensure that the projects/ schemes taken up are completed on schedule. In this regard, the Commission clarifies that it will not allow any interest during construction for delays exceeding one month and three months in respect of completion of projects/schemes with the completion schedules of upto one year and more than one year, respectively, unless the Commission's approval for extension in the completion schedules is obtained in advance.
- e) **Variation in Revenue Requirements:** APTransco shall file the figures of actual costs and revenues for each quarter within three weeks of the close of the quarter to facilitate review of the variations in the revenue requirements. For this purpose, the Commission will issue an appropriate format for filing of information relating to each item of the ARR.



**CHAPTER - VI**  
**CONSUMER ASSISTANCE**

- 6.1 The Commission reviewed the details like number/nature of grievances reported in the Quarterly returns & Annual returns furnished by the Forums and the reports furnished by the Vidyut Ombudsman.

The consumers, who have submitted grievances directly to the Commission, have been guided/advised to approach the Forums/Ombudsman depending upon the nature of the case.

Certain representations, where the Licensees not implemented the regulations, have been reviewed by the Commission. The Forums have been established already and the dates since which the Forums have been functioning are given below:

Sl. No.	Licensee	Forum functioning with effect from	Number of Grievances received	Number of Grievances disposed off
1)	APCPDCL	26-02-2005	95	88
2)	APEPDCL	08-01-2005	224	207
3)	APNPDCL	06-01-2005	84	27
4)	APSPDCL	06-01-2005	95	101
<b>Total</b>			<b>498</b>	<b>423</b>

- 6.2 **Vidyut Ombudsman**: A total of 29 Nos appeals have been received by the Ombudsman and all of them have been disposed off. Out of the disposed cases, 3 Nos fall under HT category and the balance fall under LT category. 5 Nos of cases have been disposed off during the admission stage. 16 Nos of appeals have been finalized in favor of the consumers and 3 Nos have been settled on mutual agreement.

- 6.3 **Publicity for creating awareness on the existence of Forum**: Pursuant to the directions issued by the Commission vide its letter No.S-324/DD(CA)/05-25 dated 26-11-2005 to create public awareness in the existence of Forums, the Commission reviewed the following activities undertaken by the Forums and the Discoms:

- i) Conducted consumer awareness week.
- ii) Conducted press conferences.
- iii) Printed and distributed brochures and pamphlets.
- iv) Information on the Forums printed on the electricity bills issued to the consumers.
- v) Publicity given through newspapers.
- vi) Display boards were arranged at departmental offices Customer Service Centers, Gram Panchayats, MRO and MDO Offices, etc.

- 6.4 **Consumer Assistance Cell in the Commission**: The Deputy Director (Consumer Assistance) guides and helps the consumers who approach the Commission for guidance on Redressal of problems faced by them. The written representations received from consumers are sent to concerned Discoms/Forums as the case may be according to the stage of the handling of complaint in each case.

- 6.5 **Right to Information Act 2005:** In pursuance of provisions of section 5(1) and 19(1) of the Right to Information Act, 2005 (No.22 of 2005), the Commission designated the following officers for the purpose of the Right to Information Act, 2005 vide proceedings No.Secy/08 dated 28-12-2005.

State Public Information Officer of the AP Electricity Regulatory Commission to provide information to the person requesting for information under the Act	Deputy Director (Consumer Assistance) APERC
Senior officer with whom appeal against the decision or non-receipt of decisions of State Public Information Officer of the Commission lies.	Secretary, APERC

As per the various provisions of the RTI Act, the information sought for is being provided to the applicants. Apart from this activity, Quarterly & Annual returns are being sent to the Energy Department of GoAP.

**CHAPTER - VII**  
**LEGAL MATTERS, ADMINISTRATION AND ACCOUNTS**

**7.1 Legal matters**

- 7.1.1 During the year 2006-07, 17 Original Petitions and 8 Interlocutory Applications were disposed of by the Commission.
- 7.1.2 Similarly, three (3) Writ Appeals were disposed by the Hon'ble High Court of Andhra Pradesh, One First Appeal in the State Consumer Dispute Redressal Commission and one matter in Labor Court were also disposed.
- 7.1.3 During the year, 57 Appeals were also disposed by the Appellate Tribunal for Electricity, New Delhi.

**7.2 Administration (Human Resource Development)**

- 7.2.1 The Commission has decided that the capabilities of the Officers and Staff of the Commission have to match the requirements of the changing scenario of the Energy Sector. Accordingly, the Commission sponsored the following Officers and Staff to the training programs listed below:

**List of Training programmes attended by Officers/Staff, APERC during the FY 2006-07**

Sl. No	Name of the Employee & Designation	Details of the Program		
		Programme Name	Course Duration	Conducted by
1	Sri K.Pratap, Director (Engineering)	Brain Storming	04-05 May, 2006	PGCIL, Gurgaon
2	Sri K.Sreedhar Reddy, Deputy Director (Distribution)	Best Practices in Distribution Loss Reduction	24-28 Apr, 2006	ESCI, Hyderabad
		Development of Small Mini & Micro Hydro Power Plant	16-Jun-2006	CBIP, New Delhi
		Workshop on CDM in the Power Sector	06-Oct-2006	CEA, New Delhi
3	P.Solomon Herme, Deputy Director (Planning & Power Procurement)	South Asia Conference on Renewable Energy	18-19 Apr, 2006	ASSOCHAM, New Delhi
		India Electricity- 2006	11-13 May, 2006	FICCI, New Delhi
		Availability Based Tariff	04-06 Sep, 2006	ESCI, Hyderabad
		Power Purchase Agreement	21-25 Aug, 2006	CIRE, Sivarampally
4	Sri S.B.V.Rajesh, Deputy Director (Transmission)	Implementation of the Electricity Act and Electricity Policies	26 Feb - 03 Mar, 2007	CERC, New Delhi
		Communication Networks & Systems in Substation	25-28 Apr, 2006	CPRI, Bangalore
		India Electricity 2006	11-13 May, 2006	FICCI, New Delhi
		Energy Conservation Act, 2001 - Management and Conservation	28-30 Aug, 2006	ESCI, Hyderabad
		Regulation of Distribution Business	06-10 Nov, 2006	ESCI, Hyderabad
	New Technologies in Transmission, Distribution, Load Dispatch and Communication	05-06 Feb, 2007	PGCIL, New Delhi	

Sl. No	Name of the Employee & Designation	Details of the Program		
		Programme Name	Course Duration	Conducted by
5	Sri M.G.Gunasekaran, Deputy Director/Tariff (Accounts and Financial Analysis)	Power Purchase Agreement	21-25 Aug, 2006	CIRE, Sivarampally
		Nordic Power Market Experience and their relevance for evolving power market in India	27-28 Sep, 2006	PTC India Limited, New Delhi
6	Dr. P.Rama Rao, Deputy Director/Tariff (Economics)	Development Power Exchange in India	16-Sep-2006	NTPC, New Delhi
7	Sri Antaryami Sahoo, Deputy Director/Tariff (Engineering)	Workshop on CDM in the Power Sector	06-Oct-2006	CEA, New Delhi
8	Sri N.Bhanu Prakash, Deputy Director (Personnel)	Going Global: Unleashing People Potential	19-21 Jan, 2007	Gitam, Visakhapatnam
9	Smt. P.Sarada, Deputy Director (Information Technology)	Regulatory Information Management Systems (RIMS)	19-Feb-2007	FOR, New Delhi

7.2.2 The following Officials visited the Commission during the year under review:

Sl	Name of the Official	Name of the Organization
1	Sri K.Venugopal, Member	DERC
2	Sri D.C.Sahoo, Chairman	OERC
3	Sri M.P.Aijappan, Member	KSERC
4	Sri V.K.Khanna, Member (F)	UPERC
5	Sri V.J.Talwar, Member (T)	
6	Sri Wendell F. Holland, Pennsylvania, PUC, Sr.Programme Coordinator, Energy Partnership Programme	PAPUC
7	Ms. Jennifer Kocher, Press Secretary, Commonwealth Pennsylvania Public Utility Commission	
8	Sri Sridhar B.Samudrala, Deputy Program Manager, Engineer, Energy Partnership Programme	United States Energy Association, Washington
9	Sri Tricia C.Williams, Sr.Programme Coordinator, Energy Partnership Programme	

7.2.3 The number of personnel-in-position as on 31-03-2007 was 62 as against the sanctioned strength of 81.

### 7.3 ACCOUNTS

The Commission received a grant of Rs.379.14 lakh from GoAP during the year 2006-07, against which an expenditure of Rs.381.48 lakh was incurred.