



**ANDHRA PRADESH
ELECTRICITY REGULATORY COMMISSION**

(Regulatory Commission for the States of Andhra Pradesh and Telangana)
D.No.11-4-660, 4th & 5th Floors, Singareni Bhavan, Red Hills,
Hyderabad 500 004

**13th ANNUAL REPORT
2011-12**

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CONTENTS

EXECUTIVE SUMMARY	1
<i>The Summary of the activities of the Commission during FY 2011-12:</i>	1
CHAPTER-I ORGANISATIONAL SETUP & ADMINISTRATION	3
1.1 The Commission:	3
1.2 Functions and Duties of the Commission:	3
1.3 Infrastructure:.....	4
1.4 Organizational structure:	5
1.5 Staffing Position:	6
1.6 State Advisory Committee:	8
1.7 State Co-ordination Forum:.....	8
1.8 Southern Electricity Regulators Forum meetings:	9
1.9 Forum of Indian Regulators meetings:	9
1.10 Forum of Regulators meetings:	10
1.11 Visit of Public Utilities Commission of Sri Lanka:.....	10
1.12 South Asia Forum for Infrastructure Regulation Meetings:.....	10
CHAPTER-II LICENCING & INVESTMENT APPROVALS	12
2.1 Licences:	12
2.2 Exemptions:.....	12
2.3 Monitoring the Licensees' Performance:	12
2.4 Investment approval - Transmission schemes:.....	12
2.5 Power Purchase Agreements (PPAs):	13
CHAPTER-III TARIFFS & DIRECTIVES	15
3.1 ARR filings of Discoms:	15
3.2 The Commission Approved Retail Supply ARR for FY 2012-13:	15
3.3 The RESCOs Orders for FY 2012-13:	16
3.4 Fuel Surcharge Adjustment Orders:	17
3.5 Other Matters related to Tariff:	17
CHAPTER-IV LEGAL MATTERS & REGULATIONS	18
4.1 Legal matters:	18
4.2 Regulations:.....	21
CHAPTER-V CONSUMER ADVOCACY & RIGHT TO INFORMATION	24
5.1 Consumer Advocacy:.....	24
5.2 Standards of Performance (SoP) of Discoms:.....	24
5.3 The Forum for Redressal of Consumer Grievances:	26
5.4 Vidyut Ombudsman:	27
5.5 Consumer Assistance Cell in the Commission:	27
5.6 Consumer Day:.....	27
5.7 Consumer Participation in Regulatory Decision:.....	28
5.8 Right to Information Act, 2005:.....	29
CHAPTER-VI ACCOUNTS & AUDIT	30
6.1 Grant in Aid:	30
6.2 Capital Expenditure:.....	30
6.3 Collection of annual fees from Licensees and for grant of exemptions:	30
6.4 Books of Account and Other Records:.....	30
6.5 Financial Statements:	30
6.6 Audit of Accounts:	30
Audit Certificate-cum-Separate Audit Report of the Comptroller & Auditor General of India on the Annual Accounts of Andhra Pradesh Electricity Regulatory Commission for the year ended 31 st March 2012.....	31

ANNEXURE TO SEPARATE AUDIT REPORT 2011 - 12	33
Schedule-A (Salaries)	38
Schedule-B (Traveling Allowances)	38
Schedule-C (Retirement Benefits)	39
Schedule-D (Office Expenses)	39
Schedule-E (Assets)	40
Schedule-G (Deposits and Advances).....	41
Schedule-H (Loans and Advances)	41
Schedule-K (Cash and Bank Balances).....	41
Depreciation (Adopted Rates)	42
NOTES ON ACCOUNTS 2011-12	43

Abbreviations

A&G	Administration & General
A.P./AP	Andhra Pradesh
AB Cable	Aerial Bunched Cable
Act/EA	The Electricity Act, 2003
AFC	Additional Fixed Charges
APCPDCL	Central Power Distribution Company of Andhra Pradesh Limited
APDDCF Ltd.	Andhra Pradesh Dairy Development Cooperative Federation Limited
APEPDCL	Eastern Power Distribution Company of Andhra Pradesh Limited
APERC	Andhra Pradesh Electricity Regulatory Commission
APGENCO	Andhra Pradesh Power Generation Corporation Limited
APNPDCCL	Northern Power Distribution Company of Andhra Pradesh Limited
APPCC	Andhra Pradesh Power Coordination Committee
APSPDCL	Southern Power Distribution Company of Andhra Pradesh Limited
APTRANSCO	Transmission Corporation of Andhra Pradesh Limited
ARR	Aggregate Revenue Requirement
ASCI	Administration Staff College of India
ATE/APTEL	Appellate Tribunal for Electricity
CAG	Comptroller and Auditor General of India
CBR	APERC (Conduct of Business) Regulations, 1999
CEA	Central Electricity Authority
CERC	Central Electricity Regulatory Commission
CGRF	The Forum for Redressal of Consumer Grievances
CMD	Chairman & Managing Director/ Contracted Maximum Demand
CoS	Cost of Service
Cr.	Crore
D/C or DC	Double Circuit
DB	Distribution Business
DISCOM	Distribution Company/Distribution Licensee
DSM	Demand Side Management
ERC	Electricity Regulatory Commission/ Expected Revenue from Charges
FAPCCI	The Federation of Andhra Pradesh Chambers of Commerce and Industry
FOIR	Forum of Indian Regulators
FOR	Forum of Regulators
FSA	Fuel Surcharge Adjustment
FY	Financial Year
G.O.	Government Order
GIS	Geographic Information System
GoAP	Government of Andhra Pradesh
GoI	Government of India
GPS	Global Positioning System
GTCS	General Terms & Conditions of Supply
HT	High Tension
HVDS	High Voltage Distribution System
I.A.	Interlocutory Application
InWEA	Indian Wind Energy Association
IT	Information Technology
IWPA	Indian Wind Power Association
JBIC	Japan Bank of International Cooperation
kV	Kilo-Volt
kVA	Kilo-Volt-Ampere
kW	Kilo-Watt
kWh	Kilo-Watt-hour

LAN	Local Area Network
LT	Low Tension
MAT	Minimum Alternative Tax
MNRE	Ministry of New and Renewable Energy
MU	Million Units
MW	Mega Watt
MYT	Multi-Year-Tariff
NCE	Non-Conventional Energy
NGO	Non-Governmental Organization
O&M	Operation & Maintenance
O.P.	Original Petition
PGCIL	Power Grid Corporation of India Limited
PPA	Power Purchase Agreement
QoS	Quality of Service
R.P.	Review Petition
REC	Renewable Energy Certificate
RESCO	Rural Electric Supply Cooperative Society
RGVY	Rajiv Gandhi Grameen Vidyutikaran Yojana
RLNG	Re-gasified Liquefied Natural Gas
RoE	Return on Equity
RPPO	Renewable Power Purchase Obligation
Rs.	Indian Rupees
RTI	Right to Information
SAC	State Advisory Committee
SERC	State Electricity Regulatory Commission
SERF	Southern Electricity Regulators Forum
SI	System Improvement
SLDC	State Load Despatch Centre
SLM	Straight Line Method
SoP	Standards of Performance
SSLBPH	Sri Sailam Left Bank Power House
T.A.	Traveling Allowance
Temp.	Temporary
u/s	Under Section
ULDC	Unified Load Despatch and Communication
URL	Uniform Resource Locator
VCB	Vacuum Circuit Breaker
W	Watt
WDV Method	Written Down Value Method

EXECUTIVE SUMMARY

The Andhra Pradesh Electricity Regulatory Commission (APERC) presents the Annual Report for the 13th functional financial year ended 31st March, 2012 duly incorporating the Summary of Activities together with the Audit Certificate-cum-Separate Audit Report of the Comptroller & Auditor General of India (CAG) on the Annual Accounts of the Commission under sections 104 & 105 of the Electricity Act, 2003 (Act).

The Summary of the activities of the Commission during FY 2011-12:

- i) No fresh licences/exemptions were granted during 2011-12.
- ii) The Commission notified One (1) Regulation as detailed in Chapter-IV.
- iii) The number of petitions/applications disposed by the Commission is as given below:

Sl. No.	Petitions	Disposed
1)	Original Petitions	56 Nos including 4 Nos. in admission stage
2)	Review Petitions	7 Nos
3)	Interlocutory Applications	19 Nos including 7 Nos. in admission stage

- iv) The Commission accorded approval for various Transmission Investment schemes of total value Rs.1240.30 crore.
- v) The Commission accorded consent u/s 21(4)(b) of the Reform Act for PPAs of Discoms for purchase of 40.85 MW power from various Non-Conventional Energy (NCE) projects.
- vi) The Commission reviewed the Quality of Service (QoS) data submitted by the Discoms in terms of their overall Standards of Performance (SoP).
- vii) In the matter of determination of tariff for the generation of power using coal for the Bagasse based co-generation plants, the Commission in its order dated 18.04.2011 accepted and approved for interim payment @Rs.4.24/Unit subject to final orders in the main O.P. itself.
- viii) The Commission in its order dated 14.06.2011 approves the total capital cost of SSLBPH amounting to Rs.3350.23 crore w.e.f. 07.12.2005 (date of establishing pump mode operation) to be reckoned for the purpose of determination of Fixed Cost component of Generation Tariff for SSLBPH in the subsequent period as prayed by APGenco.
- ix) The Commission upon remanded from the Hon'ble Supreme Court in civil appeal Nos.2926 of 2006 & batch dated 08.07.2010 issued orders in the matter of purchase of power from NCE Projects on 12.09.2011.
- x) The Commission re-constituted the State Advisory Committee (SAC) for a period of 3 (three) years from 01.10.2011 to 30.09.2014 vide proceedings No.APERC/Secy/DD(CA)/F:307/03/2011, dated 30.09.2011
- xi) The Commission conducted review meetings with the Discoms on 26.09.2011 and on 08.11.2011.
- xii) During the FY 2011-12, the Commission duly conducting the Public Hearing issued eight (8) common orders to the Discoms in the matter of determination of Fuel Surcharge Adjustment (FSA) for all the quarters of FY 2008-09 (In pursuant to the judgment of Hon'ble High Court of Andhra Pradesh) and for FY 2009-10 on 17.01.2012.

- xiii) The Commission issued orders on Amendment to General Terms & Conditions of Supply (GTCS) vide proceedings No.Secy/01/2012, dated 07.03.2012 making provision to give opportunity to the consumer to remove additional load detected or to regularize the additional load partly or fully. However, if the consumer opts to remove the additional connected load and if the additional load is found connected during subsequent inspection, penal provisions shall be invoked as per the rules in vogue.
- xiv) The Commission in its orders dated 16.03.2012 directs in partial modification of the provisions of the tariff order 2011-12, the demand charges for HT category-VI shall be levied at Rs.250/kVA on actual consumed demand without any stipulation of minimum of 80% contracted demand.
- xv) The Retail Supply Tariffs for the year 2012-13 to take effect from 1st April, 2012 were determined vide Tariff Order dated 30.03.2012. For the improvement of system operations and financials of the Licensees, 15 fresh directives on various parameters/issues were issued.
- xvi) On 30.03.2012, the Commission passed orders on the ARR/ERC filings made by RESCOs for the FY 2012-13.

CHAPTER-I ORGANISATIONAL SETUP & ADMINISTRATION

1.1 The Commission:

- 1.1.1 The Andhra Pradesh Electricity Regulatory Commission (hereinafter called “APERC” or “the Commission”) was constituted vide G.O.Ms.No.65, Energy (Power III) dated 31.03.1999 as an independent statutory body corporate with perpetual succession under the provisions of Andhra Pradesh Electricity Reform Act, 1998 [Reform Act].
- 1.1.2 The Commission comprises a Chairman and two Members, appointed by the Government of Andhra Pradesh (GoAP) as per the selection procedure prescribed in the Reform Act. The Commission became operational w.e.f. 3rd April, 1999.
- 1.1.3 The Government of India (GoI) enacted the Act that came into force w.e.f. 10.06.2003, to consolidate the laws relating to generation, transmission, distribution, trading and use of electricity and generally for taking measures conducive to development of electricity industry, promoting competition therein, protecting interest of consumers and supply of electricity to all areas, rationalization of electricity tariff, ensuring transparent policies regarding subsidies, promotion of efficient and environmentally benign policies, constitution of Central Electricity Authority (CEA), Regulatory Commissions and establishment of Appellate Tribunal and for matters connected therewith or incidental thereto. 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 Act saved the provisions of the Reform Act, not inconsistent with the provisions of the Act, will continue to apply in the State of Andhra Pradesh.
- 1.1.4 During the financial year 2011-12, *Sri A.Raghotham Rao*, rendered his services as Chairman, *Sri C.R.Sekhar Reddy*, rendered his services as Member (Finance) and *Sri R.Radha Kishen*, rendered his services upto 15.06.2011 as Member (Technical).

1.2 Functions and Duties of the Commission:

Section 86 of the Act enumerates the functions of the State Electricity Regulatory Commission as:

- 1) the Commission shall discharge the following functions, namely:-
 - (a) To determine the tariff for generation, supply, transmission and wheeling of electricity, wholesale, bulk or retail, as the case may be within the State:

Provided that where open access has been permitted to a category of consumers u/s 42, the Commission shall determine only the wheeling charges and surcharge thereon, if any, for the said category of consumers;
 - (b) To regulate electricity purchase and procurement process of distribution licensees including the price at which electricity shall be procured from the generating companies or licensees or from other sources through agreements for purchase of power for distribution and supply within the State;
 - (c) To facilitate intra-State transmission and wheeling of

- electricity;
- (d) To issue licences to persons seeking to act as transmission licensees, distribution licensees and electricity traders with respect to their operations within the State;
 - (e) To promote cogeneration and generation of electricity from renewable sources of energy by providing suitable measures for connectivity with the grid and sale of electricity to any person, and also specify for purchase of electricity from such sources, a percentage of the total consumption of electricity in the area of a distribution licensee;
 - (f) To adjudicate upon the disputes between the licensees and generating companies and to refer any dispute for arbitration;
 - (g) To levy fee for the purposes of the Act;
 - (h) To specify State Grid Code consistent with the Grid Code specified by CERC having regard to Grid Standards.
 - (i) To specify or enforce standards with respect to quality, continuity and reliability of service by licensees; and
 - (j) To fix the trading margin in the intra-State trading of electricity, if considered, necessary;
 - (k) To discharge such other functions as may be assigned under the Act.
- (2) The Commission shall advise the State Government on all or any of the following matters, namely:-
- (i) Promotion of competition, efficiency and economy in activities of the electricity industry.
 - (ii) Promotion of investment in electricity industry;
 - (iii) Reorganization and restructuring of electricity industry in the State;
 - (iv) Matters concerning generation, transmission, distribution and trading of electricity or any other matter referred to the Commission by the State Government.
- (3) The Commission shall ensure transparency while exercising its powers and discharging its functions.
- (4) In discharge of its functions, the Commission shall be guided by the National Electricity Policy, National Electricity Plan and Tariff Policy published under sub-section (2) of section 3 of the Act.

1.3 **Infrastructure:**

1.3.1 **Office Building:** The Commission has its office at rented premises at 11-4-660, 4th & 5th Floors, Singareni Bhavan, Red Hills, Hyderabad 500004 with court hall for conducting hearings on petitions and appeals, conference hall for conducting meetings and library for access of records, information and literature.

1.3.2 **Local Area Network (LAN):** All the Desktop Computer systems installed in the Commission's office are connected through a Local Area Network (LAN) enabling for access to any reference information and sharing of

data. LAN enables the distribution of internet from central location. The necessary peripheral hardware together with standard software items have also been provided in the office for increasing the efficacy and compatibility. The Commission has its own inbuilt soft ware designed & maintained by in-house IT wing, viz., **Tappal Movement**, etc., for easy indentifying and locating the movement of the Tappal received.

1.3.3 Intranet: The Commission intranet service is an endeavor to make information available to all the users. It provides access to websites of other ERCs & organizations, updates from ERCs, daily Newspaper clippings, daily Grid Reports, Hearing Schedule. All useful information is made available to the users. It also houses IP Messenger, a user friendly application which helps users communicate and transfer files which makes sharing of information easy.

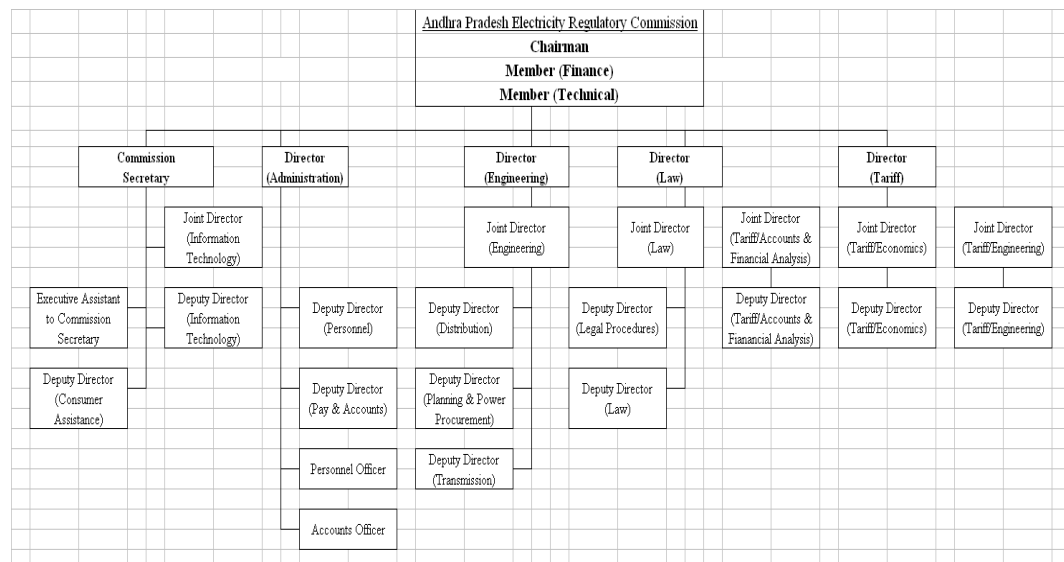
1.3.4 Website (Internet): The website of APERC designed & maintained by Information Technology wing of the Commission, in full form is operational from 15.08.2000 with URL address www.aperc.gov.in [formerly www.ercap.org]. All acts, decisions and orders of the Commission are being uploaded in the website from time to time. Also, it is used for announcing the public hearings, hearing schedules, public notices, press releases, concept papers, regulations and petitions. It also provides information on Consumer Grievances Redressal Forums (CGRFs) and Vidyut Ombudsman and guides the consumer for redressal of their grievances. Further, the details regarding Right to Information Act, 2005 are uploaded and regularly updated from time to time to provide transparency, easy access and wide publicity to consumers and other stakeholders.

1.3.5 Library: Various books, periodicals, law journals and other documents pertaining to the electricity sector as required from time to time were procured during the year.

1.3.6 Daily Newspaper Clipping Service: In order to keep the Commission abreast with the latest developments in the power sector within and outside the State, a daily newspaper clipping service was maintained in the office and put up to the Commission for perusal and suitable action.

1.4 Organizational structure:

The Organizational chart of the Commission is as given below:



1.5 Staffing Position:

1.5.1 The services of the Commission employees are governed by APERC (Method of Recruitment and Conditions of Service of Officers and Staff) Regulation, 1999 [Regulation No.3 of 1999] notified on 22.07.1999. As against the sanctioned strength, 48 personnel are in position as on 31.03.2012. The Staffing position as on 31.03.2012 is as given below:

Sl. No.	Designation	Sanctioned Strength	Filled in	Vacant	Name of the Incumbent as on 31.03.2012 S/Sri/Smt.
1	Commission Secretary	1	1		M.D.Manohar Raju
2	Director/Engineering	1	1		D.R.Viswanath Rao
3	Director/Law	1	1		K.Sanjeevarao Naidu
4	Director/Tariff	1	1		L.Manohar Reddy
5	Director/ Administration	1	1		C.Ramakrishna
6	Adviser to Commission	3		3	-
7	Joint Director/ Engineering	1		1	-
8	Joint Director/Law	1		1	-
9	Joint Director/Tariff (Accounts & Financial Analysis)	1		1	-
10	Joint Director/Tariff (Economics)	1		1	-
11	Joint Director/Tariff (Engineering)	1		1	-
12	Joint Director/ Information Technology	1	1		Umakanta Panda
13	Deputy Director/ Transmission	1	1		A.V.L.K.Jagannadha Sarma
14	Deputy Director/ Distribution	1	1		K.Sreedhar Reddy
15	Deputy Director/ Planning & Power Procurement	1	1		P.Solomon Herme
16	Deputy Director/ Legal Procedure	1	1		Dr. A.Srinivas
17	Deputy Director/Law	1	1		N.Nagaraj
18	Deputy Director/ Tariff (Accounts & Financial Analysis)	1	1		K.Hari Prasad
19	Deputy Director/ Tariff (Economics)	1	1		Dr. P.Rama Rao
20	Deputy Director/ Tariff (Engineering)	1	1		Antaryami Sahoo
21	Deputy Director/ Information Technology	1	1		P.Sarada
22	Deputy Director/ Personnel	1	1		N.Bhanu Prakash

Sl. No.	Designation	Sanctioned Strength	Filled in	Vacant	Name of the Incumbent as on 31.03.2012 S/Sri/Smt.
23	Deputy Director/ Pay & Accounts	1		1	N.Bhanu Prakash _{FAC}
24	Deputy Director/ Consumer Assistance	1	1		K.Vijaya Kumar
25	Executive Assistant to Commission Secretary	1		1	A.V.L.K. Jagannadha Sarma _{FAC}
26	Personnel Officer	1		1	-
27	Accounts Officer	1	1		B.Ramesh Babu
28	Private Secretary	3	1	2	S.Vilma Samuel
29	Security Officer	1	1		G.V.R.Yohendra Rao
30	Junior Personnel Officer	1		1	-
31	Cashier	1		1	-
32	Steno-cum-computer Operator	8	4	4	P.V.Suryanarayana Rao N.Sasikala P.V.Padmaja A.Lakshman Kumar
33	Personal Assistant	5	3	2	V.M.V.R.S.Sridhar G.Surya Kumari V.K.Ratnakar
34	Clerk-cum-computer Operator	7	5	2	B.Durga Prasad P.Amarnath G.Nataraju P.V.L.Sailaja P.Vijaya Lakshmi
35	Librarian	1	1		H.G.Geetha
36	Receptionist	1	1		G.Venkateswara Rao
37	Telephone Operator	2	1	1	I.Usha Rani
38	Messenger	1	1		M.Iqbal Ansari
39	Caretaker	1	1		M.Sudarsan
40	Driver	3	2	1	C.Laxminarayana A.Rahman
41	Office Subordinate	10	8	2	Mohammed Ali P.Anil Chand P.Ramakrishna Murthy G.Kumar P.Srinivasa Rao B.Srinivas S.Srinivasa Rao Y.Damodar Rao
42	Security Guard	7	1	6	K.Ramu
	Total	81	48	33	

1.5.2 The Commission continued to engage security staff, janitorial services and other housekeeping functions on outsourcing basis through a service provider in the interest of economy and efficiency.

1.6 State Advisory Committee:

1.6.1 In pursuance of the provisions contained in Section 87 of the Act the Commission notified APERC (Constitution of State Advisory Committee and its functioning) Regulation, 2004 [Regulation No.2 of 2004] on 9th February, 2004.

1.6.2 The SAC was initially constituted with 18 members for three years vide proceedings No.APERC/Secy/DD(CA)/09-01, dated 11.01.2007. After expiry of the term of the members, the Committee was re-constituted for the period 01.10.2011 to 30.09.2014 vide proceedings No.APERC/Secy/DD(CA)/F:307/03/2011, dated 30.09.2011

1.6.3 **Objects of SAC:** Section 88 of the Act provides that the objects of the SAC shall be to advise the Commission on -

- (i) Major questions of policy;
- (ii) Matters relating to quality, continuity and extent of service provided by the licensees;
- (iii) Compliance by licensees with the conditions and requirements of their licence;
- (iv) Protection of consumer interest; and
- (v) Electricity supply and overall standards of performance by utilities.

1.6.4 **Activities of the SAC during FY 2011-12:** The meeting of the SAC was held on 15.11.2011 during the year 2011-12, to elicit their views on the ARR/Tariff proposals of Licensees for the year 2012-13. The suggestions made by the members of SAC were also considered by the Commission while finalizing the Retail Supply Tariff Order for 2012-13.

1.7 State Co-ordination Forum:

1.7.1 In pursuance of the provisions of subsection (4) of section 166 of the Act, State Co-ordination Forum was constituted with 18 members by the GoAP vide G.O.Ms.No.15, dated 28.01.2004 read with G.O.Ms.No.119, dated 20.09.2014 for smooth and coordinated development of the power system in the State.

1.7.2 **Meeting of the State Co-ordination Forum held during FY 2011-12:** The 6th meeting of the State Co-ordination Forum was held on 18.08.2011 during the year 2010-11. The Forum deliberated on the following issues:

- Capacity addition plans and infrastructure investments in generation and transmission
- initiatives in renewable energy development
- status of development of 765 kV network and public private partnership in transmission projects
- implications of kVAh billing
- key obstacles for bridging power deficit situation
- status of new projects
- transmission system in the southern region
- imported coal usage by APGenco, cost recovery from Discoms and ARR filings

- lack of availability of adequate gas supply
- generation from co-generation units
- usage of RLNG in place of gas and
- Impetus to renewable power (viz., Wind and Mini-hydel) developers in Andhra Pradesh.

1.8 **Southern Electricity Regulators Forum meetings:**

1.8.1 The Southern Electricity Regulators Forum (SERF) is a society registered under the provisions of Karnataka Societies Registration Act, 1960. The Forum was constituted to understand and review issues specific to the Southern Region that shared similar characteristics and concerns. The Forum aims at an important coordinated role to address several issues confronting the Power Sector in order to bring in the reform in the real terms. The Chairpersons of all the four Southern State ERCs would constitute the Executive Committee and the General Body Meeting of the Forum shall be held once in 3 months on a rotation basis

1.8.2 During the year the SERF meetings were held twice and Chairman and Members of the Commission actively participated in the SERF meetings. The deliberations took place on various agenda items as given below:

Sl.	SERF Meeting	Date	Agenda Items
1)	10 th Meeting of SERF at Conference Hall, KERC	5 th Jul, 2011	<ul style="list-style-type: none"> ▪ APTEL Order with reference to determination of ARR/Tariff by taking Suo-moto action by SERCs. ▪ Transmission Corridor constraints faced by Kerala, Tamil Nadu and Pondicherry and inadequate interconnection capacity between new grid and southern grid and consequent congestion/high cost of short term power purchase. ▪ Treatment of return on equity/capital in other utilities and treatment of depreciation on assets created out of grants and contribution calculation of asset base and clawing back of amounts allowed in the past. ▪ Adoption of Model Supply Code prepared by FoR.
2)	11 th Meeting of SERF at Kollam, Kerala	12 th Nov, 2011	<ul style="list-style-type: none"> ▪ Status of implementation of the Open Access Regulation. ▪ Regulation of Short term power purchases by Discoms ▪ Modalities for implementation of REC mechanism

1.9 **Forum of Indian Regulators meetings:**

The Forum of Indian Regulators (FOIR) is a society registered under the provisions of Societies Registration Act, to promote transparency in the working of regulatory bodies, protect consumer interest and develop consumer advocacy organizations, develop human and institutional capacities in regulatory bodies, utilities and other stakeholders, research the efficiency and effectiveness of independent regulation, provide an information base on regulatory law and practice and regulatory

economics, collaborate with academic and research institutions, professional bodies and NGOs in India and internationally in areas of interest to the society. To discuss the aspects of regulatory development in the electricity reforms of various states, the Commission attended the meetings of FOIR on the following dates:

Sl.	FOIR Meeting	Date	Attended By
1)	12 th Annual General General Body Meeting at New Delhi	15 th Jun, 2011	Sri C.R.Sekhar Reddy, Member

1.10 **Forum of Regulators meetings:**

In order to coordinate the activities of central and state electricity regulators, a Forum of Regulators (FOR) has been constituted by the Go u/s 166(2) of the Act. The FOR is responsible for harmonization, co-ordination and ensuring uniformity of approach amongst the ERCs across the country, in order to achieve greater regulatory certainty in the electricity sector. The APERC Chairman, who is a member of the FOR, actively participated in various meetings and working groups constituted by FOR, as detailed below:

Sl.	FOR Meeting	Date	Attended By
1)	23 rd Meeting of FOR at Dehradun, Uttarakhand	29 th -30 th Apr, 2011	Sri A.Raghotham Rao, Chairman
2)	25 th Meeting of FOR at Faridabad	29 th Jul, 2011	
3)	26 th Meeting of FOR at Chandigarh, Himachal Pradesh	9 th -10 th Oct, 2011	
4)	27 th Meeting of FOR at Raipur, Chhattisgarh	16 th Dec, 2011	
5)	28 th Meeting of FOR at Bodh Gaya, Bihar	3 rd Feb, 2012	

1.11 **Visit of Public Utilities Commission of Sri Lanka:**

The following senior officers of “Public Utilities Commission of Sri Lanka” visited APERC and had interactive session in the main areas of regulatory processes relating to a) Public Hearing and b) Legal aspects particularly related to drafting regulations and orders; as a part of “Capacity Development for Power Sector Regulation in Sri Lanka” programme organized by ASCI during 29.06.2010 to 02.07.2010.

Sl.	Name	Designation
1)	Dr.Bandula Perera	Deputy Chairman
2)	Mr. Prasad Galhena	Commission Member
3)	Mr. Damitha Kumarasinghe	Director General
4)	Mr.Chamath Goonawardane	Team Leader
5)	Mr. Yasantha Rathuvithana	Senior Professional
6)	Mr.Kanachana Siriwardana	Senior Professional

1.12 **South Asia Forum for Infrastructure Regulation Meetings:**

The South Asia Forum for Infrastructure Regulation (SAFIR) was established in May 1999 with the support of World Bank. SAFIR aims to provide high quality capacity building and training on infrastructure regulation & related topics, in South Asia and to stimulate research on the subject by building a network of regional and international

institutions & individuals that are active in the field. It also aims at facilitating effective and efficient regulation of Utility and infrastructure industries, initiate beneficial exchange of knowledge and expertise and set the trend of rapid implementation of global best practices. The Commission being the Member of the SAFIR has attended the following meeting of SAFIR.

Sl.	SAFIR Meeting	Date	Attended By
1)	18 th SAFIR Steering Committee Meeting at Mumbai, India	23 rd Sep, 2011	Sri C.R.Sekhar Reddy, Member (Finance)

CHAPTER-II LICENCING & INVESTMENT APPROVALS

2.1 Licences:

No fresh licences were issued during the year 2011-12.

2.2 Exemptions:

No fresh exemptions were granted during the year 2011-12. However, in pursuant to the recommendation made by the GoAP, the Commission has extended the exemption from the application of provisions of Section 12 of the Act granted by order No.46, dated 15.06.2004 to the RESCOs viz., Anakapally, Cheepurupalli, Siricilla and Kuppam; for further period of one year from 01.04.2011 to 31.03.2012 vide proceedings No.APERC/Secy/09/2010, dated 07.08.2010.

Further, the Commission in its order dated 15.09.2012 has extended the exemption from the application of provisions of Section 12 of the Act granted to M/s Singareni Collories Company Limited.

2.3 Monitoring the Licensees' Performance:

The Commission conducted review meetings on 26.09.2011 and on 08.11.2011, with the Chairman & Managing Directors (CMDs) of the respective Discoms and also with the CMD of APTransco on the following agenda items.

- Compliance to Tariff Order Directives (FY 2011-12)
- Tariff related issues and proposals for ensuing year
- Compliance to RPP0 & Implementation of REC Mechanism-Pros and cons.
- Recovery of Arrears from the Government
- Projection of Energy Demand at Grid Level (Tariff Order) Vs Actual Energy handled

2.4 Investment approval - Transmission schemes:

The Commission approved the investment of Rs.1240.30 crore during the year 2011-12 in the following schemes proposed by APTransco:

Sl. No.	Scheme Name	Sanction No. CRN No.APT/ TS -	Estimated Cost (Rs. crore)
1	APGenco Krishnapatnam 2x800 Stage I and 1x800 MW Stage-II aggregating to 2400 MW Power Evacuation Scheme - Quad Moose D/C lines	01/2012	510.89
2	Laying of LILO of 2 nd Ckt Makthal-Gadwal to 220 kV Jurala SS.	02/2012	7.61
3	2 nd Ckt stringing on 220 KV Chalakurthy - Kondamallepalli Line	03/2012	8.56
4	132/33 kV SS at Meenakuru, Nellore Dist.	04/2012	20.23
5	132/33 kV SS at Addanki, Prakasam Dist.	05/2012	13.39
6	132/33 kV SS at Biccavolu, East Godavari Dist.	06/2012	13.90
7	132/33 kV SS at Narayanapuram, West Godavari Dist.	07/2012	11.11
8	132/33 kV SS at Water Works, Karimnagar Dist.	08/2012	13.05
9	132/33 kV SS at Pitapuram, East Godavari Dist.	09/2012	9.76

Sl. No.	Scheme Name	Sanction No. CRN No.APT/TS -	Estimated Cost (Rs. crore)
10	132/33 kV SS at Gorantla, Guntur Dist.	10/2012	12.65
11	132/33 kV SS at N.V.Puram. Khammam Dist.	11/2012	12.42
12	132/33 kV SS at Alipiri, Chittoor Dist.	12/2012	12.52
13	132/33 kV SS at Ghanapur, Mahabubnagar Dist.	13/2012	10.42
14	132/33 kV SS at Pratamnagar, East Godavari Dist.	14/2012	9.28
15	132/33 kV SS at Kamalapur, Karimnagar Dist.	15/2012	8.89
16	132/33 kV SS at Malkapuram, Visakhapatnam Dist.	16/2012	21.38
17	Revised Scheme for 132 kV SS LGM Peta	17/2012	31.90
18	220/132 kV SS at Bobbili Growth Center	18/2012	116.71
19	Augmentation of PTR capacitites in certain EHT SSs	19/2012	174.45
20	132/33 kV SS at Geesukonda, Warangal Dist.	20/2012	12.28
21	132/33 kV SS at Toopranpet, Nalgonda Dist.	21/2012	18.50
22	132/33 kV SS at Darsi, Prakasam Dist.	22/2012	28.15
23	132/33 kV SS at Rajam, Srikakulam Dist.	23/2012	14.12
24	132/33 kV SS at Asifabad, Adilabad Dist.	24/2012	20.14
25	220/132/33 kV Raidurg SS in Rangareddy Dist.	25/2012	64.37
26	Upgradation of ULDC & creation of communication facility to back-up SLDC at Tirupati	26/2012	45.67
27	PTR augmentation at 220 kV Nandyal, Medchal and Malkaram SSs.	27/2012	18.06
Total			1240.30

2.5 Power Purchase Agreements (PPAs):

The Commission has given consent u/s 21(4)(b) of the Reform Act, for the following PPAs of Discoms for purchase of 40.85 MW power from various NCE projects:

Sl. No.	Name of the Company	Capacity (MW)	Type of project	Date of Consent
1)	M/s Hyderabad Chemicals Ltd.	5.1	Wind	17.06.2011
2)	M/s Kishore Electro Infra Pvt. Ltd.	1.0	Solar	July, 2011
3)	M/s International Conveyors Ltd. (Ph-I & II) [0.8+0.8]	1.6	Wind	21.07.2011
4)	M/s Vish Wind Infrastructure LLP (Phase-IV)	1.6	Wind	13.12.2011
5)	M/s Ramsons Asbestos Cement Products	0.8	Wind	24.01.2012
6)	M/s Indian Oil Corporation Ltd.	16.8	Wind	26.03.2012
7)	M/s Grey Gold Cements	0.8	Wind	27.03.2012
8)	NREDCAP, Rekulakunta	5.95	Wind	
9)	M/s RV Consulting Services Pvt. Ltd.	2.4	Wind	

Sl. No.	Name of the Company	Capacity (MW)	Type of project	Date of Consent
10)	M/s Sukaso Ceracolors Pvt. Ltd.	1.6	Wind	
11)	M/s Synpol Products Pvt. Ltd.	0.8	Wind	
12)	M/s MGM Springs Pvt. Ltd.	0.8	Wind	28.03.2012
13)	NREDCAP, Kondameedipalli	1.6	Wind	
Total		40.85		

CHAPTER-III TARIFFS & DIRECTIVES

3.1 ARR filings of Discoms:

3.1.1 **Regulation for Determination of Tariff:** APERC notified Regulation No.4 of 2005 on 14.11.2005 laying down the terms and conditions for determination of tariff for Wheeling and Retail Sale of Electricity) Regulation No.4 of 2005. This regulation introduced Multi Year Tariff (MYT) framework and accordingly, each distribution licensee has to made the filings for its ARR and Tariff proposals for determination of tariff for (a) Wheeling and (b) Retail supply of electricity for a period of 5 year (called Control Period).

3.1.2 **Filings on Annual basis:** The Licensees expressed their inability to make filings, as per MYT fame work and instead sought the approval of the Commission to file on annual basis. The same were permitted by the Commission.

3.1.3 **Delay in filings:** the Licensees were to file their annual ARR and tariff proposals for the year 2012-13 by 30th November, 2011 as per statute to determine the tariff for the FY 2012-13 commencing from 1st April, 2012. The Licensees, however did not file the ARR and tariff proposals in time, explaining that the delay was due to certain unavoidable circumstances viz., delay in receipt of information of power/fuel availability, and cost thereof, from various sources, in finalization of power purchase cost projections which have material impact on the overall ARR and the measures to be adopted by the Licensees in addressing it. Licensees sought extension of time, from time to time and the Commission has granted time upto 31.12.2011 vide letter dated 24.12.2011.

3.1.3 The Licensees filed the ARR and Tariff proposals for their Retail Supply business for FY 2012-13 on 26.12.2011.

3.2 The Commission Approved Retail Supply ARR for FY 2012-13:

3.2.1 The summary of ARR approved by the Commission vide Retail Supply Tariff Order dated 30.03.2012 for the FY 2012-13 to be effective from 1st April, 2012 are as given below:

Sl. No.	ARR Summary (Rs. in Crores)	Commission Approved
1	Power Purchase (MU)	90402.36
2	Power Purchase cost (Rs. crs)	28024.31
3	Transmission Charges	1824.99
4	Other Charges (DB) plus Taxes on Income	63.71
5	Employee costs	1960.78
6	A&G Costs	201.13
7	Repair and Maintenance expenses	258.61
8	Provision for Bad and Doubtful Debts	0.00
9	Depreciation	1244.21
10	Return on Equity (RoE) (in %) *	16%
11	Special appropriations for Safety Measures	20.00
12	Return on Capital base and Loans balances	304.23
13	Interest and Finance charges including Supply Margin	570.36
14	Other Expenses (RSB) including Interest on Consumer Security Deposits	187.44

Sl. No.	ARR Summary (Rs. in Crores)	Commission Approved
15	Less: Expenses Capitalized (O&M)	-173.18
	Less: Non-Tariff Income (DB)	-142.68
16	Total Expenses	34343.89
17	Less: Other income	0.00
18	Less: Subsidy	-5358.67
19	Total ARR	28985.23
20	Revenue from existing tariffs	28127.05
21	Revenue from Non-Tariff Income	858.17
22	Remaining Gap (surplus(+), deficit(-))	0.00
23	Average Power Purchase Cost (Rs/kWh) #	3.30
24	Average Cost of Supply (Rs/kWh) ^	3.79
25	Unit Purchased (MU)	90402.36
26	Units Sales (MU)	77401.74
27	T&D Losses	13000.62
28	T&D Losses (in Crs)	4292.58
a)	Transmission Charges	1824.98
	Transmission Charges	1279.13
	SLDC Charges	38.54
	PGCIL Charges	483.80
	ULDC Charges	23.51

* RoE is @ 14% in Distribution business and 2% as Supply Margin in Retail Supply business, thus totalling to 16%.

Average Power Purchase Cost (Rs/kWh) = (Power Purchase Cost in Rs Crores + Transmission Charges in Rs Crores) x 10 / Power Purchase in MU

^ Average Cost of Supply (Rs/kWh) = Total ARR in Rs Crores x 10/Unit Sales in MU

3.2.2 The Commission introduced Voltage wise differential tariff for category of HT-I(B) [Ferro Alloy Units.

3.2.3 The Commission in its Retail Supply Tariff Order dated 30.03.2012 has issued 11 fresh directives on the following parameters/issues for the improvement of system operations and financials of the Licensees.

- Sales Estimation to LT-V: Agriculture
- Deficit Situation and Supply to Agriculture
- Maximum Ceiling Price for Short Term Power Purchases
- Station wise deviations of actual quantum purchased ad Fixed & Variable Costs
- Energy Conservation
- Administration of Subsidy
- Agricultural consumption estimate
- Malpractices & Theft
- Categorization of Agricultural Consumers
- Age-wise arrears from all Municipalities, Panchayats and all Govt. Departments
- Category changes booked under malpractice grounds

3.3 The RESCOs Orders for FY 2012-13:

3.3.1 On 30.03.2012, the Commission passed orders on the ARR/ERC filings made by RESCOs for the FY 2012-13 in the matter of determination of Bulk Supply Tariff for the RESCOs to take effect from 01.04.2012 based on Revenue less method for the FYs 2012-13, as detailed below:

Sl. No.	Name of the RESCO	FY 2012-13 (Rs./kWh)
1)	Anakapalli	1.20
2)	Cheepurupalli	0.67
3)	Siricilla	0.66
4)	Kuppam	0.32

3.4 **Fuel Surcharge Adjustment Orders:**

3.4.1 On 17.01.2012, the Commission duly conducting the Public Hearing issued eight (8) common orders to the Discoms in the matter of determination of Fuel Surcharge Adjustment (FSA) for all the quarters of FY 2008-09 (pursuant to the judgment of Hon'ble High Court of Andhra Pradesh) and for FY 2009-10, as given below:

Sl.	Quarter	FSA Amount (Rs.in Cr.)	FSA Eligible Units (in MU)	FSA Rate (Rs./kWh)
1)	2008-09 - I	150	9614	0.1558
2)	2008-09 - II	391	9139	0.4275
3)	2008-09 - III	868	9197	0.9439
4)	2008-09 - IV	230	9384	0.2454
5)	2009-10 - I	434	10204	0.4255
6)	2009-10 - II	516	10444	0.4938
7)	2009-10 - III	99.64	10185	0.0978
8)	2009-10 - IV	350	10357	0.3384

3.5 **Other Matters related to Tariff:**

3.5.1 In the matter of determination of tariff for the generation of power using coal for the Bagasse based co-generation plants, the Commission in its order dated 18.04.2011 accepted and approved for interim payment @Rs.4.24/Unit subject to final orders in the main O.P. itself.

3.5.2 The Commission in its order dated 14.06.2011 approved the total capital cost of SSLBPH amounting to Rs.3350.23 crore w.e.f. 07.12.2005 (date of establishing pump mode operation) to be reckoned for the purpose of determination of Fixed Cost component of Generation Tariff for SSLBPH in the subsequent period as prayed by APGenco.

3.5.3 The Commission upon remanded from the Hon'ble Supreme Court in civil appeal Nos.2926 of 2006 & batch dated 08.07.2010 issued orders in the matter of purchase of power from NCE Projects on 12.09.2011.

3.5.4 The Commission upon remanded from the Hon'ble Supreme Court in civil appeal Nos.2926 of 2006 & batch dated 08.07.2010 issued orders in the matter of purchase of power from NCE Projects on 12.09.2011.

3.5.5 The Commission issued orders on Amendment to General Terms & Conditions of Supply (GTCS) vide proceedings No.Secy/01/2012, dated 07.03.2012 making provision to give opportunity to the consumer to remove additional load detected or to regularize the additional load partly or fully. However, if the consumer opts to remove the additional connected load and if the additional load is found connected during subsequent inspection, penal provisions shall be invoked as per the rules in vogue.

3.5.6 The Commission in its orders dated 16.03.2012 directs in partial modification of the provisions of the tariff order 2011-12, the demand charges for HT category-VI shall be levied at Rs.250/kVA on actual consumed demand without any stipulation of minimum of 80% contracted demand.

CHAPTER-IV LEGAL MATTERS & REGULATIONS

4.1 Legal matters:

4.1.1 **Receiving Officer:** In terms of Clause 12 of APERC (Conduct of Business) Regulations, 1999 (CBR) [Regulation No.2 of 1999], the Commission in its approval order dated 23.06.2004, designated Deputy Director (Law) as Receiving Officer and in his absence, Deputy Director (Legal Procedure) as the Receiving Officer. Procedure for process of petitions/objections/applications received by the Receiving Officer were specified in the proceedings No.Secy/02/2010 dated 13.04.2010.

4.1.2 **The Advocate on Record:** The Commission has appointed *Sri K.V.Mohan* as the Advocate on Record and Regular Counsel for the APERC to handle the work in respect of the appeals being preferred before the Hon'ble Supreme Court and before Hon'ble Appellate Tribunal for Electricity (APTEL) by or against the Commission vide proceedings No.APERC/Secy/No.26/2002, dated 24.04.2002 and No.APERC/Secy/No.06/2006, dated 23.09.2006 respectively. The term of Advocate on Record was extended from time to time by various proceedings, and by proceedings No.APERC/Secy/D(L)/No.4 of 2011, dated 18.10.2011 for a further period from 01.11.2011 to 31.10.2012.

4.1.3 **The Standing Legal Counsel:** The Commission appointed *Sri P.Sri Raghu Ram*, Advocate as Standing Legal Counsel to the APERC for a period of 3 years in proceedings No.APERC/Secy/F4/No.41, dated 01.08.2001. The term of counsel was extended from time to time by various proceedings and by proceedings No.APERC/Secy/D(L)/No.10 dated 11.10.2010 for a further period beyond 30.09.2010 and upto 30.09.2012.

4.1.4 **Orders Passed by the Commission during FY 2011-12:** The number of Original Petitions (O.Ps.), Review Petitions (R.Ps.) and Interlocutory Applications (I.As.) disposed by the Commission during the year 2011-12 is as given below:

Sl. No.	Petitions	Disposed
1)	Original Petitions	56 Nos including 4 Nos. in admission stage
2)	Review Petitions	7 Nos
3)	Interlocutory Applications	19 Nos including 7 Nos. in admission stage

4.1.5 All acts, decisions and orders of the Commission are being uploaded in website www.aperc.gov.in from time to time. The details of orders passed by the Commission during FY 2011-12 are as given below:

- i) Orders dated 18.04.2011 in I.A.(SR)Nos.38, 39, 40, 41, 49, 51 and 53 of 2010 in O.P.(SR)Nos.31, 32, 34, 29, 48, 35 and 50 of 2010 respectively: In petitions filed u/s 11(2) and the CBR in the matter of determination of tariff for the generation of power using coal, in case of Bagasse based co-generation plants, the Commission accepted and approved for interim payment @Rs.4.24/Unit subject to final orders in the main O.P. itself. The main O.P. is ordered to be numbered and post for counter.
- ii) Order dated 21.05.2011 in O.P.No.38 of 2009: The Commission dismissed the petition filed u/s 11(1)(a)&(b) of the Reform Act read with clause 9 of CBR by the Discoms; and makes it clear that

there will be no determination of e-seva charges henceforth and leaves the matter to Discoms to work out the necessary charges in consultation with Government and the service provider.

- iii) Order dated 03.06.2011 in O.P.No.41 of 2009: In the petition filed u/s 86(1)(k) of the Act read with clause 55 of CBR by the Discoms; approves the procedure for segregation of excess energy supplied by the respondent (M/s Vemagiri Power Generation Ltd.).
- iv) Order dated 13.06.2011 in O.P.No.6 of 2006: The Commission allowed the petition filed by APGenco for additional O&M cost of Rs.139.09 crores for FYs 2002-03 to 2004-05, which includes pay revision commitment also.
- v) Order dated 13.06.2011 in O.P.No.1 of 2010: The Commission dismissed the petition filed by Union of India represented by the Chief Engineer (R&D), Secunderabad for re-categorization of electric connection fro, HT-II to HT-I.
- vi) Order dated 13.06.2011 in O.P.No.18 of 2009: The Commission allowed the petition filed u/s 62, 86(1)(f) of the Act by M/s Lanco Kondapalli Power Ltd., (Petitioner) and directed the respondents (APPCC, APTransco & Discoms) to reimburse the entire claim of the Minimum Alternative Tax (MAT) with interest.
- vii) Order dated 13.06.2011 in O.P.No.23 of 2005 & I.A.No.1 of 2009: The Commission dismissed the petition filed u/s 62, 86(1)(f) of the Act by APTransco, APPCC and Discoms as is barred by time. The I.A. is also dismissed as it is not sustainable under law and also on merit
- viii) Order dated 13.06.2011 in O.P.No.33 of 2009 & I.A.No.19 of 2009: The Commission allowed the application filed by M/s Lanco Kondapalli Power Ltd., in the matter of rejection of petition in O.P.No.33 of 2009 on the ground that it is barred by limitation and as a sequel the main O.P.No.33 of 2009 is rejected.
- ix) Order dated 13.06.2011 in O.P.No.39 of 2009 & I.A.No.17 of 2009: The Commission dismissed the petition filed u/s 62, 86(1)(f) of the Act by M/s Spectrum Power Generation Ltd., as is barred by limitation and consequently the I.A. is also dismissed.
- x) Order dated 14.06.2011 in O.P.No.27 of 2009: The Commission approves the total capital cost of SSLBPH amounting to Rs.3350.23 crore w.e.f. 07.12.2005 (date of establishing pump mode operation) to be reckoned for the purpose of determination of Fixed Cost component of Generation Tariff for SSLBPH in the subsequent period as prayed by APGenco.
- xi) Order dated 18.06.2011 in O.P.No.17 of 2009: The Commission dismissed the petition filed u/s 86(1) of the Act by APTransco & APDiscoms (Petitioners) seeking to reduce the working capital amount to actual borrowings for the tariff year 19.04.2003 to 08.04.2004 and for previous tariff years for 208 MW gas based power project viz., M/s Spectrum Power Generation Ltd. (Respondents).
- xii) Order dated 20.06.2011 in I.A.No.5 of 2011 in O.P.No.11 of 2009: The Commission opined that the respondent (M/s Konaseema Gas

Power Ltd.) is not entitled to any Additional Fixed Charge (AFC).

- xiii) Order dated 12.07.2011 in I.A.No.8 of 2011 in R.P.No.1 of 2011 in O.P.No.23 of 2005: The Commission allowed the application filed u/s 94(2) of the Act by M/s Lanco Kondapalli Power Ltd., and suspended to letters dated 23.06.2011 and 24.06.2011 or respondents (APPCC, APTransco & APDiscoms) and also directed the respondents not to recover/adjust the amount of Rs.28,06,82,885/- in the June monthly bill or future monthly bills, pending disposals of the main review petition.
- xiv) Order dated 22.08.2011 in I.A.No.6 of 2011 in O.P.No.16 of 2010: The Commission dismissed the application filed by APDiscoms & APTransco (Applicants in I.A.) for the rejection of O.P.No.16 of 2010 filed u/s 86(1)(b) & (f) of the Act by M/s Tata Power Trading Company Ltd. (Respondent in I.A.) seeking for a declaration that deduction of Rs.9.72 crore and Rs.96.48 lakh by the applicant towards compensation for non-supply of short term power by the respondent as illegal and wrongful.
- xv) Order dated 12.09.2011 in R.P.No.84/2003 in O.P.No.1075 of 2000: The Commission upon remanded from the Hon'ble Supreme Court in civil appeal Nos.2926 of 2006 & batch dated 08.07.2010 issued orders in the matter of purchase of power from NCE Projects.
- xvi) Order dated 13.09.2011 in O.P.No.11 of 2005: The Commission dismissed the petition filed u/s 86(1)(f) of the Act by M/s Vensa Biotek Ltd. (Petitioner) against APTransco & APEPDCL (Respondents) seeking adjudication of dispute with regard to power purchase cost payable to it as wrongly calculated by the respondent.
- xvii) Order dated 14.09.2011 in O.P(SR).No.12 of 2011: The Commission allowed the petition filed u/s 86(1)(b) & (f) of the Act by M/s Hyderabad Chemicals Ltd. (Petitioner) against APCPDCL (Respondents) seeking adjudication of dispute with regard to reviewing the power purchase price of Rs.2.70/unit under PPA and re-fixing the same at Rs3.50/unit as per earlier orders of the Commission.
- xviii) Order dated 27.09.2011 in O.P.No.21 of 2009: The Commission dismissed as withdrawn the petition filed u/s 23 of the Act by APDiscoms (Petitioners) seeking restriction & control of power supply, levy of excess demand charges and also energy charges for consumption of HT-I consumers for exceeding quota.
- xix) Order dated 21.11.2011 in O.P.(SR)No.45 of 2011: The Commission admitted the petition filed under article 11 (Dispute Resolution) of the PPA by M/s Gayathri Sugars Ltd., (Petitioner) seeking adjudication of the dispute between the petitioner and the respondent with regard to reviewing the power purchase price of Rs.2.63/unit and revision of the decision of imposing ceiling limit to the renewable power tariff.
- xx) Order dated 23.11.2011 in O.P.(SR)No.17 of 2011: The Commission admitted the petition filed u/s 61 read with 86(1)(e) of the Act, by Indian Wind Power Association (IWPA) seeking directions with

regard to or frame renewable tariff regulations for determination RE tariff based on CERC regulation, dated 16.09.2009 for procurement of wind energy by distribution licensees.

- xxi) Order dated 06.01.2012 in O.P.(SR)No.14 of 2011: The Commission admitted the petition filed u/s 94(1)(f) of Act by Indian Wind Energy Association (InWEA) seeking modification of the guidelines in the order dated 30.02.2010, for evacuation of power from Wind Power Projects in Andhra Pradesh in line with CEA regulations.
- xxii) Order dated 17.01.2012 in O.P.Nos.23 to 54 of 2011: The Commission issues orders on Fuel Surcharge Adjustment (FSA) for FYs 2008-09 and 2009-10.
- xxiii) Order dated 16.03.2012 in R.P.Nos.4 to 9 of 2011 & I.A.Nos.12 to 17 of 2011 respectively in O.P.No.2 of 2011: The Commission directs in partial modification of the provisions of the tariff order 2011-12, the demand charges for HT category-VI shall be levied at Rs.250/kVA on actual consumed demand without any stipulation of minimum of 80% contracted demand.
- xxiv) Order dated 20.03.2012 in I.A.No.140 of 2011 in O.P.No.18 of 2009: The Commission directs that the respondents (APPCC & APTransco and APDiscoms) to reimburse the MAT and shall pay interest at the rate prescribed in the PPA.
- xxv) Order dated 30.03.2012 in O.P.Nos.01 to 04 of 2012: The Commission passed orders on ARR filings and Retail Supply Tariff proposals for the FY 2012-13 u/s 62 of the Act made by APDiscoms
- xxvi) Order dated 30.03.2012 in O.P. Nos.61 of 2011, 05 of 2012, 06 of 2012 and 08 of 2012: The Commission passed orders on the ARR/ERC filings u/s 62 of the Act made by Siricilla, Kuppam, Cheepurupally, and Anakapally RESCOs respectively for the year 2012-13.

4.2 **Regulations:**

4.2.1 The Commission issued One (1) Regulation during the year, under the Act for prescribing the obligation for purchase of Renewable Power and its Compliance by purchase of Renewable Energy / Renewable Energy Certificates, as detailed hereunder:

4.2.2 The APERC - Renewable Power Purchase Obligation (Compliance by Purchase of Renewable Energy / Renewable Energy Certificates) Regulations, 2012 [Regulation No.1 of 2012] u/s 61, 66, 86(1)(e) and 181 of the Act. This regulation was notified in the AP Extraordinary Gazette dated 21.03.2011. The main provisions of the Regulations are as given below:

- a) Renewable Power Purchase Obligation [RPPO] - Every Distribution Licensee / Open Access Consumer (a consumer availing open access under subsection (2) of Section 42 of the Act) in the state of Andhra Pradesh / Consumer owning a captive generating plant of installed capacity of One (1) MW shall purchase from renewable energy sources such as co-generation (from renewable sources of energy like Bagasse), Mini Hydel, Municipal Waste, Industrial Waste, Biomass, Wind, Solar including its integration with combined cycle, bio-fuel cogeneration, Geo-thermal, Tidal and such other sources as recognized or approved by Ministry of New

and Renewable Energy (MNRE), a quantum not less than 5% of its consumption of energy, during each of the years from 2012-13 to 2016-17 (each year commencing from 1st April of the Calendar Year and ending on 31st March of the subsequent Calendar year), provided that the purchase of Renewable Energy Certificates [REC] issued under the Central Electricity Regulatory Commission [CERC] (Terms and Conditions for recognition and issue of REC for Renewable Energy Generation) Regulations, 2012 as amended from time to time, shall also be treated as fulfilment of RPPO prescribed herein;

- b) Provided that a minimum of 0.25% out of 5% RPPO specified shall be procured from generation based on solar as renewable energy sources.
- c) Provided that in the event of the obligated entity, fulfilling the RPPO by purchase of certificates, the obligation to purchase electricity from generation based on solar as renewable energy source can be fulfilled by purchase of solar certificates only, and the obligation to purchase electricity from generation based on renewable energy other than solar can be fulfilled by purchase of non-solar certificates.
- d) Provided further, that the fulfilment of such obligation to purchase renewable energy shall be inclusive of the purchases, if any, from renewable energy sources already being made by concerned obligated entity.
- e) Provided further, that the purchase of renewable power by the distribution licensee, from other distribution licensees in the state of Andhra Pradesh, shall also be taken into account for computing the fulfilment of RPPO by such a licensee.
- f) Provided further, that the consumption of a Rural Electricity Supply Co-operative Society [RESCO] shall be taken into account for calculating the consumption of a distribution licensee. There shall be no separate RPPO on the RESCOs.
- g) Provided also that the power purchases under the PPAs for the purchase of renewable energy sources already entered into by the distribution licensees and consented to by the Commission shall continue to be made till their present validity, even if the total purchases under such agreements exceed the percentage as specified.
- h) Provided further, that the Commission may either on its own motion or on recommendation of the State Agency (i.e., State Load Despatch Centre of Andhra Pradesh [SLDC] as defined u/s 2(66) of the Act) or on receipt of an application from the obligated entity(s) or eligible entity(s), revise for any year the percentage targets as deemed appropriate.
- i) **REC:** The RECs purchased by the obligated entity(s) from the power exchange shall be deposited with the State Agency.
- j) **Consequences of default:** If the obligated entity(s) fails to comply with the RPPO during any year, the Commission may direct the obligated entity(s) to deposit into a separate fund, to be created and maintained by the State Agency, such amount as the

Commission may determine on the basis of the shortfall in units of RPPO and the forbearance price (i.e., ceiling price as determined by CERC). In addition the obligated entity(s) be liable for penalty as may be decided by the Commission u/s 142 of the Act.

CHAPTER-V

CONSUMER ADVOCACY & RIGHT TO INFORMATION

5.1 Consumer Advocacy:

In discharge of its obligation to protect and to promote the interest of the consumers the Commission notified the following Regulations.

- APERC (Consumer's Right to Information) Regulations, 2000 [Regulation No.7 of 2000] notified on 04.09.2000.
- APERC (Establishment of Forum and Vidyut Ombudsman for Redressal of Grievances of Consumers) Regulation, 2004 [Regulation No.1 of 2004] notified on 06.02.2004 read with its First Amendment Regulation notified on 01.10.2007.
- APERC (Licensees' Standards of Performance) Regulation, 2004 [Regulation No.7 of 2004] notified on 22.06.2004 read with its First Amendment Regulation notified on 19.08.2005.
- APERC (Appointment of Vidyut Ombudsman and Terms & Conditions of Service) Regulation, 2007 [Regulation No.2 of 2007] notified on 03.07.2007 read with its First Amendment Regulation notified on 19.06.2010.

5.2 Standards of Performance (SoP) of Discoms:

5.2.1 In order to improve reliability and Quality of Supply (QoS) to be adhered to by the Licensees, the Commission initially notified APERC (Standards of Performance) Regulations, 2000 [Regulation No.6 of 2000] on 04.09.2000, under section 9(2) and 54 of the Reform Act.

5.2.2 Subsequently after enactment of the Act, the Commission on 22.06.2004 notified, APERC (Licensees' Standards of Performance) Regulation, 2004 duly repealing the Regulation No.6 of 2000. This Regulation contained (a) Guaranteed SoP, being the minimum standards of service that a distribution licensee shall achieve to individual consumers, (b) Overall Service Standards which the licensee shall seek to achieve in the discharge of obligation as a Licensee, and (c) The compensation payable and manner of payment of compensation to consumers for non-compliance of the Standards in terms of provisions of Section 57 of the Act.

5.2.3 Later on, the Commission has notified on 19.08.2005, APERC (Licensees' Standards of Performance First Amendment) Regulation, 2005.

5.2.4 The following are the details of Citizen Charter/Guaranteed SoP and Compensation payable by Discoms in case of violation.

Sl. No.	Service Area	Standard	Compensation payable in case of violation of Standard	
			To individual consumer if the event affects a single consumer	To individual consumer if the event affects more than one consumer
1	Normal Fuse-off			
(a)	Cities and towns	Within 4 working hours	Rs.50 in each case of default	Rs.25 to each consumer affected
(b)	Rural areas	Within 12 working hours		
2	Overhead Line/cable breakdowns			
(a)	Cities and towns	Within 6 hours	Rs.50 in each case of default	Rs.25 to each consumer affected
(b)	Rural areas	Within 24 hours		
3	Underground cable breakdowns			
(a)	Cities and towns	Within 12 hours	Rs.50 in each case of default	Rs.25 to each consumer affected
(b)	Rural areas	Within 48 hours		
4	Distribution Transformer failure			

Sl. No.	Service Area	Standard	Compensation payable in case of violation of Standard	
			To individual consumer if the event affects a single consumer	To individual consumer if the event affects more than one consumer
(a)	Cities and towns	Within 24 hours	Rs.100 in each case of default	Rs.50 to each consumer affected
(b)	Rural areas	Within 48 hours		
5	Period of Scheduled Outage			
(a)	Maximum duration in a single stretch	Not to exceed 12 hours	Rs.100 in each case of default	Rs.50 to each consumer affected
(b)	Restoration of supply	By not later than 6 PM		
6	Voltage fluctuations			
(a)	No expansion/enhancement of network involved	Within 10 days	Rs.50 for each day of default	Rs.25 to each consumer affected for each day of default
(b)	Up-gradation of distribution system required	Within 120 days	Rs.100 for each day of default	Rs.50 to each consumer affected for each day of default
(c)	Erection of Substation	Within the time period as approved by the Commission	Rs.250 for each day of default	Rs.125 to each consumer affected for each day of default
7	Meter complaints			
(a)	Inspection and replacement of slow, fast/creeping, stuck-up meters	Inspection within 7 days in towns and cities and within 15 days in rural areas and replacement within 15 days thereafter.	Rs.50 per each day of default	Not Applicable
(b)	Replace burnt meters if cause attributable to Licensee	Within 7 days	Rs.50 for each day of default	Not Applicable
(c)	Replace burnt meters if cause attributable to consumer	Within 7 days of receiving payment from consumer		Not Applicable
8	Application of new connection/additional load			
(i)	Connection feasible from existing network			
(a)	Release of supply	Within 30 days of receipt of application (along-with prescribed charges)	Rs.50 for each day of default	Not Applicable
(ii)	Network expansion/enhancement required to release supply			
(a)	Release of supply - Low Tension	Within 30 days of receipt of prescribed charges	Rs.50 for each day of default	Not Applicable
(b)	Release of Supply - High Tension 11 kV	Within 60 days of receipt of prescribed charges	Rs.250 for each day of default	
(c)	Release of Supply - High Tension 33 kV	Within 90 days of receipt of prescribed charges		
(d)	Release of Supply - Extra High Tension	Within 180 days of receipt of prescribed charges		
(e)	Erection of substation required for release of supply	Within the time period approved by the Commission	Rs.500 for each day of default	
9	Transfer of ownership and conversion of services			
(a)	Title transfer of ownership	Within 7 days along-with necessary documents and prescribed fee, if any	Rs.50 for each day of default	Not Applicable
(b)	Change of category	Within 7 days along-with necessary documents and prescribed fee, if any		
(c)	Conversion from LT 1-ph to LT 3-ph and vice-versa	Within 30 days of payment of charges by the consumer		
(d)	Conversion from LT to HT and vice-versa	Within 60 days of payment of charges by the consumer	Rs.100 for each day of default	
10	Resolution of complaints on consumer's bill			

Sl. No.	Service Area	Standard	Compensation payable in case of violation of Standard	
			To individual consumer if the event affects a single consumer	To individual consumer if the event affects more than one consumer
(a)	If no additional information is required	Within 24 working hours of receipt of complaint	Rs.25 for each day of default	Not Applicable
(b)	If additional information is required	Within 7 working days of receipt of complaint		
11	Reconnection of supply following disconnection due to non-payment of bills			
(a)	Cities and Towns	Within 4 working hours of production of proof of payment by consumer	Rs.50 in each case of default	Not Applicable
(b)	Rural Areas	Within 12 working hours of production of proof of payment by consumer		

5.2.5 The Commission reviewed the QoS data submitted by the Discoms in terms of their overall SoP. The Commission u/s 59(2) of the Act published the information of SoP of Discoms for the year 2011-12 in the website.

5.3 The Forum for Redressal of Consumer Grievances:

5.3.1 In pursuant to the provisions of APERC Regulation No.1 of 2004, all the Discoms have established the Forum for Redressal of Consumer Grievances (CGRFs). The Forum shall consist of four Members including Chairperson of the Forum, the Licensee shall appoint the Chairperson and two Members of the Forum on full time basis, and the Commission shall nominate one independent Member who is familiar with consumer affairs.

5.3.2 In accordance with the provisions of the Regulation, the Forum shall decide the complaint expeditiously and shall communicate its decision to the Complainant within a period not exceeding forty five (45) days of the receipt of the complaint. The Forum shall give the reasons in support of its decisions.

5.3.3 As required under the first amendment to Regulation No.1 of 2004, the Commission vide proceedings No.APERC/Secy/DD(CA)/09-04, dated 23.04.2009 has nominated 4th Member of CGRF of the respective Discoms for period of two years. The Commission has accorded extension of the tenure of the 4th Member of CGRFs of Discoms upto 21.12.2011 vide proceedings No.APERC/Secy/DD(CA)/2011-02, dated 18.06.2011. Further extended till 30.06.2012 vide proceedings No.APERC/Secy/DD(CA)/2011-05, dated 29.11.2011.

5.3.4 Review of quarterly & annual Returns of CGRF: The Commission reviewed the details like number/nature of grievances reported in the Quarterly returns & Annual returns furnished by the CGRFs and the reports furnished by the Ombudsman. The details of the grievances attended to by the CGRFs for the year 2011-12 have been given hereunder.

Sl. No.	Licensee	CGRF functioning with effect from	Number of Grievances received	Number of Grievances disposed off
1)	APCPDCL	26-02-2005	336	332
2)		21-07-2011	365	287
2)	APEPDCL	08-01-2005	723	646
3)	APNPDCL	06-01-2005	25	25
4)	APSPDCL	06-01-2005	510	345
Total			1959	1635

5.4 **Vidyut Ombudsman:**

- 5.4.1 The institution of Vidyut Ombudsman was established in September 2005, pursuant to the Commission proceeding No.Secy/04, dated 19.09.2005 designating the Director (Law) of the Commission as ex-officio Vidyut Ombudsman for the State pending notification of the Regulation on the terms and conditions of service of Vidyut Ombudsman and his Staff.
- 5.4.2 Any Complainant if aggrieved by the non-redressal of the grievance by the Forum, may make a representation to the Vidyut Ombudsman within thirty (30) days from the date of the receipt of the decision of the Forum or from the date of the expiry of the period within which the Forum was required to take decision and communicate the same to the Complainant. Provided that the Vidyut Ombudsman may entertain an appeal after the expiry of the thirty (30) days period if satisfied that there is sufficient cause for not filing it within that period.
- 5.4.3 The Vidyut Ombudsman shall decide the representation finally within three (3) months from the date of the receipt of the representation of the Complainant and in the event the representation is not decided within three months the Vidyut Ombudsman shall record the reasons there for including the cost to be paid by the licensee in case the reasons for the delay is attributable to the licensee. In case the delay is for reasons attributable to the Complainant the Vidyut Ombudsman may reject the representation. Provided that the Vidyut Ombudsman may pass such interim orders as the Vidyut Ombudsman may consider appropriate pending the final decision on the representation.
- 5.4.4 During the year 2011-12, a total of 90 appeals have been received by the Vidyut Ombudsman and out of which 84 appeals have been disposed off. Along with the reports of the CGRFs, the Commission has also been reviewing the Quarterly / Annual reports of the Vidyut Ombudsman.

5.5 **Consumer Assistance Cell in the Commission:**

- 5.5.1 Consumer Assistance cell of the Commission guides and helps the consumers who approach the Commission for guidance on the redressal of their grievances pertaining to the consumer service. The written representations received from the Consumers were sent to the respective Discoms/CGRFs according to the stage of handling of the complaint. Also, assists the Commission in conduct of Public Hearings by compiling and summarizing both the written and oral suggestions/comments of the stakeholders and the corresponding responses from the respective Licensees during the public hearings.

5.6 **Consumer Day:**

Since 2007, the formation day of APERC i.e., 3rd April, is being observed by all the Discoms across the state as 'Consumer Day'. On this day, the Discoms were making special arrangements for immediate redressal of complaints. All EROs, sub-EROs, Officers and Staff were made present to resolve the complaints on the spot. Apart from this, the Discoms were also conducting various Consumers' education programmes at offices of Corporate, CGRF, Zonal, Circle, Division and sub-division levels on the following points.

- SoP specified by the Commission, emphasizing on the compensations payable by the Discoms, in case of non-compliance of the specified service with the stipulated time.

- Significance of Demand Side Management (DSM) measures to be observed in Agriculture Sector.
- The directives issued by the Commission in protection of interests of the consumers.
- Safety measures to be adopted on usage of various electrical appliances.
- Energy Conservation tips to be followed.

5.7 Consumer Participation in Regulatory Decision:

5.7.1 The Consumer participation in Electricity Regulatory process is necessary and important to ensure transparency and accountability of the process. The Act requires the Commission to consult consumers on important policy and regulatory matters before arriving at any decision.

5.7.2 The regulatory matters were brought in the public domain through publication of Public Notice in daily newspapers, issuing Press Releases and also by placing the matter in the website of the Commission seeking suggestions/comments from the interested persons and stakeholders.

5.7.3 **Public Hearings:** APERC organized Public Hearings on the following matters during FY 2011-12. At the Public Hearings, apart from the registered objectors, the persons/organizations who had turned up at the venue directly were also heard and their petitions/suggestions were also considered:

Date	Venue	Subject	No. of Registered Objectors
16.08.2011	Court Hall of APERC	Amendment to Methodology of FSA calculation Regulation [Amendment to APERC (Conduct of Business) Regulations No.2, 1999]	52
22.09.2011	Court Hall of APERC	Draft APERC (AP State Electricity Grid Code) Regulation	13
29.09.2011	Court Hall of APERC	Fuel Surcharge Adjustment (FSA) proposals filed by Discoms for FY 2008-09 & 2009-10	152
31.10.2011	Court Hall of APERC		
09.11.2011	Court Hall of APERC		
19.11.2011	Court Hall of APERC		
30.11.2011	Court Hall of APERC		
11.01.2012	Court Hall of APERC	R&C Measures	29
12.01.2012	Court Hall of APERC	Renewable Energy Certificate (REC) mechanism in the state of Andhra Pradesh	20
16.02.2012	Zilla Praja Parishad Meeting Hall, Nizamabad (APNPDCCL)	ARR/Tariff filings made on 26.12.2011 by the Licensees for their Retail Supply business for FY 2012-13	82
18.02.2012	The FAPCCI, 11-6-841, FAPCCI Marg, Red Hills,		117

Date	Venue	Subject	No. of Registered Objectors
	Hyderabad (APCPDCL)		
22.02.2012	Srinivasa Auditorium, S.V. University, Tirupati (APSPDCL)		109
27.02.2012	Dr.B.R.Ambedkar Bhavan, Near Old Bus Stand, Kakinada, East Godavari Dist. (APEPDCL)		56

5.8 Right to Information Act, 2005:

5.8.1 In pursuance of provisions of section 5(1) and 19(1) of the RTI Act (No.22 of 2005), the Commission designated the following officers, vide proceedings No.Secy/08 dated 28.12.2005, as State Public Information Officer (SPIO) and 1st Appellate Authority under RTI Act, 2005.

State Public Information Officer of the APERC 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.	Director (Law), APERC

5.8.2 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. The consolidated statements on the applications & 1st appeals received and disposed of under the RTI Act for the period 01.01.2011 to 31.12.2011 as submitted to Secretariat are as given below:

Sl. No.	Total No. of applications pending as on end of last year 2010	Total No. of applications received during the year 2011	Total No. of applications disposed during the year 2011	Total No. of applications pending	Out of cases disposed,			Amount of total application fee and charges collected for furnishing information
					Information furnished	Deemed refusal u/s 7(2)/ 18(1)	Rejected u/s 6, 8, 9, 11, 24, Other	
1	4	47	51	Nil	49	Nil	2	Rs 9,234/-

Sl. No.	Total No. of 1 st appeals pending as on end of last year 2010	Total No. of 1 st appeals received during the year 2011	Total No. of 1 st appeals disposed during the year 2011	Total No. of 1 st appeals pending	Out of cases disposed,		Amount of charges collected for furnishing information
					Information furnished	Rejected u/s 6, 8, 9, 11, 24, Other	
1	1	6	6	1	6	Nil	Nil

CHAPTER-VI ACCOUNTS & AUDIT

6.1 Grant in Aid:

APERC is funded by the **budgetary provisions of the State Government by way of Grants-in-aid**. During the year the Commission has received Rs.4.89385 crore as Grants-in-Aid towards Salaries (Rs.3.3474 crore) and Other Grants-in-aid (Rs.1.54645 crore) from GoAP and is being operated through a nationalized bank account.

6.2 Capital Expenditure:

No grant was, however, received from the State Government towards capital expenditure during the year. The assets of the Commission have been created from the Other Grants-in-Aid received from the State Government.

6.3 Collection of annual fees from Licensees and for grant of exemptions:

The Commission recovered an amount of Rs.7.198 crore during the year towards Licence fee from Transmission Licensee (APTransco), the four (4) Distribution Licensees (APCPDCL, APEPDCL, APNPDCL and APSPDCL), and Rs.0.1554 crore towards Licence Exemption Fee from four (4) Rural Electric Cooperative Societies (Anakapally, Cheepurupalli, Sircilla and Kuppam RESCOs) and the same was remitted to the State Government.

6.4 Books of Account and Other Records:

The Commission is maintaining proper books of accounts and other relevant records as required u/s 104(1) of the Act. The Annual Accounts of the Commission has been prepared on cash basis in the formats approved by the State Government.

6.5 Financial Statements:

The Commission prepared the following financial statements in accordance with the provisions of Para II (1) of Part-I of Schedule to Reform Act.

- i) Receipts and Payments Account for the year ended 31st March, 2012
- ii) Income and Expenditure Account for the year ended 31st March, 2012
- iii) Balance Sheet as on 31st March, 2012

6.6 Audit of Accounts:

The CAG have audited the financial statements of the Commission in accordance with section 104(2) of the Act. The Audit Certificate-cum-Separate Audit Report containing the comments of the CAG on the accounting treatment received vide letter No.AG(E&RSA)/ES-II(Power)/APERC-10-13/2014-15/27 dated 02.09.2014 is furnished hereunder.

**Audit Certificate-cum-Separate Audit Report of the Comptroller & Auditor
General of India on the Annual Accounts of Andhra Pradesh Electricity
Regulatory Commission for the year ended 31st March 2012**

1. We have audited the attached Balance Sheet of Andhra Pradesh Electricity Regulatory Commission, Hyderabad (APERC) as on 31st March, 2012 and the Income and Expenditure Account / Receipts and Payments Account for the year ended on that date under Section 19 (2) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 read with Section 104 (2) of the Electricity Act, 2003. These financial statements are the responsibility of the APERC's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. This Separate Audit Report contains the comments of the Comptroller & Auditor General of India (CAG) on the accounting treatment only with regard to classification, conformity with the best accounting practices, accounting standards, disclosure norms, etc. Audit observations on financial transaction with regard to compliance with the Law, Rules and Regulations (Propriety and Regularity), efficiency-cum-performance aspects etc., if any, are reported through Inspection Reports / CAG's Audit Reports separately.
3. We have conducted our audit in accordance with 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, evidences 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.
4. Based on the preliminary observations made by us, the accounts of the Commission have been revised. Due to revision, the excess of Expenditure over Income amounting to Rs.69.49 lakh had been increased to Rs.70.23 lakh and total assets and liabilities of the Balance sheet have also been decreased by Rs.0.96 lakh.
5. Based on our audit, we report that:
 - i. 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;
 - ii. The Balance Sheet and Income and Expenditure Account / Receipts and Payments Account dealt with by this report have been drawn up in the format approved by the Comptroller and Auditor General of India under provisions of Para II (1) of Part - I of schedule to Andhra Pradesh Electricity Reform Act, 1998.
 - iii. In our opinion, proper books of accounts and other relevant records have been maintained by the APERC as required under section 104 (1) of the Electricity Act, 2003 in so far as it appears from our examination of such books.

iv. We further report that:

General:

(a) As per the orders of CAG, the common format of accounts of autonomous organizations prescribed by the Committee of Experts would be applicable, in the interest of transparency and comparability, to all autonomous bodies governed by separate Acts of Parliament and where CAG is the sole auditor. However, the APERC did not follow the Format though it is functioning under Electricity Act, 2003 which was enacted by Parliament and CAG is sole auditor for APERC.

Grants - in - Aid:

(b) Out of the grants in aid of Rs.4.89 crore received during the year (Rs.0.52 crore was received in March 2012), APERC could utilize a sum of Rs.5.24 crore leaving a balance of Rs.1.99 crore (previous year 2.34 crore) as unutilized grant as on 31st March 2012.

v. Subject to our observation in the preceding paragraph, we report that the Balance Sheet and Income and Expenditure/Receipts and Payments Account dealt with by this report are in agreement with the books of accounts.

vi. In our opinion and to the best of our information and according to the explanations given to us, the said financial statements read together with the Accounting Notes, and subject to the significant matters stated above and other matters mentioned in the Annexure to this Separate Audit Report, give a true and fair view in conformity with accounting principles generally accepted in India.

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 March, 2012; 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: 28.08.2014

Sd/-
(Lata Mallikarjuna)
Accountant General (E&RSA)

ANNEXURE TO SEPARATE AUDIT REPORT 2011 - 12

1.	Adequacy of Internal Audit System	The APERC appointed M/s.Ramachandram & Co, Chartered Accountant, Hyderabad as internal auditor w.e.f. 01-04-2007. So far no report has been received by the Commission.
2.	Adequacy of Internal Control System	The internal control system is adequate.
3.	System of Physical Verification of Fixed Assets	There was proper system of physical verification of assets.
4.	Regulatory in payment of statutory dues applicable to them	Unit is regular in payment of Statutory dues applicable to them.
5.	Delay in remittances of receipts into Government account.	The APERC was not remitting the receipts into the Government accounts regularly. It remits the receipts only once in a year.

Sd/-
Sr. Audit Officer/ES - II (Power)

ANDHRA PRADESH ELECTRICITY REGULATORY COMMISSION
RECEIPTS AND PAYMENTS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2012

Receipts	Current Year 2011-12	Previous Year 2010-11	Payments	Current Year 2011-12	Previous Year 2010-11
	Rs.	Rs.		Rs.	Rs.
To Balance b/d			By Pay & Allowances to Chairman & Members		
a) Cash at Bank			a) Salaries	2894363	8446444
State Bank of India	23397534	34025056	b) Other Benefits		
Indian Overseas Bank	18694852	14373710	Water Charges	2137	2823
b) Cash on Hand	10486	11602	Electricity Charges	62720	72894
To Grants-in-Aid			Leased Accommodation	396000	382742
a) Towards Revenue A/c	48938500	57504000	Security Guards Charges	110400	122400
b) Towards Capital A/c			Newspaper Charges	17733	16061
To Licence Fee	71983475	61167813	Perquisites Tax	473643	882386
To Licence Exemption Fee	1554370	2005210	c) Transfer TA		0
To Loans			d) Travelling Expenses		
a) From Govt.			i) Overseas	0	16705
b) From Others Specify			ii) Domestic	200225	168469
To Sales			By Pension and Retirement Benefits	1979708	2475005
a) Sale of Publications			By Pay & Allowances to Officers and Staff		
b) Sale of Assets	59401		a) Salaries	34827919	43168136
c) Sale of Tender Documents			b) Wages	1539906	1620444
d) Sale of Investments			c) Other Benefits		
To Interest Income			Newspaper Charges	4516	6997
a) Interest on Investments			Transfer TA	59160	0
b) Interest on Deposits	485858	409240	d) Travelling Expenses		
To Recoveries towards Loans & Advances			i) Overseas		0
a) Principal	549000	562665	ii) Domestic	203382	192566
b) Interest	37994	70021	e) Over Time		
To Recoveries for Remittance			f) Honorarium by hiring of Man Power		
a) Income Tax	60745	52136	By Pension and Retirement Benefits	391308	0
b) Salary Recoveries	6484	0	By Office Expenses		
To Miscellaneous Receipts			a) Printing & Stationery	449039	449849
a) Sale of Tariff Order	31148	153560	b) Publication Expenses		
b) Recruitment Fee	0	0	c) Postage & Telegram Charges	43870	31038
c) Miscellaneous	11634	12821	d) Telephone Charges	547106	677435
d) Fee for Filing Petitions	1748100	337600	e) Electricity & Water Charges	250705	1084251
e) Temporary Advance	114221	58900	f) Insurance, Rents & Taxes	4692041	4794069
f) Tour Advance	6800	27200	g) POL	425802	433137
To Terminal Benefits received from OERC		643122	By AMC & Other Miscellaneous Expenses	795714	749605
To Vidyut Ombudsman Fund		1804000	By Advertisement Expenses	219824	279728
To Refund of Deposits		16000	By Training Expenses		0
To Refund of Deposits from Land Lords	0	81000	By Hiring of Private Vehicles	795477	1042897
			By Payment of Professional and Special Services	745347	2347511
			By Subscription & Membership	537356	430975
			By Hospitality Charges	58717	106402

Receipts	Current Year 2011-12	Previous Year 2010-11	Payments	Current Year 2011-12	Previous Year 2010-11
	Rs.	Rs.		Rs.	Rs.
			By Receipts remitted to Government of AP A/c	74698521	60000000
			By Audit Fee		0
			By <u>Repairs & Maintenance</u>		
			a) Buildings		0
			b) Vehicles	173639	149628
			By <u>Capital Expenditure</u>		
			Office Vehicles		0
			Furniture (Office)	175919	56385
			Computers	113594	358164
			Stabilizers	159100	
			Air-Conditioners		29800
			Books		0
			Miscellaneous Assets	103050	275350
			<u>Furniture (Commissioners)</u>		
			Annexure-I	10470	3298
			Annexure-II	6600	0
			By <u>Deposits</u>		
			a) Telephones	500	0
			b) Advance to Leased Premises	0	9000
			c) Temporary Advance	110221	114221
			d) Traveling Allowance Advance		25400
			e) EMDs		0
			By <u>Banker Charges</u>		
			a) Interest		
			b) Collection	0	100
			c) Commission etc.,		0
			By Loans & Advances to Employees	146000	140000
			By <u>Repayment of Loans</u>		
			a) Government		
			b) Others		
			By I.Tax & Other Recoveries Remitted to Govt. A/c	52136	50469
			By Transfer to Receipts A/c		0
			By <u>Closing Balances</u>		
			a) Cash on Hand	10000	10486
			b) <u>Cash at Bank</u>		
			State Bank of India	19881190	23397534
			Indian Overseas Bank	19325544	18694852
Total	167690602	173315656	Total	167690602	173315656

ANDHRA PRADESH ELECTRICITY REGULATORY COMMISSION
INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2012

Expenditure	Schedule	Current Year	Previous Year	Income	Schedule	Current Year	Previous Year
		2011-12	2010-11			2011-12	2010-11
		Rs.	Rs.			Rs.	Rs.
To Salaries	A	37280840	43061955	By Grants-in-Aid			
To Travelling Expenses	B	265076	373785	a) For Salaries		33474000	36886000
To Retirement Benefits	C	1787435	1319745	b) Other Revenue Grants-in-aid		15464500	20618000
To Wages				By Vidyut Ombudsman Fund		0	18040000
To Overtime				By Excess of Expenditure Over Income (Transferred to Capital account)		7023277	2999614
To Training Expenses		0	0				
To Hiring of Man Power		1390463	1491312				
To Office Expenses	D	8512405	10222702				
To Repairs and Maintenance		173639	149628				
To Staff Welfare Expenses		0	0				
To Loss on Sale of Assets/Investments		8544	0				
To Advertisement Expenses		219824	198480				
To Depreciation	E	920052	1029481				
To Bad Debts Written off		0	0				
To Vidyut Ombudsman's Expenses		67462	81248				
To Provisions for Outstanding Expenses							
Salaries		1402075	1508591				
6 th Pay Commission Arrears		0	0				
Travelling Expenses		0	130229				
Office Expenses		2689241	907434				
Pension & Other Benefits		705	583581				
Hiring of Man Power		144016	149443				
Audit Fee		100000	100000				
LSC/PC		1000000	1000000				
To Excess of Income over Expenditure (Transferred to Capital account)		0	0				
Total		55961777	62307614	Total		55961777	62307614

ANDHRA PRADESH ELECTRICITY REGULATORY COMMISSION
BALANCE SHEET AS ON 31st MARCH, 2012

Liabilities	Schedule	Current Year	Previous Year	Assets	Schedule	Current Year	Previous Year
		2011-12	2010-11			2011-12	2010-11
		Rs.	Rs.			Rs.	Rs.
Funds				Fixed Assets	E		
a) Capital Funds		21926876	24926490	Gross Block		26512979	26285047
Add: Excess of Income Over Expenditure		0	0	Less Depreciation	(-)	21361605	20544444
b) Capital Grants				Net Block		5151374	5740603
Less: Excess of Expenditure Over Income		7023277	2999614				
		14903599	21926876				
Reserves				Capital Work in Progress	E		
<u>Loans From:</u>	L			Investments	F		
a) Government				Deposits and Advances	G	348081	358381
b) From Others				Loans and Advances to Staff	H	1185589	1588589
<u>Current Liabilities and Provisions</u>				Accounts Receivable	I		
Vidyut Ombudsman Fund		0	0	Other Current Assets	J		
Due to Government (Receipts)		23131996	21977938	Cash and Bank Balances	K	39216734	42102872
<u>Provisions for Outstanding Expenses</u>							
Salaries		1402075	1508591				
6 th Pay Commission Arrears		0	0				
Travelling Expenses		0	130229				
Office Expenses		2689241	907434				
Hiring of Manpower		144016	149443				
Payment to SCCL (infra)		12917	12917				
Due to Income Tax Dept.		60745	52136				
Pension & Other Benefits		705	583581				
Recoveries towards Salary Deductions		6484					
Audit Fee		550000	450000				
LSC/PC		3000000	2000000				
Digitech Peripherals (10kV UPS)		0	91300				
Total		45901778	49790445	Total		45901778	49790445

**ANDHRA PRADESH ELECTRICITY REGULATORY COMMISSION
ANNUAL ACCOUNTS 2011-12**

Schedule-A

Salaries	Current Year 2011-12	Previous Year 2010-11
	Rs.	Rs.
Salaries to Chairman & Members	2894363	8446444
Salaries to Officers & Staff	34827919	43168136
Other benefits to Chairman & Members	1062633	1548106
Other benefits to Officers & Staff	4516	6997
Total	38789431	53169683
LESS: Pertaining to Previous Year	1508591	10107728
Balance	37280840	43061955
ADD: Outstanding Liabilities for Current Year	1402075	1508591
TOTAL	38682915	44570546

Schedule-B

Particulars	Current Year 2011-12	Previous Year 2010-11
	Rs.	Rs.
Travelling Allowances to Chairman & Members		
a) Overseas	0	16705
b) Domestic	200225	168469
Travelling Allowances to Officers & Staff		
a) Overseas	0	0
b) Domestic	135920	192566
Transfer T.A.	59160	0
Total	395305	377740
LESS: Pertaining to Previous Year	130229	3955
Balance	265076	373785
ADD: Outstanding for Current Year	0	130229
TOTAL	265076	504014

**ANDHRA PRADESH ELECTRICITY REGULATORY COMMISSION
ANNUAL ACCOUNTS 2011-12**

Schedule-C

Retirement benefits	Current Year 2011-12	Previous Year 2010-11
	Rs.	Rs.
Contribution to Provident Fund		
Pension	2371016	2475005
Gratuity	0	0
Other benefits	0	0
Total	2371016	2475005
LESS: Pertaining to Previous Year	583581	1155260
Balance	1787435	1319745
ADD: Outstanding for Current Year	705	583581
TOTAL	1788140	1903326

Schedule-D

Office Expenses	Current Year 2011-12	Previous Year 2010-11
	Rs.	Rs.
Printing & Stationery	449039	449849
Postage & Telegram Charges	43870	31038
Telephone Charges	547106	677435
Electricity & Water Charges	250705	1084251
Insurance, Rents & Taxes	4692041	4794069
POL	425802	433137
Other Miscellaneous Expenditure	874379	780796
Hiring of Private Vehicles	795477	1042897
Payment of Professional & Special Services	745347	2347511
Subscription & Membership	537356	430975
Hospitality Charges	58717	106402
Audit Fee	0	0
Total	9419839	12178360
LESS: Pertaining to Previous Year	907434	1955658
Balance	8512405	10222702
ADD: Outstanding for Current Year	2689241	907434
TOTAL	11201646	11130136

**ANDHRA PRADESH ELECTRICITY REGULATORY COMMISSION
ANNUAL ACCOUNTS 2011-12**

Schedule-E

Name of the Asset	Gross Block				Depreciation						Net Block (A) - (B)
	Original cost	Additions during the year 2011-12	Deductions	Cost as on 31-03-2012 (A)	As on 01-04-2011	Rate of Depreciation	For the year 2011-12			As on 31-03-2012 (B)	
							Existing stock	Current year's stock	Adjustments		
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
Cars	2335948			2335948	724723	9.50%	221915			946638	1389310
Furniture (Office)	2638747	169622		2808369	1583054	6.33%	167033	4107		1754194	1054175
<u>Furniture (Commissioners)</u>											
Annexure-I	32989	10470		43459	29238	50.00%	3751	1608		34597	8862
Annexure-II	428842	6600	132336	303106	165246	15.00%	31833	949	69834	128194	174912
Computers	5819571	109026		5928597	5203149	16.21%	127705	12952		5343806	584791
Software	2050680			2050680	1961679	20.00%	89001			2050680	0
Projector	83232			83232	66425	16.21%	13492			79917	3315
Air-Conditioners	2048268			2048268	768696	4.75%	97293			865989	1182279
Stabilizers	73200			73200	38590	4.75%	3477			42067	31133
Fax Machine	58500	123050	58500	123050	32661	4.75%	396	5012	33057	5012	118038
Type Writer	10375			10375	5793	4.75%	493			6286	4089
Water Cooler	20746			20746	11615	4.75%	985			12600	8146
Ceiling Fans	76908			76908	35024	4.75%	3653			38677	38231
Refrigerator	14990			14990	8069	4.75%	712			8781	6209
Modi Xerox	146090			146090	77196	4.75%	6939			84135	61955
EPABX	232619			232619	125223	4.75%	11049			136272	96347
Court Hall Furniture	309630			309630	227033	6.33%	19600			246633	62997
Franking Machine	59280			59280	20885	4.75%	2816			23701	35579
Televisions	101435			101435	30915	16.21%	16443			47358	54077
10 kV UPS	299750			299750	47258	16.21%	48589			95847	203903
Servers 2 Nos	174271			174271	112996	16.21%	28249			141245	33026
Books 2007-08	398331			398331	398331					398331	0
Public Address System 2008-09	187965			187965	187965					187965	0
Wooden Partition 2008-09	684968			684968	684968					684968	0
M.S. and Ceiling Mount Kit 2009-10	45795			45795	45795					45795	0
Infrastructure 2009-10	7862917			7862917	7862917					7862917	0
100 mbps Switches 2009-10	89000			89000	89000					89000	0
Total	26285047	418768	190836	26512979	20544444		895424	24628	102891	21361605	5151374

**ANDHRA PRADESH ELECTRICITY REGULATORY COMMISSION
ANNUAL ACCOUNTS 2011-12**

Schedule-G

Deposits and Advances	Current Year 2011-12	Previous Year 2010-11
	Rs.	Rs.
Deposits with Government	0	0
Deposits with Private parties	0	0
Advances to Government & Government Companies	0	0
Advances to Others		
Telephone Deposits	95260	94760
Tata Cellular Deposits	24000	24000
Advance for Leased Accommodation	99000	99000
Milk (APDDCF Ltd.)	1000	1000
T.A. Advance	18600	25400
Temp. Advance	110221	114221
Total	348081	358381

Schedule-H

Loans & Advances	Current Year 2011-12	Previous Year 2010-11
	Rs.	Rs.
Loans and Advances to Employees	1185589	1588589
Loans and Advances to Contractors	0	0
Other Loans & Advances	0	0
Total	1185589	1588589

Schedule-K

Cash and Bank balances	Current Year 2011-12	Previous Year 2010-11
	Rs.	Rs.
Cash on Hand	0	486
Imprest	10000	10000
Balance with Banks		
State Bank of India	19881190	23397534
Indian Overseas Bank	19325544	18694852
Total	39216734	42102872

**ANDHRA PRADESH ELECTRICITY REGULATORY COMMISSION
ANNUAL ACCOUNTS 2011-12**

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) (Straight Line Method)
Annexure - II 15% (WDM) (Written Down Value Method)

**ANDHRA PRADESH ELECTRICITY REGULATORY COMMISSION
NOTES ON ACCOUNTS 2011-12**

- 1) The Accounts of the Commission are prepared on accrual basis except for Receipts of the Commission, 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