



ANDHRA PRADESH ELECTRICITY REGULATORY COMMISSION

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Press Release

Sub: Constitution of an expert committee by APERC to study and submit a report on the appropriate methodology to be followed for approval/ratification of short-term power purchases.

Power purchase cost constitutes about 80% of the ARR of the DISCOMs. Therefore any increase in power purchase cost adversely affects the electricity tariffs levied on the consumers. The Commission has been endeavoring to reduce the power purchase costs to the extent possible so that the end consumers are spared from the burden of paying excess tariffs.

Part of the power purchase costs is on account of the short-term procurement of power from the market to meet the gap between demand and supply. Objections are being raised time and again on the need to procure short-term power when the State is in an energy surplus situation. It is true that the State is in an energy surplus situation when considered on an annual basis. However, the unpredictable and intermittent nature of generation from the significant quantum of renewable sources in the State is resulting in a gap between demand and supply during certain time blocks or seasons forcing the DISCOMs to go for short-term procurement to bridge the gap. A rational methodology like the one which accurately forecasts demand will help DISCOMs to contract the short-term procurement well in advance at cheaper prices.

Keeping the above in view, the Commission constituted an expert committee on 28.01.2021 to study and prepare a report on the methodology to be followed for approval/ratification of the short-term procurement so that the overall power purchase costs are reduced to the maximum extent possible and ultimate consumers are benefited by way of reasonable tariffs and at the same time the interests of the DISCOMs are also protected.

The Committee comprising of the following experts will study and submit its report within a month.

1. Dr. Usha Ramachandra, Professor & Director, Center for Energy Studies, Administrative Staff College of India
2. Sri N. Sree Kumar, Prayas
3. Sri M. Sivarami Reddy, Chief Engineer(Retd.), APSEB

Date: 29-01-2021
Hyderabad.


C. Ramakrishna
Commission Secretary_(i/c)