



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

Dated: 08-02-2019

Present

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

In the matter of First Amendment to APERC (**Terms and conditions for Determination of Tariff for Transmission of Electricity**), 2005 (Regulation No. 05 of 2005)

The subject matter has come up for hearing finally on 19-01-2019 in the presence of Sri P. Shiva Rao, learned Standing Counsel for APTRANSCO and Sri M. Venugopala Rao, Senior Journalist/objector. After carefully considering the material available on record and after hearing the arguments of the learned Standing Counsel and submissions of Sri M. Venugopala Rao, the Commission passed the following:

ORDER

- 1) The Commission notified "Andhra Pradesh Electricity Regulatory Commission (Terms and conditions for Determination of Tariff for Transmission of Electricity) Regulation, 2005" under section 61 and 62 of the Electricity Act, 2003, specifying approach, framework, procedure, filings and principles for computation of Aggregate Revenue Requirement (ARR) and determination of Transmission Tariff.
- 2) The main business of transmission licensee is to establish transmission network which is capable of transmitting electricity from the interconnecting points of various generators to the distribution system interconnecting points. Transmission capacity would

be designed based on the system demand and not dependent on installed generation capacity. Hence, Transmission tariff has to be determined with reference to Total Transmission Demand only and not based on installed generation capacity.

3) The Commission reviewed the Regulation on “Andhra Pradesh Electricity Regulatory Commission (Terms and conditions for Determination of Tariff for Transmission of Electricity) Regulation, 2005” and noticed that the said Regulation requires certain amendments to bring more clarity. Accordingly, the Commission prepared a draft amendment Regulation and the same was hosted in the Commission’s website on 09-10-2018 seeking comments/suggestions from interested persons/ stakeholders as required under sub section (3) of Section 181 of the Electricity Act, 2003. Public hearing was conducted on 05-01-2019 and on 19-01-2019.

4) The Learned Standing counsel Sri. P. Shiva Rao, stated that in the definition of “Total Transmission Capacity” the text “including Open Access capacities” is redundant. However, he also stated that the definition specified by the Commission is also acceptable.

5) Sri M. Venugopala Rao, Senior Journalist, suggested that the definition specified in the notification is apt and it is required.

6) M/s. Society for Water, Power & Natural resources conservation Awareness and Monitoring suggested that in the Transmission Rate (TR) formula, if Total Contracted Capacity (TCC) is replaced with Total Transmission Capacity (TTC), the tariff rate would be reduced as TTC is always greater than TCC.

7) Sri S. Surya Prakasa Rao, former Secretary, APERC, in response to first public notice dated 08-10-2018 suggested that if the Commission decides to modify the methodology of computing transmission tariff from contracted capacity basis to transmission capacity basis,

it is necessary to specify the definition of Transmission capacity in the formula under clause 20.1.

8) The suggestion made by M/s. Society for Water, Power & Natural resources conservation Awareness and Monitoring is correct if the generic meaning of the TTC is considered. However, here Commission has taken proper care in defining the Total Transmission Capacity (TTC) and it is defined as “Transmission System Peak demand including Open Access demand approved by the Commission in the Multi Year Tariff (MYT) order”.

9) The suggestion made by Sri S. Surya Prakasa Rao was considered worthy and hence a definition for “Total Transmission Capacity” was included in the public notice dated 05-01-2019.

10) The Commission examined all the issues proposed in the draft regulation and considering all objections/suggestions, the Commission decided to make the following amendments to the “Andhra Pradesh Electricity Regulatory Commission (Terms and conditions for Determination of Tariff for Transmission of Electricity) Regulation, 2005”.

(i) “Total Transmission Capacity” definition shall be inserted as clause 2.i (t) (a) after clause 2. i (t), namely:-

“2.i. (t) (a): Total Transmission Capacity means Transmission System Peak Demand including Open Access demand approved by the Commission in the Multi Year Tariff (MYT) order.”

(ii) Sub clause 20.1 of clause 20 shall be substituted with the following:

“The transmission tariff payable by the users of the Transmission system shall be determined in accordance with the following formula:

$$TR = \text{Net ARR}/(12 * \text{TTC})$$

Where,

TR: Transmission Rate in Rs./kW/month

Net ARR: Net ARR, as determined under clause 8.3.

TTC: Total Transmission Capacity in kW of the Transmission system.”

11) The First Amendment to the “Terms and conditions for Determination of Tariff for Transmission of Electricity, Regulation, 2005” shall be sent for publication in the Gazette of Andhra Pradesh.

This order is corrected and signed on this the 8th day of February, 2019.

Sd/-
P. Rama Mohan
Member

Sd/-
P. Raghu
Member

Sd/-
Justice G. Bhavani Prasad
Chairman