



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

I.A.No.11 of 2017
in
O.P.No.2 of 2016
Dated: 23-10-2017

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

Between:

Southern Power Distribution Company of A.P Limited (APSPDCL)
... Applicant/Petitioner

A N D

1. Government of Andhra Pradesh represented by
Chief Secretary, Velagapudi, Amaravathi, A.P.
2. Eastern Power Distribution Company of A.P Limited
Represented by its Chairman & Managing Director
Seethammadhara, Visakhapatnam, A.P.
... Respondents/Respondents

This Application has come up for hearing finally on 21-10-2017 in the presence of Sri P. Shiva Rao, learned Standing Counsel for the petitioner assisted by Sri G.V. Brahmananda Rao, Advocate and Sri M. Venugopala Rao, Senior Journalist and Convener, Centre for Power Studies, Hyderabad, learned objector. After carefully considering the material available on record and after hearing the arguments, the Commission passed the following:

ORDER

Heard Sri P. Shiva Rao, learned Standing Counsel for the petitioner assisted by Sri G.V. Brahmananda Rao, Advocate and Sri M. Venugopala Rao, learned objector. The applicant/petitioner claimed that the actual sales to agriculture category were much more than estimated for the Financial Year 2016-17 and the Government of Andhra Pradesh directed extension of supply to agricultural consumers in excess of stipulated 7 hours to save the crops in respect of 7 districts. The additional sales volume was 480.62 million units and a total of 876.80 million units than the approved quantity of 8392.70 million units. The

Government of Andhra Pradesh when approached for additional subsidy directed the licensee to approach the Commission. Therefore, the petitioner sought for approving the excess supply to agriculture, grant of ₹480.76 crores as additional subsidy and other appropriate orders.

2. When public notice was given inviting the views/objections/suggestions of any interested person/stakeholder, identical objections were submitted by Sri B. Tulasidas, Sri Penumalli Madhu, State Secretary, Communist Party of India (Marxist), Andhra Pradesh Committee, Sri Ch. Narasinga Rao, State Secretariat Member, Communist Party of India (Marxist), Andhra Pradesh Committee, Sri A. Punna Rao and Sri M. Venugopala Rao, Senior Journalist & Convener, Centre for Power Studies stating that if supply was confined to stipulated hours, quantum should not exceed that determined by the Commission. The Discom did not state under what authority the Commission can legally issue directions to the Government. The Government should have provided the additional subsidy straightaway.

3. The Managing Director of The Kuppam Rural Electric Co-op. Society Ltd., Kuppam filed objections stating that the petitioner should be directed to consider Kuppam Resco's additional agricultural sales to a tune of 75 million units and to reimburse the Resco's share from the additional subsidy to be received from the State Government.

4. On behalf of the Government of Andhra Pradesh (the 1st respondent), a reply was filed by the Principal Secretary to the Government of Andhra Pradesh, Energy, I & I Department stating that the Government has no objection to bear any additional subsidy which may be payable for additional hours of supply, as may be determined by the Commission, as supply of additional power was in compliance of the directions of the Government of Andhra Pradesh.

5. The petitioner in their reply to the objections by the stakeholders stated that the additional supply became necessary to save the prevailing crops as per the directions of the State Government and the events like absence of rainfall etc., are not under the control of the petitioner. The application was made in accordance with the procedure prescribed by the Commission in respect of

additional sales to agriculture and the amount claimed is receivable from the State Government.

6. The point for consideration is whether the petitioner is entitled to the reliefs claimed?

7. The additional supply to agriculture was admitted by the State Government to have been made on its instructions to save the crops in view of the drought conditions in 7 districts of the petitioner's jurisdiction. The supply was not confined to the stipulated hours as per the tariff order and the petitioner claimed to be maintaining vigilance against any unauthorized connections. The present application is said to have been filed separately in accordance with the earlier directions of the Commission and not as part of any total true up applications. The Government might have considered the order on additional subsidy to be necessary from the Commission due to original limits on agricultural supply and quantum of subsidy having been fixed by the Commission by its earlier orders. In respect of Kuppam Resco, in view of the tariff order for Financial Year 2016-17 directing any excess sales volume to the agricultural consumer category to be reviewed separately in consultation with the distribution licensees, that has to be decided separately. The supply of additional quantity of power supplied as claimed by the petitioner is not in dispute nor is the cost of the power supplied which is the subject matter of the claim in question. For the additional supply of 480.62 million units of power for additional agricultural sales apart from the additional quantum of power supplied to the agricultural consumers even otherwise, the additional subsidy payable was quantified as the value of 876.80 million units and the claims have not been improbabilised. The petitioner is hence entitled for additional subsidy of ₹480.76 crores as claimed. However, it may be left open to the State Government to approach this Commission for any variation in the quantum of additional subsidy due to any subsequent finding of the excess supply so made to be more or less than that claimed.

8. Therefore, the action of the petitioner in making extended supply to agricultural consumers in the drought affected areas within its jurisdiction during the Financial Year 2016-17 is approved. The additional volume of supply projected by the petitioner is accepted. The Government of Andhra Pradesh shall provide a

further sum of ₹480.76 crores as additional subsidy towards the cost of the power purchase and supply for agriculture over and above the already approved quantity for the Financial Year 2016-17. The State Government is at liberty to approach the Commission if any variation in the quantum of additional subsidy is found to be necessary due to finding the excess supply to be more or less than 876.80 million units. Kuppam Resco is at liberty to pursue its remedies in accordance with law in respect of the claim made in its objections. No costs.

This order is corrected and signed on this the 23rd day of October, 2017.

Sd/-
P. Rama Mohan
Member

Sd/-
Dr. P. Raghu
Member

Sd/-
Justice G. Bhavani Prasad
Chairman