



**ANDHRA PRADESH ELECTRICITY REGULATORY COMMISSION**  
4<sup>th</sup> Floor, Singareni Bhavan, Red Hills, Hyderabad 500 004

MONDAY, THE SIXTEENTH DAY OF SEPTEMBER  
TWO THOUSAND AND NINETEEN

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

I.A.No.11 of 2019 in O.P.No.61 of 2017  
&  
I.A.No.12 of 2019 in O.P.No.60 of 2017

**I.A.No.11 of 2019 in O.P.No.61 of 2017**

**Between:**

Southern Power Distribution Company of Andhra Pradesh Limited  
... **Petitioner/Applicant**

**A N D**

1. Government of Andhra Pradesh  
2. Eastern Power Distribution Company of Andhra Pradesh Limited  
... **Respondents/Respondents**

**I.A.No.12 of 2019 in O.P.No.60 of 2017**

**Between:**

Eastern Power Distribution Company of Andhra Pradesh Limited  
... **Petitioner/Applicant**

**A N D**

1. Government of Andhra Pradesh  
2. Southern Power Distribution Company of Andhra Pradesh Limited  
... **Respondents/Respondents**

Both these Interlocutory Applications have come up for hearing finally on 16-09-2019, in the presence of Sri P. Shiva Rao, learned Standing Counsel for the utilities and Sri Srikant Nagulapalli, Secretary, Energy Department, Government of Andhra Pradesh. After carefully considering the material available on record and after hearing the arguments of the learned Standing Counsel for the utilities and the Secretary, Energy Department, Government of Andhra Pradesh, the Commission passed the following:

## COMMON ORDER

I.A.No.11 of 2019 is an Interlocutory Application filed by the Southern Power Distribution Company of Andhra Pradesh Limited for approval of the action taken in extending supply of power from 7 hours to 9 hours a day from 17-02-2019 in view of the directions of the Government of Andhra Pradesh and the additional sales volume of 1,088.80 MU as estimated as per actual for FY 2018-19 and to direct the Government of Andhra Pradesh to provide Rs.660.90 crores as additional subsidy towards the cost of power purchase towards additional sales to agriculture.

2. The case of the applicant/petitioner is that the Tariff Order for FY 2018-19 based on the ARR was based on historical sales. But, the Government of Andhra Pradesh by G.O.Ms.No.17 dated 15-02-2019 extended supply to agriculture from 7 hours to 9 hours a day from 17-02-2019, in addition to the increase in the agricultural sales volume even otherwise. The petitioner/applicant, while giving the detailed statistical data relating to the claim, filed the Interlocutory Application for recovery of the additional subsidy from the State Government.

3. I.A.No.12 of 2019 is an Interlocutory Application filed by the Eastern Power Distribution Company of Andhra Pradesh Limited for approval of the action taken in extending supply of power from 7 hours to 9 hours a day from 15-02-2019 in view of the directions of the Government of Andhra Pradesh and the additional sales volume of 89.50 MU as estimated as per actuals for FY 2018-19 and to direct the Government of Andhra Pradesh to provide Rs.54.33 crores as additional subsidy towards the cost of power purchase towards additional sales to agriculture.

4. The case of the applicant/petitioner is that the Tariff Order for FY 2018-19 in approval of the ARR was based on historical sales. The agricultural sales volume has increased considerably than estimates. Further, the State Government, by G.O.Ms.No.17 dated 15-02-2019 directed extension of supply of power to agriculture from 7 hours to 9 hours a day from 15-02-2019, which the applicant/petitioner has

implemented. The applicant/petitioner gave relevant statistical data details about the additional consumption of power due to increase of hours of additional supply, the additional subsidy towards which it is entitled.

5. Sri M. Venugopala Rao, Senior Journalist & Convener, Centre for Power Studies has filed his views and suggestions in both the Interlocutory Applications stating that the claims for true up and true down for the said financial year also should have been submitted by the distribution companies, to take an overall view. The learned objector perceived the possibility of unauthorized agricultural power connections or pump sets with unauthorized higher HP capacity for increasing the consumption than approved by the Commission. The distribution companies should have straight away approached the State Government for additional subsidy. He also raised a question about existence of surplus power of 7829.03 MU during 2018-19, utilization of which was not explained by the distribution companies, who also did not state the procedure for purchasing 1088.80 MU and 89.50 MU respectively and about their backing down of capacity etc. He referred to the directions of the Commission in the Tariff Order for 2019-20 to the distribution companies to furnish backing down details and fixed cost details. The learned objector complained that the distribution companies did not furnish the said information. He stated that additional subsidy sought for should have been provided by the Government straight away, which does not require the permission or direction of the Commission.

6. The distribution companies in their reply to the objections stated that only after fixation of the actual power purchase cost after September, the true up / true down claims can be submitted. But the actual agricultural sales volumes have been finalized due to which the claim is made. As the Government of Andhra Pradesh previously directed the distribution companies to file additional claims for subsidy before the Commission and then only approach the State Government for additional subsidy, the Interlocutory Applications have been filed. The cost of Rs.6.07 per kWh is approved cost

of service but not the actual power purchase cost and any surplus energy or backing down cost are not relevant for the purpose. The details of backing down and fixed cost would be provided as directed by the Commission in due course. Hence, their request for additional subsidy.

7. During the course of hearing, Sri Srikant Nagulapalli, Secretary, Energy Department, Government of Andhra Pradesh has produced before the Commission a copy of G.O.Ms.No.17 Energy, Infrastructure & Investment (Power.I) Department, dated 15-02-2019 under which the State Government referred to the policy decision to extend additional hours of free supply of nine hours to the agricultural consumers and decision to increase the present 7 hours of free power supply to 9 hours to the farming community. The Government Orders by the State Government assured that the additional subsidy towards 9 hours of supply from the present 7 hours of supply to agricultural consumers will be paid to the distribution companies by the State Government. Sri Srikant Nagulapalli, Secretary, Energy Department, Government of Andhra Pradesh has assured that the Government of Andhra Pradesh stands by its policy decision and its orders under G.O.Ms.No.17 dated 15-02-2019 and will reimburse the cost of additional power supplied to the agricultural consumers in view of the additional supply of power as undertaken by the above referred to Government Order. The Secretary, Energy Department, Government of Andhra Pradesh also has stated that the State Government is not disputing the quantum of additional energy supplied because of the orders under G.O.Ms.No.17 dated 15-02-2019 or its value as claimed by both the distribution companies and that the State Government will provide the additional subsidy as requested by the distribution companies. The Secretary, Energy Department, Government of Andhra Pradesh also filed a statement to that effect before the Commission. Sri M. Venugopala Rao, learned objector is not present. However, the views and suggestions expressed by him in both the matters mostly relate to issues which are incidental and he himself desired the additional subsidy to be provided by the

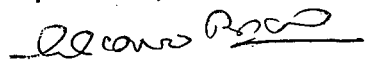
Government even without the intervention of the Commission. Therefore, leaving other issues raised by him for appropriate consideration during any true up or true down exercise or during consideration in any relevant proceedings about any unauthorized agricultural consumers or backing down or fixed costs etc., in view of the plain and unambiguous submissions made on behalf of the State Government, both the Interlocutory Applications have to be ordered. Under Section 65 of the Electricity Act, 2003, which permitted provision of subsidy by the State Government, the statutory provision is explicit and clear that the State Government, if it requires the grant of any subsidy to any consumer or class of consumers in the tariff determined by the State Commission, shall pay in advance the amount to compensate distribution companies affected by the grant of subsidy in the manner the State Commission may direct and it was made clear by the provision itself that in default, the tariff fixed by the State Commission shall be applicable from the date of issue of orders by the Commission. Therefore, the value of the additional quantum of power already consumed by the agricultural consumers in addition to what has been provided as per the Tariff Orders has to be forthwith reimbursed to the distribution companies by the State Government. The learned Standing Counsel for the distribution companies and the Secretary, Energy of the State Government requested for grant of reasonable time for the purpose, keeping in view the procedural formalities that have to be observed before making payment.

8. Under the circumstances, both the Interlocutory Applications are allowed and the Government of Andhra Pradesh shall cause the amounts due towards additional subsidy to the two distribution companies respectively paid within a period of (2) two months from the date of this order. No costs.

This order is corrected and signed on this the 16<sup>th</sup> day of September, 2019.

  
**P. Rama Mohan**  
Member

  
**Dr. P. Raghu**  
Member

  
**Justice G. Bhavani Prasad**  
Chairman